



## Strategy

# Federal Contracting: Marketing Matters

## *The myths, tips and tricks of sales success*

According to the General Services Administration (GSA), 5 percent of the vendors holding multiple award contract vehicles win 80 percent of available federal contracting opportunities.

Of approximately 19,000 vendors holding multiple award contracts, only 40 percent will ever win any government business at all<sup>1</sup>.

GSA provides helpful tips on federal contracting best practices to anyone with internet access, however it is important to understand that GSA is not a marketing agency. They provide instruction, but they will not market your business for you.

Occasionally, our team at Eddy Communications hears industry executives suggest that marketing to the federal government is not allowed, not necessary or not effective.

We've heard it all. From citing Federal Acquisition Regulations (FAR Guidelines) to having already won a government-wide acquisition contract (GWAC) vehicle, prospects have lots of reasons for having put marketing strategy on the back burner.

However, this perspective often confirms that a business could use some help navigating the complexities of the federal procurement environment.

Our team of experienced marketing professionals have dedicated their careers to understanding the complexities of selling and marketing to government buyers. We specialize in helping grow businesses, improving profitability and increasing the win rates of federal contractors around the Washington, DC beltway and beyond.

Our goal is to empower growing businesses to seize every relevant opportunity to advance in their competitive environment.

Unfortunately, earning a place on a GSA contract vehicle just isn't enough to be successful.

## The U.S. General Services Administration (GSA) says “Marketing Matters!”<sup>1</sup>

The GSA not only allows for marketing to the federal government, they encourage it as a means of breaking into an industry that purchases more than \$400 billion in goods and services annually<sup>2</sup>.

Through Interact, a GSA sponsored vendor communications portal, contractors can read blog posts, participate in discussions and access training materials including a four-part training with downloadable videos, titled “Schedules Contractor Success-Marketing Matters!”

The series outlines GSA’s advice for how to appropriately market products and services, details five steps to successfully marketing your company directly to federal agencies and the importance of targeting these tactics to the specific audience that is actively seeking the products and services your organization provides.

### **FAR guidelines are complicated.**

There are rules about how marketing expenses can be funded and which costs can be passed back to government clients in your rate structure. However, understanding what is and isn’t allowed makes you more competitive, not less.

Eddy Communications works with executives across functional areas to ensure businesses can more effectively compete in their current industry classifications — while simultaneously planning for ongoing success as they continue to grow and their competitive set advances.

There are a plethora of techniques, investment strategies and processes that can improve marketing and sales success, but no matter what a company is trying to sell to the U.S. federal government (or to state, local, healthcare and education markets for that matter) some basic building blocks for success remain the same:

#### **Do your homework and know your customers**

The government procurement process is complicated, but there are many resources available to help companies compete effectively for new business.

For most government opportunities, there are multiple

decision makers that evaluate bids and contribute to the final selection process. These stakeholders are often viewing the government’s buying responsibility from a variety of perspectives (procurement legislation, immediate needs, cost vs. value, technical competency, past performance and so on).

It is critical to understand who is involved in the solicitations your company targets and the the specific role each influencer will play. By communicating appropriately with each stakeholder, companies can save money and increase their win probability — for this deal and for future opportunities as well. Remember: not every prospective buyer needs or wants one-on-one attention, a face-to-face meeting, a new best friend, or even a phone call!

By effectively researching the buyer organization — and its current projects, priorities and stakeholders — contractors can strategically compete with ongoing, effective reputation and relationship building efforts and by presenting strong, fully optimized, proposals.

#### **Identify your value proposition, assert your differentiators and clearly articulate both.**

Most companies provide a set of products or services that hundreds of other contractors can also provide. To stand out

<sup>1</sup> <http://interact.gsa.gov/groups/contractor-success>

<sup>2</sup> <http://www.sba.gov/content/marketing-federal-government>



from the crowd, businesses must be able to demonstrate what makes them the best choice from the government's perspective(s) – without compromising the long-term brand attributes that distinguish them and support the development of a positive reputation over time.

Perhaps your company's innovative process reduces the client's risk, enables a faster transition and/or minimizes costs. Or perhaps, your award-winning staff has proven past performance addressing a similar need at another agency.

Regardless of what differentiates your business, it is critical to know why you stand out, how your team compares to your competitors and which buyers are most likely to value that differentiation.

Understanding the market values, buyer values, relationships and competitive considerations at play will help you to act locally while strategically planning to reap continuous value from each new action and investment.

#### **Form a targeted sales plan**

A formal sales plan is essential to producing an effective marketing effort that yields results. But, to be effective, this sales plan needs to be transparent across the organization. Remember, not all sales efforts are created equal and the most underutilized marketing tool in most organizations is their own staff.

Make sure your full team understands your buyers' evaluation cycle and knows

how to meet them in that stage.

Where-ever possible, deploy a guided selling approach. Lead each prospect from identifying a need all the way through to a formal bid to be seen as a partner, rather than just another vendor.

In government, like in all markets, loyalty, consistency and partnership matter. These business attributes help build a brand that is valued and trusted and allow the voice of your firm to rise above that of your competitors.

A proactive sales plan provides a strategic advantage. By dividing your communications efforts by target, message and channel, (leveraging one-to-many, one-to-few and one-to-one communications) you can

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## The U.S. Small Business Administration (SBA) believes “business owners need to take advantage of every marketing option in today’s slowing economy<sup>2</sup>.”

Like the GSA, the SBA has published several information resources exuding the importance of marketing to the federal government. Effective marketing is essential to acquiring the attention of the target markets and organizations to which a company wants to sell their goods and services.

The U.S. federal government is the largest purchaser in the world. But, according to Caron Beesley, community moderator at SBA.gov, “most federal contract business owners overlook a successful marketing strategy in their business plan.”

Though Beesley admits, “When the government buys, it buys differently than the commercial sector; the language it speaks is different; its motivations for buying are different.” It is important to reach out to experts that are experienced in the intricacies of the federal marketplace and the steps it takes to reach the fed. It is a specialized market<sup>3</sup>.

The SBA Guide for Small Business adds, “Good marketing is key. You should learn what agencies or prime contractors have a need for and then clearly demonstrate – to appropriate agencies or prime contractors – how your business can fill specific needs and add value.”<sup>4</sup>

save money, increase your effectiveness and outsmart the competition, regardless of size.

Of course, anyone who has been doing this for a while knows, if you wait for the RFP to be released to find out about a deal, you are already too late to win.

Marketing encompasses a broad set of actions that should be planned in a cyclical process with proactive, reactive and post-sale components. Successful contractors build plans that are targeted, clear and measurable to effectively influence their audience.

### **Choose appropriate outlets**

Once a plan is established, it is important to put it into action. Leverage appropriate industry and target-relevant outlets. Fully integrate internal and external company communications and use multiple channels to ensure your messages are received and retained effectively.

Sales teams, partner organizations, e-mail campaigns, social media posts, e-newsletters, news publications and industry events all offer opportunities to reach prospects and build your reputation and influence.

Understand where your audience is looking for influential information and work to ensure your coverage is consistent — whether a

prospective client is reading about you through a news source, hearing about your company from a third party influencer or reviewing your formal offer.

### **Support your sales claims with verifiable information**

A sales or marketing claim is only as good as the information that supports it.

Contractors can share details of their past performance in a sales pitch, but statistics, quotes and other third party evidence is stronger.

Verifiable sources will support the claim and build your credibility, simultaneously.

Make sure you believe your

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<sup>3</sup> <http://www.sba.gov/community/blogs/community-blogs/small-business-matters/successful-government-marketing-primer-small->

<sup>4</sup> <http://www.sba.gov/sites/default/files/files/workbook%20GC%20101%20part%203.pdf>

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company is the best possible provider, and ensure your whole capture team understands why before investing in a new government opportunity.

It is by clearly and consistently articulating your value that you can effectively convince others of your perspective and that the investment of time and attention to the federal bidding process will prove worthwhile.

### **The Complexities**

There are rules regarding marketing to the federal government, and they do add complexity. FAR regulations and DCAA guidelines are the most often cited barriers to strategic marketing activity in this market, but they are often misinterpreted—to the detriment of small and growing contractors and consulting firms.

### **Marketing is not forbidden by FAR regulations**

According to FAR guidelines marketing expenses are classified as “unallowable costs.” Generally, this means government contractors cannot bill the government for the cost of marketing their goods or services (unless doing so is part of a contractual obligation resulting from the competitive bidding process).

Instead, traditional marketing costs must be accounted for in the budgets derived from contractor profits.

FAR 2.101-15 says, “‘Unallowable cost’ means any cost that, under the provisions of any pertinent law, regulation, or contract, cannot be included in prices, cost-reimbursements, or settlements under a government contract to which it is allocable<sup>4</sup>.”

### **Ethical Standards**

Government contractors are also expected to uphold the highest standards of ethics and, accordingly, are barred from seeking proprietary competitive information through consultants to gain added advantage in contract competition.

FAR 9.505-42c states, “Contractors also obtain proprietary and source selection information by acquiring the services of marketing consultants which, if used in connection with an acquisition, may give the contractor an unfair competitive advantage. Contractors should make inquiries of marketing consultants to ensure that the marketing consultant has provided no unfair competitive advantage<sup>5</sup>.”

The GSA and SBA websites are exceptional resources for navigating the federal market place. While not dedicated to marketing the services of one vendor over another, they do provide detailed guidance and free resources that can help you make your company more competitive.

### **A scientific approach**

**Pop culture has brought back the image of the 1960s “Mad Men” style of advertising on impulse, but the era of messaging on gut instinct is long gone.**

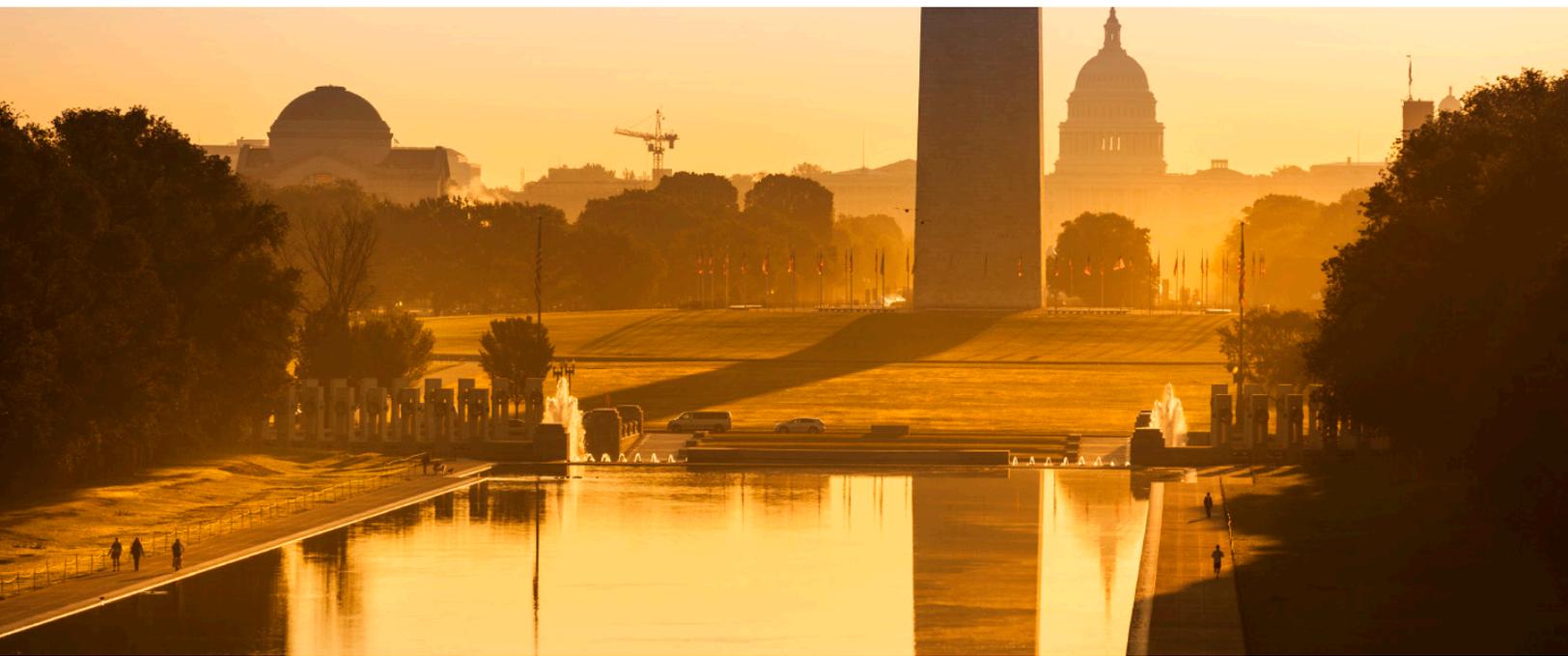
**Marketing now has has martured into a social science with a methodology all its own, and Eddy Communications leverages deep industry understanding and every proven resource and technique available to government contractors to make sure that every dollar our clients invest delivers.**

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<sup>5</sup> <http://www.acquisition.gov/far/current/pdf/FAR.pdf>

<sup>6</sup> [http://www.usaspending.gov/searchsummary?form\\_fields={%22spending\\_cat%22:\[%22c%22\],%22fyear%22:\[%222012%22\],%22dept%22:null,%22extent\\_competed%22:null,%22recipient\\_duns%22:null,%22psc\\_code%22:null,%22naics\\_code%22:null}](http://www.usaspending.gov/searchsummary?form_fields={%22spending_cat%22:[%22c%22],%22fyear%22:[%222012%22],%22dept%22:null,%22extent_competed%22:null,%22recipient_duns%22:null,%22psc_code%22:null,%22naics_code%22:null})

<sup>7</sup> <http://smallbusiness.data.gov/>



## Take Action

There was a time when holding a government contract put companies in such a limited category that they could just sit back and wait for new business to come to them. But, the fact is, this is no longer the case.

While the top five government contractors were awarded 20 percent of contracting funds in 2012<sup>6</sup>, the federal government did not meet its goal to give small businesses at least 23 percent of available procurement dollars<sup>7</sup>.

Gone are the days when a contract vehicle, a socioeconomic disadvantage and a few strategic relationships were all you needed for guaranteed government business.

To compete in today's market, executives must understand their position and extend proactive effort to reach out to the specific organizations and executives that need their products and services.

The U.S. federal government does not prohibit the use of marketing to attract the attention of government decision-makers, but they also will not reimburse for funds spent to attract their attention.

That said, it is critical for government contractors to make marketing a part of their business plan and to allocate funds from business revenue to invest in the continued growth of their firm.

By partnering with a reputable marketing team, intimately familiar with the business and strategy of federal contracting, government product and service providers open their business up to a broader range of relevant new opportunities.

The potential to increase win rates, better leverage your existing investments and resources, and develop a relevant, measurable, and impactful reputation for performance excellence is within reach.

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