

TIPS AND TRICKS FOR WINNING BUSINESS WITH DOD

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ABOUT LOGISTICS MANAGEMENT INSTITUTE (LMI)

- In September 1961, Secretary of Defense Robert S. McNamara proposed to President Kennedy “the establishment of a special, full-time organization of highly talented business management specialists.”
- President Kennedy agreed, and three weeks later—on October 3, 1961—the Logistics Management Institute was born.
- Today, LMI operates as a not-for-profit government contractor. During the past 55 years, it has worked with 40 government agencies, providing a variety of management consulting and logistics services.
- 34% of its workforce is veterans or military spouses.
- FY2017, total revenue of \$240 million.
- 2/3 of our business is with DOD
- Submarket dedicated to COCOMs that accounts for 10% of our revenue
- More information at www.lmi.org

The logo for the Logistics Management Institute (LMI) features the letters 'LMI' in a bold, blue, serif font. A small, stylized orange wave-like graphic is positioned above the top right of the letter 'I'.

LOTS OF OPPORTUNITY FOR SMALL BUSINESSES

- There is lots of opportunity in the defense market, maybe more opportunity now than ever before.
- However, small businesses are struggling to win DOD business.
- There are many reasons why – doing business with DOD is often much different than doing business in the commercial market.
- Many small businesses are intimidated by the complex rules, regulations, jargon and paperwork that governs the federal acquisition process (FAR and DFARS).
- Small businesses often have trouble understanding how to successfully market to the government and its prime contractors.
- Here are some tips I have developed to provide some guidance to small innovative companies looking to break into the defense market.

TIP #1: TAKE CARE OF THE BASICS

- There are certain initial steps all government contractors must complete to get started. Make sure you get these steps complete and keep them up-to-date. If you don't take care of the basics, the government will not take you seriously as a defense contractor and will not consider you "procurement ready."
- Get a DUNS number: <https://fedgov.dnb.com/webform>
- Register in the System for Award Management: <http://www.sam.gov>
 - While registering in SAM, you will be asked if you would like to also register in the SBA's Dynamic Small Business Search ("DSBS") database – highly recommended you do.
 - DOD and large defense contractors use DSBS to perform market research to locate qualified small business subcontractors: http://dsbs.sba.gov/dsbs/search/dsp_dsbs.cfm
 - Make sure your SAM registration and DSBS profiles have no spelling or grammar mistakes. Government officials and Primes will make judgments about your companies attention to detail if your profile is incomplete or messy.
- Select North American Industry Classification System ("NAICS") codes: <http://www.naics.com>
 - Not too many: sniper, not shotgun, approach
- Know your Federal Supply Codes ("FSCs") and Product Service Codes ("PSCs"): <http://support.outreachsystems.com/resources/tables/pscs/>

TIP #2: EXPLORE SBA SMALL BUSINESS PROGRAMS

- Congress has instituted certain policies that incentivize the utilization of certain types of small businesses during the federal acquisition process.
- DOD has “set-aside” and sole source authority for certain types of small businesses under socioeconomic programs:
 - Women-owned small business program
 - Service-disabled Veteran-owned small business program
 - 8(a) business development program
 - HubZone program
- Participating in these programs can incentivize DOD agencies to work with you, so they can meet SBA-mandated requirements and goals.
- It can also incentivize other defense prime contractors to work with you, because they also need to award subcontracts to various small businesses types
- Small business certifications do not “guarantee” a contract, however, they create additional opportunities for your business to win work restricted to businesses similar to yours.
- <https://www.sba.gov/contracting/government-contracting-programs>

TIP #3: DEVELOP A STRATEGY BASED ON MARKET RESEARCH

- If you want to be successful, you need a strategy. Identify your target market within DOD, then follow the money.
- Figure out who exactly is buying what you are selling, and then develop a strategy on how to target that specific customer, agency, command.
- Use a sniper approach, not a “shotgun” approach. Don’t market to everyone in DOD, because not everyone in DOD is buying what your selling.
- Target your market and understand your prospective customer’s mission, environment, challenges and hot buttons.
- Find a niche. Don’t try to be everything to everyone. Better to do one or two things well then to try and be a jack of all trades. A jack of all trades is a master of none.

TIP #3: DEVELOP A STRATEGY BASED ON MARKET RESEARCH

- Who are your potential customers? Which agencies/activities? What are their needs? Challenges?
- Focus on the end-user's needs or the specific entity within the organization that can drive demand. The contracting office in most cases, simply ensures things are procured fairly and according to the rules. The end-users are the ones driving demand.
- Let the facts and data drive whom to target. Do not target a DOD entity because of emotion, familiarity, or because you heard a "rumor" it was the best agency to do business with. While doing business with a certain agency/command might be right for one business, it might not be right for your business, product or service.

TIP #3: DEVELOP A STRATEGY BASED ON MARKET RESEARCH

- Some good (and completely free) sources of data for market research:
 - 1. USA Spending**
 - USA Spending contains current DOD procurement data: <http://www.usaspending.gov>
 - Use to research who within DOD is buying the product categories or services you are selling
 - 2. Federal Procurement Data System (“FPDS”)**
 - Authoritative repository of federal procurement award data: <http://www.fpds.gov>
 - 3. Acquisition.gov**
 - Review future acquisition forecasts: <https://www.acquisition.gov/?q=procurement-forecasts>

TIP #4: KNOW YOUR COMPETITION

- One of the best ways to learn how to be a successful government contractor is to watch the competition.
- Take a broad view of competition – observe your teaming partners, subcontractors, primes, etc. – anyone operating in the same space as you.
- Learn and emulate what they do – and then try to do things better.
- Review their brochures, websites, SAM and DSBS profile. Try to learn what contracts they have won, when those contracts expire, and position yourself to learn about and exploit their weaknesses.
- Is the agency happy with their performance? Unhappy? Find pricing information (if publicly available). Use this strategic knowledge to your advantage.

TIP #5: GET YOUR MARKETING MATERIALS IN ORDER AND TAILOR THEM TO YOUR TARGETS

- Have quality marketing materials ready, including: (1) Elevator speech; (2) Capability Statement; (3) Professional looking website. Attention spans today are short. If your marketing materials don't convey the value of your product or service in 10-15 seconds, its not a good marketing document.
- Websites are more important today than ever before. If your website looks like it was made in the 1990's, no one will take you seriously. Do not use canned or generic websites that are similar to everyone else's website.
- When responding to RFI's or Source Sought, don't provide a standard, canned response. Research their requirements and understand their challenges. Tailor your response to the specific agency and their needs and requirements. Just as you would tailor a resume when applying for a job, tailor your marketing materials depending on the agency you are targeting.
- Emphasize your differentiators – what separates you from other great performers?

TIP #6: POUND THE PAVEMENT AND BUILD RELATIONSHIPS

- Meet with Small Business Professionals at DOD Small Business Offices. They serve as a liaison between private-sector and DOD agencies.
- Be aware that DOD Small Business Offices do not purchase your products or services, instead they act as “gatekeepers” to screen potential small businesses.
- Do not approach them until you have taken care of the “basics”—have your marketing materials in place. Make sure you have done the necessary market research so you know what program/opportunity you specifically want to target.
- The best way to market yourself to the DOD is face-to-face, meet with Small Business Professionals, attend trade shows, industry days, procurement forecasts, and conferences. Network, Network, Network! Watch the OSBP website for announcements of upcoming events: <https://business.defense.gov/Events/>

TIP #6: POUND THE PAVEMENT AND BUILD RELATIONSHIPS

- The government is risk adverse, they have tight schedules and budgets – the way to win business with them is to build trust.
- Relationship building creates trust and can lead to simplified acquisitions, sole-source awards, or to competitive opportunities you might otherwise would have known about.
- Relationship building with other contractors leads to teaming and subcontracting opportunities.
- Be careful not to market during inappropriate times, such as to an agency when an active solicitation you are chasing is under bid as this could trigger procurement integrity issues.
- When you meet with Small Business Professionals, Program Managers and Contracting Officers, focus on discussing the real requirement they want met or solved, do not just reiterate your generic capabilities. Tell them how your company can solve their problem.
- Marketing by email – not favored. If you do it, be brief, ask for an in-person meeting, and attach your capability statement.

TIP #7: CONSIDER SUBCONTRACTING

- If you are a small business new to government contracting, try to subcontract first.
- Difficult to impossible to win a large prime contract as a new defense contractor.
- Make sure you not only market yourself and build relationships with the government, but also work hard to build relationships with other defense contractors as well. You might start out as a sub to a sub.
- Reach out to Small Business Liaison Officers (“SBLOs”) at DOD primes. Understand that these folks are often getting bombarded by requests from small businesses all the time.
- Find ways to differentiate yourself from the competition when marketing to them.

TIP #7: CONSIDER SUBCONTRACTING

- DOD's FY2019 topline budget is around \$716 billion.
- Subcontracting plays a huge role since over \$100 billion of DOD's budget each year goes to the Top 10 defense contractors:
 1. Lockheed Martin Corporation
 2. The Boeing Company
 3. Raytheon Company
 4. General Dynamics Corporation
 5. Northrop Grumman Corporation
 6. Huntington Ingalls Industries Inc.
 7. BAE Systems PLC
 8. L-3 Communications Holdings Inc.
 9. Humana Inc.
 10. Bechtel Group, Inc.

TIP #7: CONSIDER SUBCONTRACTING

- Instead of asking them to do your company a favor – tell them ***what you can do to help them win business or become more competitive.***
- This sometimes requires creative thinking – e.g. does your company have special skills or experience with an agency the prime might not have?
- Does your company have special skills, experience, or Intellectual Property that would be particularly beneficial to the prime?
- Try to press the right buttons to get the prime interested in you.
- Figure out ways to complement the prime so they want to work with you. Don't just go to them asking for \$\$\$.
- Help them understand, how helping you, will ultimately help them.

TIP #8: MARKET CAPABILITIES FIRST, THEN CERTIFICATIONS

- When you do get your foot in the door at DOD, or with a DOD prime contractor, make sure to focus first and foremost on your capabilities and how you can solve their problem. This is called focusing on your company's value proposition first.
- Explain how your service or product has a positive impact on a project's cost, schedule and performance.
- Only after you lead with your value proposition – should you soft sell your certifications or small business status.
- The government is going to hire you primarily because of your capabilities and how you can help them solve the problem they have. Its not that certifications are unimportant, they are, but focus first on value and then let your certifications seal the deal as a value-add.
- Too many small businesses make the mistake of leading with their certifications when the government purchaser cares first and foremost about capabilities.

TIP #9: RESPOND TO RFI'S, SOURCES SOUGHT, AND RFP'S

- You can't win if you don't bid. Aggressively pursue opportunities that you have an interest in and can perform.
- Visit FedBizOpps to find contracting opportunities in your industry.
- FedBizOpps is the official website that allows the private sector to electronically access government-wide procurement opportunities.
- <http://www.fedbizopps.gov/>
- When searching for opportunities on FedBizOpps, respond to appropriate RFI's, Sources Sought, and to opportunities that are a good fit for your business.
- Explore SBIR and STTR opportunities.
- Find opportunities on Reverse Auction sites utilized by the government, such as FedBid.com and FedConnect.com
- Learn from losing: request a debrief (FAR Part 15 procurements) or brief explanation (FAR Part 8) procurements promptly every time you receive a notice of unsuccessful offer
- Learn from winning: request the same when you win to find out what the agency liked about your proposal

TIP #10: DO EVERYTHING YOU CAN TO GET GOOD PAST PERFORMANCE

- The DOD puts a heavy premium on past performance. They believe that past performance is indicative of how well you will perform on future contracts. They want to know what similar work you have done in the past for the government, so they can evaluate your past performance record.
- Typically Past Performance is a stand-alone evaluation factor in solicitations.
- If you do not have any past performance, make sure to cite to the government when responding to a solicitation any commercial experience you may have that may be similar in nature and scope of the opportunity you are bidding on.
- If you don't have any past performance, do everything you can to gain some. Try to win some small local opportunities or subcontracting jobs to build a past performance record.
- Try to win small dollar prime contracting opportunities on reverse auction sites such as Fedconnect.com and Fedbid.com. Have an attitude that no job is too small, so you can build up past performance. Nobody starts on the top – start on the bottom and then work your way up.
- Fill out FFATA forms for your prime so your subcontracting makes it onto [USASpending.gov](https://www.usaspending.gov).

TIP #11: DON'T EXPECT OVERNIGHT SUCCESS

- The defense market is its own subculture – and if you really want to be successful you need to embrace a long-term strategy of learning the market and the culture.
- This means learning the jargon, the needs of the different agencies, branches and commands that make up DOD.
- Capturing business at DOD takes time and effort – it won't happen overnight. It takes time to build relationships and trust. It may not happen in a year, or three years.
- But if you are persistent and have capabilities that are needed by DOD, you will eventually get an opportunity.
- When you get the opportunity, make the most of it. It is difficult to recover from poor past performance.

TIP #12: GET HELP IF YOU NEED IT

- Take advantage of free Procurement Technical Assistance Centers such as Georgia Tech Procurement Assistance Center: <http://www.gtpac.org/>
- The Small Business Administration has programs and training available on government contracting: <https://www.sba.gov/federal-contracting>
- Small Business Development Centers (“SBDCs”) can help with general business assistance: <https://www.georgiasbdc.org/>
- Join various Government Contracting associations that educate members on government contracting: National Defense Industrial Association, National Contract Management Association

THANK YOU!



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