
The

Government Contractor's Handbook

for Veteran Business Owners

*from the experts in contract financing,
the buyer and seller's marketplace,
data intelligence and management,
and proposal writing*



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1 | Intro. to Government Contracting

One area of the US economy that is always growing is the Federal Government. Most of the cuts we hear about in political discussions are actually cuts in the rate of growth and not truly reduced spending. The result of this continued growth is that the government is always in need of goods, services, and resources to do its job.

1 | Intro. to Government Contracting

What is Government Contracting?

Government contracting is when the U.S. Government works with a private company like yours to provide goods and services. Many think only very large companies can contract with the government but that is not only untrue, but as you will see there are mandates in place specifically for small business government contracting.

The U.S. Government constantly adjusts and grows as new needs arise with changes in technology and resources. As the nation's largest consumer, the government needs an army of contractors to support its massive consumption requirements. As a result, the benefits available through government contracts are abounding.

Doing business with the U.S. Federal Government represents an incredible business opportunity for veteran small business owners. Recent events suggest this opportunity is likely to increase for 2017 and beyond. Veteran small business owners serving this area have always been a natural fit, given veterans once worked for the Federal Government in defense.

Typically, veterans have acquired valuable contacts, skills, and know-how regarding the needs of this huge customer. Veteran contractors find themselves involved in everything from providing essential cybersecurity work for the Department of Defense to selling medical devices to the Department of Veterans Affairs.

It's crucial that veteran small business owners understand the large-scale opportunity that exists, the resources at their disposal, and how to access these opportunities for your business as well, regardless of size. You don't have to be the size of Lockheed Martin to do business with the government.

Contracting Firms Great and Small

Some of the largest contractors are, not coincidentally, some of the nation's largest companies. Lockheed, Boeing, Raytheon and General Dynamics (all defense contractors) are the four largest government contracting companies and they earn about \$80 billion a year from the government.

But you don't have to be Boeing to get a government contract. Seriously, you don't. The government has a set-asides just for small businesses. Typically, there are two types of contractors:

- **Prime contractors:** Companies that directly earn the contract from the Federal Government
- **Subcontractors:** Companies that work for the prime contractor for a portion of the contracted work

So, you can be a subcontractor to provide your widgets to Raytheon, who as the prime contractor, is putting your widgets into their new missile defense system they are making and selling to the government through their DOD contract.

As a subcontractor, your unique specialty can get incorporated into a much larger project where the government is the buyer. You don't even have to know how to sell/bid with the government although any knowledge in this area only helps you and we recommend that you learn how to bid on projects on your own, [which is covered in Chapter 6](#).

What you do have to know is your own business and what you can produce as well as connecting with people at companies like Raytheon and other main prime contractors. Like many areas of business, it's a relationship-based business and as a Veteran, you have an edge.

Why Is Government Contracting a Good Idea for Veterans?

Congress has recognized the importance of a vibrant U.S. small business community, and the superior service provided by veteran-owned small businesses by writing into law, set-aside goal measures for each department in the federal government and agencies.

There must be at least two or more (Rule of Two) responsible small business concerns that are competitive in terms of market prices, quality, and delivery for an automatic set-aside to occur, according to the SBA.

Currently, the government stipulates that at least 23% of all federal dollars should be awarded to small businesses. Additionally, target sub-goals are set for these categories:

- 8(a) Small Business (Small Disadvantaged Businesses – 5%
- Historically Underutilized Business Zones (HUBZone) Small Business – 3%
- Service-Disabled Veteran-Owned Small Business (SDVOSB) – 3%
- Woman-Owned Small Business (WOSB) – 5%

It's a good idea for government contractors to keep a close eye on any signals for new spending priorities set by the government and a presidential administration. As with any business owner, staying knowledgeable about what's going on in your industry is good business practice. For govern-

"We're 50/50 government contracts and commercial. We started out working as a subcontractor and worked our way to being awarded with large government contracts with SOCOM and the DOD."

*– Dennis Roark,
CEO of Terra Ferma*

ment contractors, it's no different. Keeping apprised of the changes in the government can directly affect your business.

As A Veteran, You're Already in the Market

What we mean is you have already done business with the government through your military service. You've got an understanding of how things in government work and hopefully, you have an excellent network inside and outside of the government.

As with any venture in life, relationships are key to your success in establishing and maintaining government contracts, bidding on contracts and getting government contract financing. While the government buys tons of goods and services, there is a lot of competition to break into this space. As veterans, you have a leg up on your competition because the government sets aside federal procurement specifically for veteran-owned small businesses. But, how do you know where to start or what's available for veterans?

This is where relationships come into play.

Bottom line: relationships with leaders of businesses you're interested in bidding for, such as a prime contractor, will give you an advantage in securing a contract later.

You have to be willing to put yourself out there to grow your network, by taking the initiative to meet people. An important part of networking is showing others how you can help them and their businesses not just how they can help you.

For veterans, a good place to start building those network connections is to know what events are going on at a local base near you and in the veteran community. These could

include open houses at college campuses or companies, events at your local Veteran Business Outreach Center (VBOC), or local contracting incubators like Eastern Foundry.

Get yourself out there, get in the mix, and make connections that will enable you to win the contracts you need. This is not an industry where you should enter alone.

[See a complete list of resources next.](#)

Building relationships with government contract financing partners at an early stage can also be helpful. For example, learn how different government contract lenders do invoice financing with contracting officers and prime or subcontractors to successfully fund a contract. Another good thing to do at this stage includes checking your credit score so you can qualify for financing when you need it. And if you don't qualify yet you can work on improving your credit.

[Learn more about government contract financing.](#)

Resources & Events

National Programs with Local Centers

- **Procurement Technical Assistance Centers (PTACs):** Government contracting assistance for local businesses with 300+ locations.
- **SBA District Offices/Regional Offices:** 100+ local offices connecting businesses with counseling, technical assistance, financing and contracting.
- **SCORE Chapter:** Advice, counseling, personal and team mentoring with 300+ local chapters.
- **Small Business Development Centers (SBDCs):** Assistance with business plans, market research and set-aside contracting support with 900+ locations.
- **Veterans Business Outreach Centers:** Training, counseling, mentoring, and networking for veteran entrepreneurs. Training assistance programs include Boots to Business and Boots to Business Reboot. Centers are located nationwide.
- **Women's Business Centers (WBCs):** 100+ centers assisting women in starting and growing their small businesses.

Incubators

- **Eastern Foundry:** The only incubator focused on government contracting. A collaborative workspace where government contractors get insights and resources they need to succeed in the federal market by providing office space for meetings, conferences and events. Eastern Foundry is veteran-founded and has two locations in Arlington, Virginia.
- **Bunker Labs:** Bunker Labs is a national nonprofit servicing military veteran entrepreneurs. As a veteran-founded incubator, they provide educational programs such as Bunker in a Box, mentors and monthly meet-ups. This year, Bunker Labs DC started hosting events with GovTribe to help members navigate the GovTribe platform. Bunker Labs has 12 locations throughout the United States.

Veteran-focused Groups with Local Events

- **Objective Rally Point:** Hosts several events throughout the year in Washington, DC to connect government contractors with SDVOSBs and VOSBs who are looking to team up.
- **Veteran Success Resource Group (VSRG):** A nonprofit dedicated to providing professional resources for veterans and their families. The “Veteran Resource Expo” events bring together resources such as other nonprofits, educational institutions, veteran businesses, and government agencies. The focus is on providing federal government teaming and matchmaking opportunities.
- **Disabled Veteran Business Alliance (DVBA):** Hosts “Keeping the Promise” events to help small business contractors grow their business. The event provides tons of networking and matchmaking opportunities with government and corporate contracting officials. Events take place in Las Vegas, Nevada, Downey, California.
- **The Elite SDVOB:** Brings SDVOSBs together with the corporations and government agencies with chapters in almost every state.
- **The Florida GovCon Summit by Solvability:** Solvability helps government contractors price their bids more competitively to win more contracts and help set up integrated accounting systems. Solvability also offers webinars, boot camps and a weekly podcast. “Florida GovCon Summit” is a two-day event in Tampa, Florida.
- **Veteran LDRSHIP Network:** A Networking event that provides education, career and entrepreneurship opportunities. This event is held each year at the Grid Collaborative Workspace in Overland Park, Kansas, a co-working space with locations in Denver and Westminster, Colorado.



2 | **Secrets to Become a Successful Government Contractor**

Aside from building and maintaining good relationships, here are four tips that are especially useful in becoming a successful government contractor.

2 | Secrets to Become Successful

1. Team Up with a Prime Contractor

While building relationships and making connections may be all the help you need, for some, the contracts you're bidding on may need more resources than your company alone can provide. Maybe you've done a ton of networking and you're still not winning contracts. In either of these cases, teaming up may be the game changer.

Many businesses are not aware of the fact that some of the biggest prime contractors also have small business friendly programs in order to attract subcontractors to work with on the fulfilling of government contracts.

“At least 90 percent of our government contracts involve the use of additional (sub)contractors, most of whom are small businesses,” said a Lockheed Martin executive from Dobbins Air Force Base in Atlanta.

He went on to say that Lockheed specifically has its own program to attract small businesses of all kinds in order to assist them in the completion of these contracts. This kind of outreach to small businesses as potential subcontractors is very important to them. “In the last few years, we have gotten away from doing the things outside of our core business,” he said. “Waste treatment is one example of something we now outsource almost 100 percent of the time.”

Reach out to these companies if you are near an office. They want to work with you. It's a win-win situation.

2. Working with a Contracting Officer

The government contracting officer or contract officer is responsible for overseeing the bidding process and awarding the contract. When they award the contract, the government is committed (legally bound that is).

Your small business has to move from “unknown” to “known” in the government contracting space; many contracts you bid on can have as many as 50 to 60 proposals per contract! With this many potential proposals, your proposal as a prime or subcontractor has to be clear, concise and show the contracting officer you can finish on time and on the budget you quote them.

The contracting officer's time is very valuable, so building relationships with contracting officers can take time. If you've teamed up with a well-known prime contractor, the contracting officer may already know them. With an established relationship, it's more likely that they will choose your bid. This is why teaming up can be such a helpful tool. Like in the example from Lockheed, some well-known government contractors, act as prime contractors who would allow your specialty niche to fill a needs gap and take you in as a subcontractor. You're able to get a foot in the door, gain extremely important experience, and begin the processes of proving the excellence of your product/service, all with the end game of eventually working

“It’s all about building relationships. Once you start getting in some of these organizations and some of these meetings, people will trust you more and will start asking you to bid on their contracts.”

– Dennis Roark, CEO of Terra Ferma

your way to becoming a “known” business.

Familiarizing yourself with this person can pay big dividends down the road. If they are aware you’re interested in opportunities, they can loop you in when new solicitations come out or provide insight on their contracting forecast for the rest of the year. When evaluating your bid, if there is a relationship already established, then the contracting officer will also know more about your company compared to other offers and may feel more comfortable going with someone they know and trust.

This can be challenging if you’re looking far and wide for any opportunity across the entire government. However, if you are chasing one agency or location, or you find the relevant contracts are all coming through the same person, make an effort to introduce yourself and become a familiar face. Ask questions and become an informed and likable bidder. Make sure the next time they are bidding out a relevant product or service that they automatically think of you.

As a veteran, you have a couple of natural built-in advantages that can really help you grow your business in government contracting. Those advantages, networking, and hard work can help you be very successful as a federal contractor and in your business overall.

Go to Local Events at Each Office

A great way to get connected with the contracting office you hope to do business with is to attend local events that the office hosts. The goal of these events is to provide some information about what the contracting office purchases and then introduce the staff to businesses who can deliver on those opportunities. Ask your contracting officer about any upcoming events or keep an eye on FedBizOpps (FBO), a website where government agencies are required to post procurement opportunities more than \$25,000.

Provide a Capabilities Statements

One of the most important pieces of information that you can provide to a purchasing agent is a company capabilities statement. This is generally a one pager that gives an overview of the products and services that you offer. It can also contain any relevant capabilities, contracts, past performance examples, or authorizations.

(This is different than the financial capability letter that we'll discuss in Chapter 3.)

Contracting officers keep these on file to reference when competing for solicitations so they know who to contact. The capabilities statement is like a resume for your business, so you want to make it concise, yet informative.

Get Involved in the Agency's OSDBU (Office of Small & Disadvantaged Business Utilization)

A great resource to help you connect with the right contracting officer and then navigate that relationship is each agency's [Office of Small & Disadvantaged Business Utilization \(OSDBU\)](#). Each agency has one of these advocacy offices whose mission is to serve as a resource for small businesses and make sure the agency is meeting all mandatory goals for small business and other set-aside contracting.

The agency OSDBU website has dedicated information to help small businesses, and the OSDBU office can point you in the right direction when looking to connect with contracting officers. They can also serve as an advocate if you need help managing your relationship with the contracting officer or in situations where you feel like you are not being treated fairly.

It's easy to think of the Federal Government or any of its large agencies as big and faceless, yet like all businesses, people do business with people. [Get the know the contracting officer.](#) Go to events their agency hosts near you or online. Create a business capabilities letter for them so they understand what you do. Ask relevant questions and make good bids you can profit from if awarded. Utilize the OSBDU of the agency whose business you are trying to win as they could be a big help.

3. Make Word of Mouth Work for You

It's easy to get discouraged when you only seem to win small contracts because you don't have enough revenue or financing to afford larger bids.

Hone Your Strategy

In the meantime, we'd encourage you to not feel disheartened about winning smaller contracts, and here's why: As we mentioned, the process of getting your business changed from an "unknown" to a "known" in the government contracting space can be hard. [You might have to partner with a larger company.](#) Just keep going, stick to your guns and hone your strategy. Do each job with diligence and excellence, no matter how small it may seem at the time.

There is a positive side to any contract you win – it gives you a chance to prove the worth of your company and your product. If you take every small contract that you win and complete it in a high-quality manner, you never know how those smaller jobs may earn your company a good reputation, which might eventually help you break into larger circles. This is where word of mouth comes in.

If you've made the companies and customers you've worked for happy, they might be willing to refer your services to

someone else, who might refer you to someone else, and so on. Don't stress about starting off small – you never know where a job well done might lead you. Most big companies started as small companies that did a great job and were able to grow as a result of their excellent work.

4. Think About Your Government Contract Financing Plan

As with any business venture, at StreetShares we always encourage you to know the financial facts from the get-go. Government contract financing is no exception because it can be tricky. It often takes a great deal of time to actually win a government contract. You might be looking at six to 12 months just to win the contract after you've made a bid.

You may need to line up financing of some type before you get the contract as well as during your fulfillment as you wait for the government to pay you. Let's look at some of the options available in more detail.

"As a successful 10-year federal contractor, having access to fast and efficient funding through StreetShares has allowed us to grow our business aggressively. They were professional and helpful throughout the entire process and we were funded in a couple of days."

- Chad Davis, Partner, Red Rock Business Advisors



3 | Government Contract Financing

*How and When?
What are my options?*



3 | Government Contract Financing

The Contract Financing Challenge

Traditional bank loans present a challenge in this financial space because as a contractor, you don't have much collateral to offer the bank. Your home or your child's college fund are huge personal risks that have truly direct consequences if a contract falls through. While credit cards are another financing option, they're far from ideal. If you've been awarded multiple contracts but haven't been paid yet, it's possible to eventually exceed your card limits. You could have multiple cards from different banks which just adds unnecessary complexity.

Another route contractors take is raising equity funds. However, this risks diluting the contractor's business ownership to the point where a SDVOSB or VOSB may no longer qualify for vet-only set-asides. Therefore, financing your government contract through business loans is a great option.

Traditional Financing Options That Don't Work

- **Banks:** Challenging even with great credit to get approved
- **Credit cards:** Expensive but limits are far below what you need to spend on the front side of a government contract
- **Equity:** Giving away ownership in your business can affect your preferred veteran status

Contract Financing Options That Do Work

Contract financing is a great service once you've done your part for the government. But that's only part of the lifecycle of the government contract and you may need funds to bid all the way to delivery of goods and services.

When it comes to contract financing options, a government contractor could look at invoice financing options such as invoice factoring or invoice discounting as well as recourse

or non-recourse factoring. One of the main benefits of this contract payment method is your credit is less of a determining factor in the funding decision because you will most likely have an invoice on hand.

We know the government will pay you, we simply don't always know when. Similarly, in the case of a subcontractor arrangement, we know that Boeing (for example) will pay you as well. Again, we just do not know when.

This challenge is why StreetShares has mobilization funding programs that work through the entire lifecycle of the contract while you wait to get paid through the invoice.

First, let's look at contract financing options one by one and then see how mobilization funding works alongside them.

Invoice Factoring or Discounting

This common financing technique is where your invoices to the government (after you have provided your goods or services) are sold to a finance company at a discount with an advance rate. For example, a \$100,000 invoice might be sold at a discount of 1% per month with an advance rate of 90% or \$90,000 advanced. In the meantime, your business gets the funds you need to pay suppliers, for working capital or to help fund your next project as the money comes in (eventually) from the government. One thing we can be certain of is that the government will pay. When they pay and how that time lag affects your business is the question.

Recourse vs. Non-Recourse Factoring

As you look for invoicing financing options, you will undoubtedly encounter terms such as "recourse", "full-recourse", and "non-recourse" factoring. While they sound a lot alike, they create different obligations regarding the invoices being financed.

Recourse Factoring

In a recourse, or full recourse, factoring agreement the company financing the invoices does not accept certain risks associated with the accounts. Where this becomes important is if the invoices do not get paid in a timely manner, the finance company can charge the invoices back to the contractor.

Non-recourse Factoring

In a non-recourse factoring agreement, the company financing the invoice has determined it is willing to take on certain risks with respect to the invoices. If those risks occurred, the invoice financing company may not be able, or may not be likely, to charge back the invoices to the contractor.

Of course, these definitions are just general and the type and terms of any contract will be spelled out in your agreement with the invoice financing company. You should read the fine print and be aware of what you may be agreeing to.

StreetShares' government contract financing program is non-recourse.

★ StreetShares Government Contract Financing ★

StreetShares specializes in providing financing to veteran small business owners and government contractors. We are mission-focused on providing funding solutions that are not only fast and fair but are also affordable and transparent. As fellow veterans, we are all too familiar with the damage that can be done by funding sources that take “payday lenders” as their role models.

Many veteran small business owners have already enjoyed the simplicity of StreetShares financing options such as the Simple Term Loan and the flexibility of the Patriot Express

Line of Credit. Transparent pricing and no pre-payment penalties of any kind have been the hallmark of these popular small business financing options.

Many StreetShares members have asked for a contract financing solution. We are proud to answer the call and now offer this solution.

How to Finance Your Government Contract with StreetShares

Whereas term loans and lines of credits work well for veteran small business owners with steady or established cash flows, contract financing is the perfect solution for veteran small business prime and subcontractors. StreetShares contract financing is designed for contractors who are often “contract rich” while perhaps “cash flow poor.”

Does this scenario sound familiar to you? As a skilled provider, you have worked hard to earn a contract but have not yet been able to invoice for it. Government contractors have money coming in as future payments, but plenty of money is going out. It’s hard to break out of that cycle because veteran contractors need to pay and hire personnel, order supplies, and equipment to get rolling. To make matters more challenging, that veteran contractor could be a subcontractor to a prime, meaning he or she may have to wait even longer to invoice or get paid.

“Without StreetShares’ support, we wouldn’t have been able to bid on any of those contracts because I don’t live in a million dollar house to put up for collateral.”

– Dennis Roark,
CEO of Terra Ferma

[Learn how to get started.](#)

Break out of the Cycle

StreetShares contract financing is designed to break you out of that dilemma. Your contract award helps make the case for the funding your business needs now. Important considerations for government contractors are upfront cash outlays as well as what the worst case scenario could be for invoice financing and payment. StreetShares is able to help contractors work through this process. [Get the help you need in managing these government receivables.](#)

Bidding Takes Time

There may be several months of negotiations once you've won the bid, and at this point, you haven't even started doing any work yet. If your contract provides a down payment, receiving the payment often takes anywhere from 30 to 75 days to come through. In the end, the full payment comes only when the product is completed and received.

Clearly, it takes a long time between being awarded the contract and actually getting paid, so thinking through how you will finance the expenses accrued during this time better positions you and your business for long-term success.

Best Time to Seek Contract Financing

The best time to seek contract financing is before you even have the contract in hand. Knowing you have financing in place can help you bid on the project yourself or present your ability to fulfill your part of a contract as a sub to a prime contractor.

The previous financing options we described revolve around factoring, which is the funding of your invoice upfront.

Mobilization Funding

At StreetShares, we can actually mobilize your funding, which would also include term loans and lines of credit early in the process along with contract financing after you have delivered to the government.

Explore Mobilization Funding

To get mobilization funding lined up, here are some things you are going to need:

- **Financial Statements:** StreetShares normally asks for your last six months of business bank statements to analyze cash flow of your business.
- **Personal and Business Tax Returns:** We need both since many business owners are in what are known as ‘pass through’ entities like an LLC where your business income passes through to your personal tax return.
- **Credit Score:** The most popular credit score is your FICO. If you know where your credit is now, then you'll know if you need to work on improving it. [Click here to learn more about why your score is so important.](#)

If you don't need mobilization funding and just need contract financing, here's what we need to see:

- **Government Contract:** All we need to see is that you have the government contract on hand.
- **Basic Business Information:** Your legal status and location tells us you're in operation and not just starting up.
- **The Government Agency or Commercial Client:** Knowing this information will tell us how reliable they are in paying.

Other items that may be helpful:

- **Previously Rewarded Contracts:** A list of prior work history or previously rewarded contracts.
- **Accounts Receivable (AR):** It's helpful to see your outstanding invoices from the government or commercial contracts to understand what you've worked on
- **Financial Statements:** Personal or business bank statements

GOVCON CASE STUDY

Dennis Roark, CEO of Terra Ferma & Army Veteran



Company: Terra Ferma builds cost-effective power systems that replace generators with solar power fuel cell skids connected with wind turbines, batteries and controllers. Fuel cell skids that run on propane and natural gas.

Government Contracting Experience: Terra Ferma works 50 percent with the government and 50 percent with commercial contracts. They've worked with SOCOM, DOD, DOI and the State Department. Commercial contracts include work with oil, gas and mining companies.

Advice to Veteran-owned Small Businesses: "Get yourself invited to veteran events and pay attention to events at local military bases. It's all about building relationships. Once you start getting in some of these organizations, people will trust you and will start asking you to bid on their contracts."

How Terra Ferma Approached Financing: Once they won a contract, they still had to negotiate with the contracting officer. The contracting officer typically gave them 20 percent down. Skids costs at least \$20,000 just in parts. Then, they have to pay for employees' payroll and shipping costs. ***The government doesn't pay until after they've received and accepted the product, which is usually 30 days later.***

- 1. Credit cards:** Dennis used credit cards at the beginning to fund his projects but eventually maxed them all out.
- 2. Traditional bank:** They require a business owner to use his mortgage or children's college tuition fund as collateral to secure the loan.
- 3. StreetShares:** Dennis was happy to come across StreetShares who works with specific contracts. StreetShares was able to advance the funds on the contract invoices which allowed Terra Ferma to get the money up front in order to do the project.

Financial Capability Letter

In some fields, this is referred to as “Proof of Funds” or “Proof of Liquidity”, but with the U.S. Government, it is described as a “financial capability letter”.

The financial capability letter is valuable because it can show that you have the financial means to be able to fulfill your part of the contract and complete what you say you can finish prior to getting paid.

Whether you use our term loans, Patriot Express Line of Credit, or Government Contract financing program (or some combination of these), StreetShares can provide this capability letter for you.

Showing the government you can fulfill the contract by gathering the resources you need BEFORE you get paid is a requirement to getting approval for quality contracts. Prime contractors like seeing this from their subcontractors as well.

StreetShares Makes Contract Financing Easy for You

It's important to think through exactly how you're going to afford the expenses your business will face before you even bid on a contract. At StreetShares, we're happy to come alongside and make the invoice financing process as painless as we possibly can. Our invoice financing option might be just thing you need to stay afloat in the midst of the revolving financial doors of government contract financing.

[Speak to a contract financing specialist now.](#)

GOVERNMENT CONTRACTOR FINANCING SOLUTIONS

Flexible Contract Financing Solutions to Get Cash in Your Hands Quickly

Get up to 90% of your invoice amount in days, with no limit on the contract size. Here's how it works:

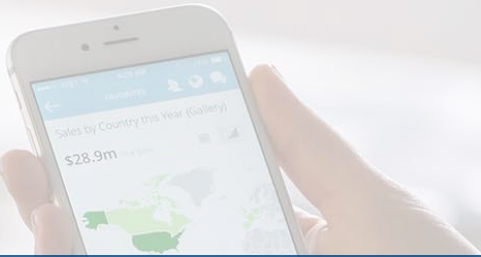


And we keep costs low - here's an example:

Term	Contract	Invoice at 30	Invoice at 45	Invoice at 60
Amount	\$100,000	\$100,000	\$100,000	\$100,000
Enrollment Fee	\$0-500	\$0-500	\$0-500	\$0-500
Advance Rate		90%	90%	90%
Advance Amount		\$90,000	\$90,000	\$90,000
Commitment Fee		\$0	\$0	\$0
Factor Fee + Interest		\$1,888	\$2,332	\$2,775
Total Fees		\$1,888	\$2,332	\$2,775
Cost of Capital		1.89%	2.33%	2.78%

This is not an offer of credit or a loan. Application subject to individual approval; financing amounts and rates will vary. Illustration for informational purposes only and is not a guarantee of final amounts or rates, nor of the timing of disbursements. Contract size is unlimited, however, StreetShares reserves the right limit per invoice disbursement amounts at its sole discretion.

4 | Evaluating Your Market



There is often good reason to consider the federal contract market as an avenue to growth and sustainability for a small business. After all, the Federal Government is one of the largest consumers in the world.

But the government is not one entity but many smaller entities and each agency and department do things their own way. There are numerous complicated procurement and contracting mechanisms used across the government. The good news is that even a high-level market evaluation can shed some light on these complexities, and help companies to compete more effectively.

4 | Evaluating Your Market

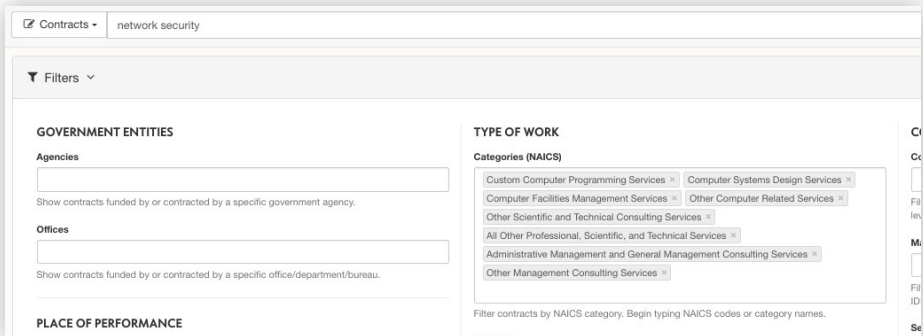
Identifying Your Buyers

Do you know which agencies are in the market for your goods and services?

It is a good idea to do some research on all of the potential buyers for the product or services that you sell. A good federal market intelligence tool will enable you to do this fairly easily.

Let's take the following use case. You are an Air Force veteran who has started a small business that provides IT and network security services. Based on your experience, you want to go after network IT security contracts at the Air Force. What is the best way to determine if that is the best way to enter the federal market?

First, let's see which agencies are recent and frequent buyers of network IT services using GovTribe's Contracts Explorer. [GovTribe](#) links to government databases AND helps you manage your federal bids. Let's start by entering in some NAICS filters for all the NAICS categories that could include these kinds of IT services. Then we'll do a simple keyword search against that market segment. Below is a screenshot of what that search looks like or [click here for the live version](#).



With these search parameters set, we can now review some interactive visualizations of the corresponding market.



The above column chart shows year-over-year spending for this market, and we can see that it was worth about \$727 million in obligations in FY2016.

“Top Agencies” Leaderboard

This “Top Agencies” leaderboard on the next page shows you which federal agencies have been spending money on network security services over the past four fiscal years. Air Force is among the top five federal buyers, but it’s interesting to note that DHS, Commerce, and NASA also contract for these services.

What are NAICS codes?

NAICS stands for North American Industry Classification System, which is the system the government uses to describe and categorize the work performed or products purchased under contract. On GovTribе, you can search the NAICS category database by keyword to determine which NAICS codes are relevant to your company.

At a minimum, it's in our interest to not overly narrow our search for opportunities to just Air Force. But there are other considerations as well. First, we need to know how these agencies contract for this work.

TOP AGENCIES

 Department of Homeland Security	\$963.1m	
 Department of Commerce	\$576.8m	
 Department of the Air Force	\$447m	
 National Aeronautics and Space Administration	\$266.8m	
 Department of the Army	\$205.5m	
 All Other	\$907.5m	

Understanding Contracting Mechanisms and Vehicles

The government uses many different contracting tools. The types of contract or vehicles favored in a given market segment make some market entry strategies appear more attractive than others. For example, if a target agency relies on certain multiple award vehicles to procure the services you sell, it is difficult to enter the market unless you have access to those vehicles. GovTribe provides insight into this as well.

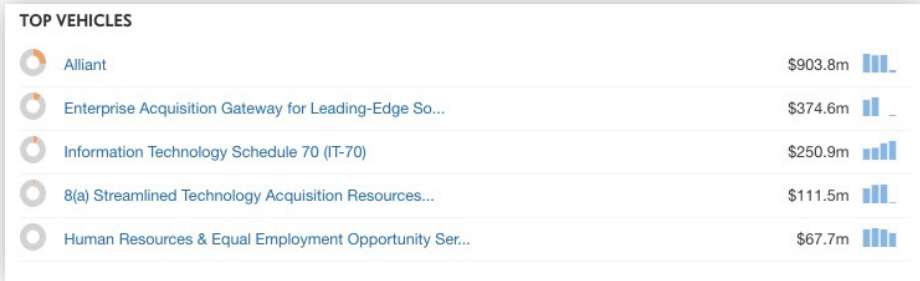
What are Multiple Award Vehicles?

The government will sometimes award broadly scoped contracting vehicles to a subset of similarly qualified vendors. Agencies can then bid a requirement “under” that vehicle among just those pre-qualified vendors using a much simplified procurement process. Multiple Award Vehicles include GSA Schedules, Government-Wide Acquisition Contracts, and Indefinite Delivery Indefinite Quantity contracts. You can read more about Vehicles [here](#).

“Top Vehicles” Leaderboard

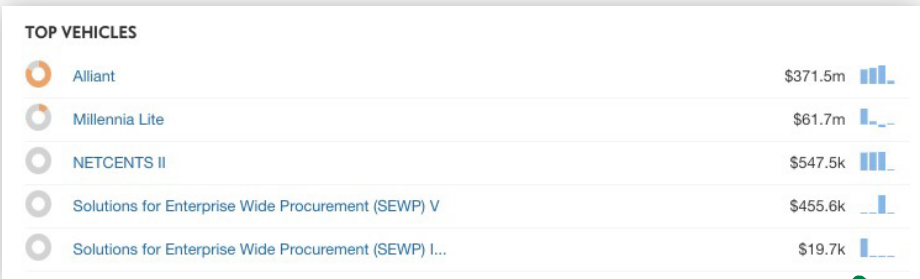
The “Top Vehicles” leaderboard shows that about 25 percent of spending in this market segment is funneled through the Alliant GWAC, which is a large, cross-agency multiple award vehicle for IT services. There’s another 10 percent of work done through Eagle II, and then a bit on GSA Schedule IT-70.

In all, about 50% of the market (across all agencies) is done through contracting vehicles. But keep in mind, this percentage may vary from agency to agency.



Here’s what it looks like if we filter to Air Force only:








About 90 percent of all funding for network security contracts at the Air Force is awarded through multiple award vehicles – the majority through the Alliant GWAC. This is incredibly valuable information for a new market entrant. It tells us that unless we are already contract-holders under Alliant, it will be very difficult to win network security contract work at the Air Force as a prime contractor.



So that leaves us with two possible paths forward.

1. Determine which agencies, if any, contract for network security contracts without the use of multiple award vehicles.
2. Try to find a partner that holds the Alliant vehicle and is looking for subcontractors.

Path 1: We need to add one more filter to our search. We want to see only contracts awarded outside of vehicles. When we do that, we get a Top Agencies leaderboard that looks like this:

TOP AGENCIES		
	Department of Commerce	\$547.2m 
	National Aeronautics and Space Administration	\$255.8m 
	Department of the Navy	\$67.6m 
	Department of Education	\$62.7m 
	Defense Information Systems Agency	\$31.1m 
	All Other	\$68.6m

This provides a much clearer path forward. To the extent that prime contracts are our objective, Commerce and NASA (and Navy and Education) appear to be better entry points into the federal space than Air Force. Proactive opportunity identification efforts should certainly include these agencies, if not focus on them.











Path 2: Finding the right partner to team up with can and probably should be explored in parallel. [Learn more about teaming up.](#)

Effective bidding in this manner, either as a prime contractor on a smaller project or as a subcontractor on a multi-award project helps you get more contracts. This effective bidding also helps us figure out what your capital needs are so you can fulfill these projects with StreetShares financing so you can do more projects.

Researching Competitors and Partners
















Whether a company is a competitor or potential partner is really a matter of perspective and context. The company you are bidding against today might be the perfect ally for an opportunity you identify next month. As such, competitor and partner research work pretty much the same way. You define a market, much like we have done in the example above, and you view the list of top companies by market share.

Here is the list of the top five vendors in the market segment for network security, small business contractors, that are winning contracts outside of multiple award vehicles:

TOP VENDORS		
	Asrc Research And Technology Solutions, LLC - Belt...	\$145.1m 
	Primus Solutions, LLC - Beltsville, MD	\$48.3m 
	Briefcase Systems Development Inc.	\$36.7m 
	PPS Infotech, LLC	\$25.6m 
	Network Security Systems Plus, Inc.	\$21.7m 
	All Other	\$48m

In this context, these are competitors for prime contracts in this market – i.e. the companies who are likely to submit competing proposals for any Request for Proposal (RFP) that comes out.

But what if we want to research potential small business partners that are contract-holders under Alliant? And very specifically, Alliant contract-holders that have experience doing relevant IT services work for the Air Force and would help us to break into the space that most interests us. We need to go back to our original search and filter the results down to just small business delivery orders awarded under Alliant. ([Here is a link to the interactive version of that search.](#)) And from that, we can view a top vendors list that looks like this:

Partner	Name	Total Obligations (last 4FY)	Market Share	Total Awards	Most Recent Award
♥	Agile Defense, Inc.	\$101.1m 			GS06F0626Z-FA872616F... Awarded Mar 17, 2016
♥	Bluewater Federal Solutions, Inc. - Chantilly, VA	\$43.9m 			GS06F0603Z-GSQ0416DB... Awarded Feb 29, 2016
♥	DSD Laboratories, Inc.	\$34.9m 			GS06F0619Z-FA825112F... Awarded Sep 28, 2012
♥	Data Computer Corporation Of America	\$26.2m 			GS06F0615Z-FA880616F... Awarded Apr 19, 2016
♥	Criterion Systems, Inc.	\$23.8m 			GS06F0643Z-FA872614F... Awarded Sep 30, 2014

Now, while concurrently bidding on prime contracts at other agencies, we can begin to do some targeted networking with companies that may help us to break into a market segment currently closed off.

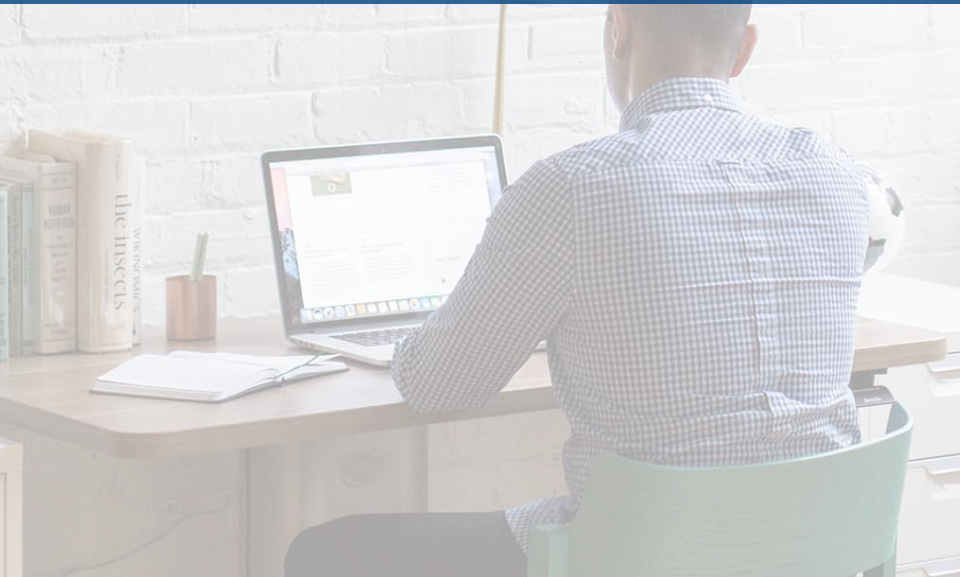
Leveraging your Set-Asides

One final consideration when evaluating market entry points is set-asides. Many companies are qualified to bid on contracts that are set aside for Service Disabled Veteran-Owned Businesses (SDVOSB), Woman-Owned Small Businesses (WOSB), HUBZone businesses, or 8(a) small businesses. A good market research tool will allow you add set-aside type to your filters in order to understand the federal buyers and competitors in that subset of your market.

When evaluating your market, there are some great software tools out there that help you target the type of contract you want to win and the agencies you want to work with. A tool like [GovTribe](#) helps identify the market overall. Once you do that, you can find out if you can bid on contracts as a prime contractor or if your market is dominated by multiple award vehicles. With multiple award vehicles, unless you can bid on the entire vehicle's value, you're most likely to get some of the work you seek as a subcontractor. Good data and good networking can get you in with multiple award winners so you can subcontract successfully. As a veteran owned business, there are set-asides just for you that you can take advantage of to help you win more bids.

5 | Proposal Basics: Lay the Right Foundation

- Typical RFP Sections
- Where to look to make bid/no bid decisions
- And what the government is really asking for



You've tackled your [financing](#) and [evaluated your market](#). Now you're facing a Request for Proposal (RFP). It can all seem very daunting, with multiple flavors of contract types (see also RFQ, IDIQ, BPA, Task Order, etc.) and intimidating Federal Acquisition Regulation (FAR) rules to follow. [WinBiz Proposals](#), who specializes in providing proposal support to small and mid-sized government contractors, shares some insight.

There's no need to despair—in each and every RFP the government tells you the exact work you'll be doing, how to organize the proposal, and how it will be scored and awarded.

Let the RFP Drive Your Response, Not Your Own Vision

To begin, most federal, state, and local RFPs, include the following sections. But even if the RFP doesn't use these exact terms, these components will exist.

- Section A. Standard Form 18, 33, 30, 1449, etc.
- Section B. Supplies or Services and Prices/Costs
- Section C. Statement of Work (SOW) or Performance Work Statement (PWS)
- Sections D, E, F, G, H and I. Contain technical requirements of contract award
- Section J. List of Attachments
- Section K. Representation and Certifications and Other Statements of Offerors
- Section L. Instructions to Offeror
- Section M. Evaluation Criteria for Contract Award

Knowing how to navigate the RFP helps you focus and maximize your attention. But before you jump in and start writing, you must make commitment and decide to bid. In other words—is this contract a good fit for my company, and if so, do we have the bandwidth to respond to this RFP?

Where to Look to Make Bid/No Bid Decisions

Those questions can be answered quickly by prioritizing how you *read and analyze* the RFP:

- **Section C** features the SOW/PWS and the services, products, and deliverables in the contract. Here is where you'll confirm if your company has the expertise required, if you need to bring on subcontractors, and if you have a winning competitive advantage. If the work is in your sweet spot, or you can form an A-team to meet all the requirements, read on!
- **Section M** contains the evaluation criteria and process, how the government will score your response, and how it will rank and weight criteria. For example, if the management approach is the highest ranked criteria, you know they are looking for a bulletproof process to manage quality and personnel. If innovation is the highest ranked, and your company focuses instead on proven solutions, you may want to think twice about moving forward.
- **Section L** outlines the flow of your response by providing details on page limits, layout (margins, fonts, page sizes), and submission requirements. Here you'll get an idea for how much writing is involved and the exact due date. The deadline alone may prompt a no bid decision if you lack the time or people to physically pull the proposal together. WinBiz founder and CEO Jennifer Adeli shares,

“A pending deadline is the number one reason customers reach out. They don’t want to turn away a winning proposal because they have an employee on leave—or in one case—a baby arriving any minute!”

By focusing on sections C, M, and L (or their equivalent); you’ll get about 90 percent of the information needed to move forward. But, you still have to go back and read the rest of RFP for all requirements that may be buried elsewhere (such as financial letters and security clearances).

What the Government is Really Looking For

Now that you’ve made a “yes bid” decision, it’s time to start writing your response. First and foremost is compliance. Compliance. Compliance. Did we mention you must respond to every requirement, in the exact way that the government required? That is compliance.

So, let’s assume, at a minimum, your proposal is going to be compliant. Is that all it takes to win? Unfortunately, the answer is “No.” Compliance just ensures you’re on par with your competition. To win, you must read between the lines and know what the government is looking in each required RFP section. Here is a handy list of themes—by standard proposal section—to make your response stand out.

Executive Summary and/or Introduction

- Who you are (including your team) and what to expect in the following pages
- If you read no further, this has all the answers—at a high level—to award to us

Technical Approach

- Not just vague promises of what you are going to do, but how you are going to do it (tools and process), what the outcomes will be, and where you've done it before
- Answers each and every technical requirement (there's that pesky compliance again)

Management Approach

- How you will manage the project and communicate with the customer
- Shows proof you can be trusted to execute the contract as required

Key Personnel and Resumes

- Detail the essential people assigned to lead the program or project and their relevant qualifications
- Describe the overall team and how you recruit, hire, and retain them
- Give the government assurance you won't leave them unstaffed

Past Performance

- Document historical and verifiable records of prior work similar in size, scope, and complexity
- Highlight accomplishments and customer accolades

Risk and Risk Mitigation

- Identify areas that might put the project in jeopardy
- Identify ways to reduce or eliminate risk in those areas
- Demonstrate how you prevented or addressed risks on other projects

Quality Control

- Show how you measure your processes and procedures to meet the customer's goals
- Show how you monitor process and procedures to foster continuous improvement

Cost/Price/Business

- Provide your charges for the services proposed
- Include a narrative to support your pricing methodology and assumptions
- Include additional required documentation if required, such as teaming agreements and company financials

Only in the world of government contracting do you literally get the answers to the test—but don't fail to execute. Reverse-engineering the RFP allows you to develop a proposal response that complies with all stated requirements and compels evaluators to select you to support their mission.

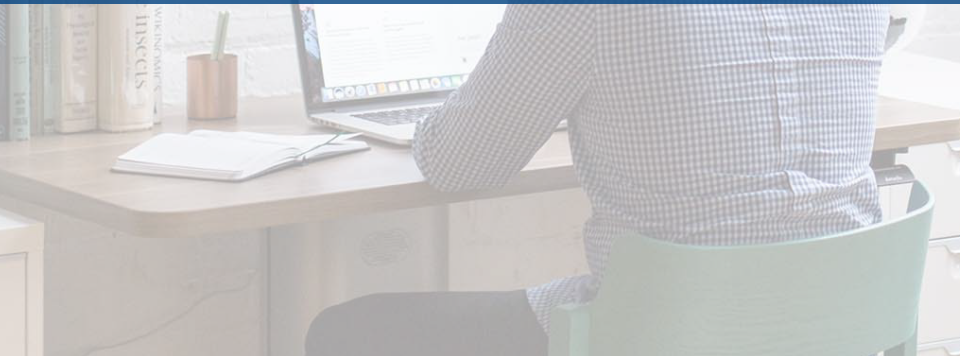
Get Extra Help When You Need It



Responding to RFPs is a ton of work. Your small business development and proposal teams may be stretched thin, overworked, and burnt out. Dozens of resources exist to help large and businesses. [WinBiz Proposals](#) is here to help your small to mid-tier business succeed as a government contractor. They supplement your in-house resources and provide large-business expertise across all aspects of responding to RFPs—proposal management, graphic design, technical writing, desktop publishing, oral coaching, and capture management. We tailor our entire approach, tools, and talent to best support small(er) business environments; leaving you with time to focus on strategy, execution, and growing your business.

6 | How to Bid for a Contract

We've seen why the Federal Government is a good market to work in for many different types of businesses. We have discussed potential advantages like set-asides made for veteran-owned businesses, how some great modern tools can help you evaluate your market and find the financing you need to start these projects. Now it's time to see how to bid for a contract.



6 | How to Bid for a Contract

Contracts Come in Many Formats, and on Many Platforms

Federal contracts come in all shapes and sizes, from one-off credit card purchases of basic office supplies to multi-year complex service requirements. Finding and connecting with the right opportunities to suit your business can be as big a challenge as actually competing and winning those contracts. The main source for connecting with federal opportunities is [FedBizOpps](#) or FBO. However, many agencies have their own solicitation posting boards that they use, as well as alternative government systems like [GSA Schedules](#) or Multiple Award Contracts vehicles. The [SBA has a good resource](#) on getting started as a contractor that identifies the main contracting resources to utilize.

Before Submitting Your Bid

1. Evaluate the Requirements

Once you have identified a project where you'd like to bid, make sure not to rush into submitting a bid without carefully evaluating the requirements. It can be easy to get caught up in the excitement of finally finding an opportunity that seems perfect and wanting to get your offer in right away. Remember, however, that most bids on government solicitations are considered legally binding offers, and are often required to be honored for anywhere from 30-90 days.

2. Ensure You Meet the Requirements

Take the time to read through the solicitation and make sure that you meet all the vendor requirements. These requirements include, but are not limited to, restricting competition



to specific set-asides, contract vehicles, geographical areas, product origins, shipping capabilities, manufacturer approvals, and past performance history. **Don't get caught rushing to submit your offer and then realize you misread the solicitation.**

3. Ask for Feedback and Get Clarification

When reviewing the requirements, if you have feedback or questions about the solicitation, don't hesitate to speak up. Reach out to the contracting officer early and document exactly what information you need in order to bid. If the answer to a question will potentially change your bid price, don't submit that pricing without first getting clarification!

4. Give Feedback and Engage the Contracting Officer

Similarly, you are the industry expert so feel free to provide relevant feedback to the contracting officer. Maybe they are asking for a product that is at the end of life and they should update to the new model or they are asking for one thing, but you know that there is another product that more adequately meets their need. Whether it is a question or feedback, don't be afraid to engage the contracting officer in a polite and professional manner.

[Learn more about working with a contracting officer.](#)

Ready to Submit Your Bid

Once all questions have been answered and the requirements carefully reviewed, you are ready to submit a bid.

1. Decide Which Bidding System to Use

The manner in which you submit an offer is as varied as ways to find the opportunity in the first place.

FBO: Most solicitations listed on FBO will have a PDF package that you need to fill out with all of your company and bid information and then either return a physical copy, fax your response, or email your bid.

Alternative System (e.g. [FedBid](#)): There are many more alternative government systems and exact procedures for submitting proposals to each.

Follow the directions listed closely on each solicitation and be sure to reach out immediately to the contracting officers for clarification on anything.

2. Submit the Appropriate Amount of Information

What information you need to provide changes depending on how the contracting officer is going to be evaluating the offers to make an award. In some cases, they only care about the final price being offered, so there may be limited opportunity to provide information about your business, past performance, the product being offered, or other relevant information that can give them a reason to award you the contract.

On the other end of the spectrum, the contracting officer may ask for more information than you think necessary to provide for an opportunity. A general rule of thumb is that, without overwhelming the contracting officer, you want to provide as much information as you can within the limits of the solicitation. Give the awarding contracting officer a good

idea of how your company stands out from all other offers. Be thorough and clear and give them a reason to say “Yes.”

3. Don't Procrastinate

Don't wait until the last minute to submit your bid. Keep a buffer of time for the unexpected. Once the bid period ends, contracting officers are under no obligation to reopen the competition and accept your proposal. When your bid has been submitted, make sure you get confirmation that they have received it. If submitting through an electronic system, you should get a confirmation page or notification. Otherwise, you can follow up with the contracting officer to confirm that they received your bid.

"StreetShares ultimately provided us with the opportunity to provide our clients with the best and most efficient experience possible."

*- Steve Fink, Army Veteran, COO
United Global Group, Inc., a technology-based
government contractor*

It's All About the Follow-up

Once the bidding period ends, the contracting officer takes all the received bids and evaluates them before making an award decision. They may give some indication of the estimated length of time for a decision to be made, which can range from a few days to a few months. It is important to stay informed about what is going on with the solicitation after you submit your bid. The requirements could be changed and put back out for bid, or the agency funding for this purchase could be de-obligated and the entire competition canceled. Without overly pestering the contracting officer, stay informed about the status of the opportunity and your bid.

Since a re-bid is possible or it could be months before you hear something, how are you tracking all the opportunities you bid on? [In Chapter 8, we go over setting up and monitoring a bidding/sales pipeline](#) but you can see here that you have to have a tracking and follow-up system in place.

If you receive an award notification, congratulations, you have won a government contract! At this point, you will work more directly with the contracting officer or their end user to generate any purchase orders necessary and coordinate shipping or perform the service.

If you did not win the contract, take this opportunity to learn what you can improve on for next time. Asking the contracting officer for a debrief is a good way to receive feedback about your offer and why it was not chosen. The contracting officer can go over their criteria and give you insights into how to improve your proposal for next time.

Using the FedBid Platform for Easy Contract Bids

One of the easiest ways to connect with federal opportunities is by using [FedBid](#). FedBid is the industry-leading provider of reverse auction services that optimizes how businesses, governments, and educational institutions buy goods and services while giving vendors greater access to opportunities to compete and win contracts.

Since its founding in 2001, FedBid has grown from providing procurement services to one federal partner to serving more than 75 federal agencies and departments, and numerous state and local governments. Learning this system eliminates lots of duplicated work for you as contractor.

FedBid helps provide opportunities to new and innovative small businesses. Of contracts awarded on the marketplace in fiscal year 2016, more than 90 percent went to small businesses. Registering, bidding and winning on FedBid is free for Sellers. By registering, Sellers gain access to automatic notifications about solicitations for products and services they can supply, as well as a dedicated team working to keep them informed of opportunities and facilitate the bidding process. Here's how to get set up.

1. Register with FedBid

Registering with FedBid is free, fast, and easy. Simply go to [FedBid.com](#) and click 'Register' in the top left corner. Selling goods or services to the federal government means you should register as a Seller. You will need your company's DUNS number (this is Dun & Bradstreet, who tracks business activity) and federal tax ID, along with some basic information. Once you have filled out all the required information, your registration will be submitted to the FedBid client Services team. They will finalize your new profile and send you an email to create your password and then login. [Click here for a step by step guide to help walk you through this process.](#)

2. Searching for Opportunities

Once logged into the FedBid marketplace, you can set up automatic filters to connect you with relevant opportunities when they are posted on the marketplace. FedBid's goal is to reduce the amount of time that you have to spend looking for opportunities, so you can focus on running your business. By signing up for automatic notifications for specific products and services that you are interested in, you never have to worry about missing out on an opportunity.

Under your My Account tab, you can select specific product and service categories that you are interested in bidding on. Based on your preferences, you can receive individual emails or a daily digest with a list of new opportunities under the selected categories. Additionally, the FedBid sourcing team is also actively reaching out on every opportunity to make sure that interested Sellers are engaged.

The screenshot displays the FedBid marketplace interface. At the top, the FedBid logo is visible with the tagline "Better Buying | Smarter Selling". The navigation menu includes Dashboard, Opportunities, My Bids, Awards, and My Account (which is currently selected). Below the navigation, there is a search bar and a "Start a New Search" button. The main content area is titled "Opportunity Management" and features an "Opportunities Filter" section. This section includes a "Product Categories" list with checkboxes for various items such as Weapons, Firing/Targeting Control Equipment, Ammunition and Explosives, Guided Missiles, Aircraft and Airframe Structural Components, Aircraft Components and Accessories, Aircraft Launching, Landing, and Ground Handling Equipment, Space Vehicles, Ships, Small Craft, Personals, and Floating Docks, Ship and Marine Equipment, Railway Equipment, Ground Effect Vehicles, Motor Vehicles, Trailers, and Cycles, Tractors, Vehicular Equipment Components, Tires and Tubes, Engines, Turbines, and Components, Engine Accessories, Mechanical Power Transmission Equipment, Bearings, Woodworking Machinery and Equipment, Metalworking Machinery, and Service and Trade Equipment. A "SAVE" button is located at the bottom right of the filter list. The footer contains copyright information for FedBid Inc. and a Norton Secured logo.

You can also manually search under your Opportunities tab. Here you can see available solicitations that are currently open for bid. You can filter by general categories or use the search bar to search using keywords, shipping address, or purchase order and FedBid buy numbers. To expand details and begin the bidding process, simply click on the FedBid buy number

[Click here for a guide to exploring your profile and searching for available opportunities.](#)

3. Bidding on FedBid

Bidding for contracts on the FedBid marketplace is a quick and easy three-step process. You have the ability to submit questions or feedback to the contracting office at any time during the process.

Step 1: Input some basic information about what you are offering to the government, as well as agreeing to the Buyer's terms.

Step 2: Upload any attachments that go with your bid, input your pricing, and provide a description of the product or service you are offering.

Step 3: Review all of the previous information to check for accuracy before you submit your bid to the Buyer.

FedBid is an innovative marketplace that is changing the way organizations buy and sell by leveling the playing field. Small businesses compete and win on federal solicitations every day. For businesses that are new to the federal sector, FedBid can represent a good way to win their first contract and get a foot in the door by expanding their past performance history. With a marketplace that is free, easy to use, and full of opportunities, there's no reason not to get registered and see what's out there.

7 | How to Become a Contractor for a Large Government Agency

The federal market plays by a different set of rules and regulations than the private sector, so companies who charge in expecting business as usual typically get frustrated with the bureaucracy and regulations. Be prepared to spend initial ramp-up time getting registered in various systems so that you can compete for contracts in a fully compliant manner. In addition to this guide, there are many resources available to help navigate a small business through the initial stages of government contracting.

7 | How to Become a Contractor for a Large Government Agency

DUNS Number (from Dun & Bradstreet)

The first thing your company will need if it does not already have one is an identification number from [Dun & Bradstreet](#) (DUNS Numbers). This code is unique to your business and acts as an identifier for all purposes related to federal contracting. Agencies and contracting officers can track your interactions and history of businesses through the DUNS Number. Getting a DUNS Number is free for businesses. We also mentioned Dun & Bradstreet in [Chapter 5 about what you need to use to register for the free FedBid system](#).

SAM.gov (System Award Management)

The next step is to get registered with the System for Award Management (SAM or [SAM.gov](#)). SAM is a database that the government uses to track all of the contractors it does business with, including information about their awards and socioeconomic set-aside classifications. A company cannot receive a federal contract until it is fully registered in SAM and has received a CAGE Code, another unique identifier for tracking contractors.

NAICS Code (North American Industry Classification System)

You will also need a North American Industry Classification System (NAICS) code as a requirement on most of the opportunities you want to bid on. [NAICS](#) help quickly identify the industry you are in and several other pieces of important information. These codes will act as identifiers to government agencies and can help you find and connect with opportunities listed under the same NAICS as your business. NAICS are self-assigned, so choose which ones fit best for you.

Set-Aside Classifications

There are multiple socioeconomic classifications that contracting officers can choose for its set-aside contracts. This limits competition on those contracts to businesses of the particular set-aside designation. Each agency and the government as a whole are required to set goals for directing a certain percentage of all contracting dollars to small businesses and other set-aside classifications that fall under small business. While many agencies have other set-aside programs relative to their agency that you can qualify for, the main list of set-asides authorized by the SBA include:

- 8(a) Small Business
- Historically Underutilized Business Zones (HUBZone) Small Business
- Service-Disabled Veteran-Owned Small Business (SDVOSB)
- Woman-Owned Small Business (WOSB)

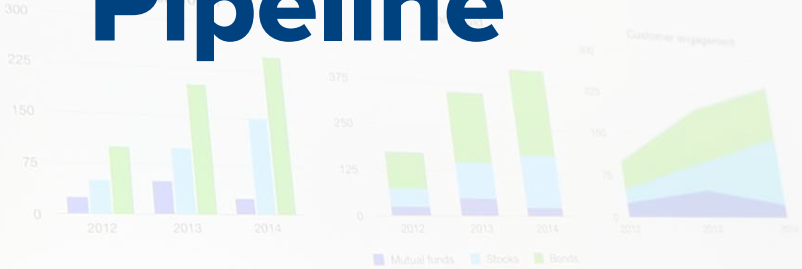
Learn about “Teaming Up” and how to get in with one of the main agencies.

FAR (Federal Acquisition Regulation)

The rules that govern every aspect of federal procurement are known as the [Federal Acquisition Regulation](#) (FAR). Solicitations often have clauses from the FAR listed within, and every necessary step in bidding on a contract can be linked back to the FAR. While it is important to know the basics of these rules, it is unrealistic to memorize or become an expert on the FAR. Knowing how to identify FAR clauses and then look up pertinent information is the key to contractors navigating the FAR. The General Services Administration maintains an updated listing of the FAR, while the Department of Defense operates with a supplemental version called DFARS that provides additional rules.

8 | How to Build a Federal Sales Pipeline

Collaboratively admin...
plug-and-pl... work...
B2C users... install...
visualize cu... base... dramatically
revolutionary ROI.



Part of getting government contract financing requires the successful winning and managing of your government contracts. This chapter looks at how the sales process/cycle may differ with the government than it does when you sell to another business and how to manage that process.

8 | How to Build a Federal Sales Pipeline

Managing Your Sales Process

The federal sales process is complex and complicated. Once you've decided that a market exists for your products or services with the government, it's time to put some structure around your federal sales process. In government contracting, like with all long sales cycle businesses, this is usually done with a business development pipeline (or pipelines).

What is a pipeline?

A pipeline is, essentially, a structured workflow or sales funnel for your federal bid opportunities. It enables you to prioritize, track the progress of, and manage tasks associated with your contract opportunities.

You have to manage your bids somehow to figure out where you are in the Federal sales process on your various bids whether you do so informally with emails and spreadsheets or in a more organized way. More likely though, you're going to want to formalize the process using some kind of software product. [GovTribe](#) offers one such pipeline management solution, included as part of a web-based platform. (And, by the way, it's the only pipeline tool out there that directly integrates with the federal bid opportunity and spending data that drives the industry.)



What is the value of tracking your business development activities using a formal pipeline?

There are four main reasons to track your business development process using software.

1. Consistency

A collaborative pipeline tool, combined with clear internal roles and responsibilities, helps to create consistency in the bid and proposal process. Companies can establish and systematize a procedure and integrate it into their work processes so that every opportunity review, bid/no-bid decision, proposal development, proposal review, and contracting officer follow-up adheres to the same methodology. As in most things, consistency leads to better outcomes.

2. Efficiency

Business development takes time – often far more time than companies tend to anticipate. Having a clearly understood and communicated process helps to make the best use of that time, and to lower the labor costs on any given bid.

3. Communication/Collaboration

Too often the tools used to make communication fast and easy actually hinder productive collaboration. Think about editing a document, assigning tasks, or managing updates to a spreadsheet with a team via email. Another example is attending a weekly status meeting without a definitive shared record of the work that's been done to date. An effective pipeline management tool contextualizes communication and provides real-time insight into the actions of all stakeholders on any pursuit.

4. Performance tracking

One of the things often lost in a poorly managed bid and proposal processes is any kind of reliable (and current) pipeline health and performance monitoring. An effective pipeline tool will provide rolling, real-time pipeline analytics, support in properly estimating competitiveness and in valuing opportunities, and the tools for a proper post-award analysis.

This performance tracking is very important when it comes time to line up your financing. We want to know how your proposals are going so we can see what your capital needs might look like in the coming months.

BONUS: Real-time Updates

An extra benefit of using GovTribe for your pipeline solution is that GovTribe is fully integrated with live updating of federal opportunity data. That means a significant element of federal contract pipeline management can be off-loaded to your pipeline tool. Instead of having to manually maintain updated information provided by the government buyer, GovTribe syncs that information to your pipeline in real time (and instantly notifies you and your team by email of updates).

How should you structure your pipelines?

There are countless ways to structure your pipelines, and how you choose to do so depends on how robust your business development function is within the company, how you organize your staff, and your volume of pursuits.

How do you currently account for your proposals you write and the business opportunities you identify? Do you have existing processes in place? If so, you may wish to develop pipelines that align with your current organization structure and processes. In our example, let's assume we're starting with somewhat of a blank slate and look at pipeline options and best practices.

There are two main things to consider regarding best practices for organizing and structuring your pipelines.

1. How many pipelines, and how should they be separated?
2. What process makes sense within a single pipeline?

1. Number of Pipelines

Many companies new to the federal contracting bid and proposal process will want to start with just one or two pipelines. Until you have enough active pursuits to justify segmenting them, and/or until you have a business development staff specialized to the degree that they should have their own pipeline, it makes a lot of sense to keep things simple.

However, more mature organizations will often organize pipelines by functional area or account space. Take the following example:

Pipelines

Pipeline	Team	Pursuits	Value (Prob. / Est.)	Won	Lost	Abandoned	Updated	Actions
USAID Pipeline	USAID Account Team Collaborator	16	\$110.5m / \$204.7m	\$98.7m	\$25.8m	\$20.1m	5/11/17 4:00pm	[x] [edit]
Staffing and Administrative	Administrative Team Owner	14	\$5.1m / \$13.9m	\$14.6m	\$1.9m	\$500k	5/11/17 4:00pm	[x] [edit]
DOD Pipeline	DOD Account Team Owner	28	\$13.6b / \$15.9b	\$446.4m	\$179.9m	\$206.1m	5/11/17 4:00pm	[x] [edit]
IT Services Pipeline	Large Deals Team Collaborator	21	\$49.5m / \$101m	\$32.5m	\$6m	\$3m	5/11/17 4:00pm	[x] [edit]
Health Account Pipeline	Health Account Team Collaborator	13	\$39.7m / \$99.1m	\$119.1m	\$7m	\$9.3m	5/11/17 4:00pm	[x] [edit]
Construction Pipeline	Design Build Team Collaborator	16	\$12.7m / \$33.1m	\$1.3m	\$500k	\$0	5/11/17 4:00pm	[x] [edit]

This company has a business development operation that is separated by both agency and functional area to some degree. You can see that there are “Teams” of business development folks who are assigned a Pipeline with a corresponding focus, i.e. there is a DOD Account Team that is responsible for the DOD Pipeline. There is an Administrative Team that is responsible for the Staffing and Administrative Pipeline.

For smaller organizations, or organizations that are just getting started in federal contracting, a single pipeline will usually suffice. Or perhaps two – one for pre-RFP stage opportunities (Sources Sought or RFIs) and one for RFPs.

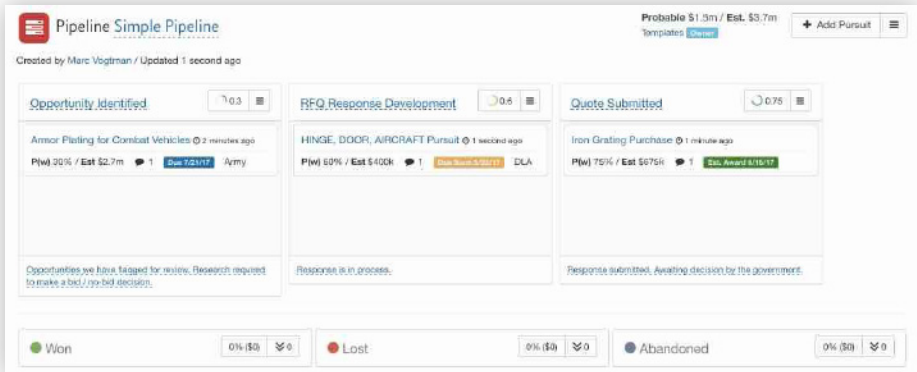
Pipeline Workflow Stages

Pipeline workflow complexity will also typically vary depending on the maturity of the organization’s business development function. Stages should be kept clear and simple. Injecting clarity and detail into the opportunity review, bid/no-bid assessment, and proposal process at the outset helps to cement that diligence as you grow. That said, there are good reasons to have simple pipelines as well as complex, more detailed pipelines.

2. The Simple Pipeline

Simple pipelines make the most sense for companies who sell highly commoditized goods and services. The government procures these goods frequently and in high quantity, and often executes them via Request for Quote (RFQ) on a Lowest Priced Technically Acceptable (LPTA) basis. In other words, the technical features of the products or service are well-understood and easily delineated, and the government is making the award decision based almost exclusively on cost. As such, the submission process for the company is simple and straight-forward.

An opportunity comes out. You determine you can meet the requirements. You submit a quote with your best price. For this kind of procurement process, a pipeline like the following is likely to work best:



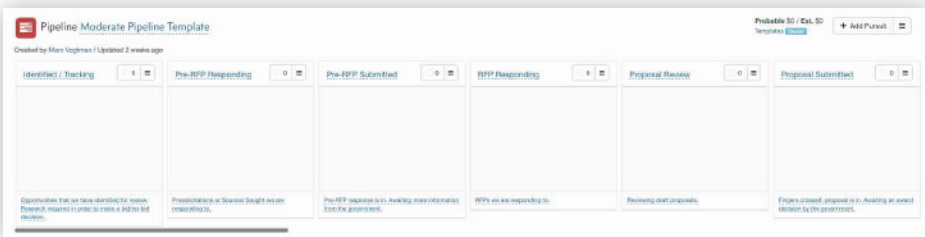
This Pipeline Has Just Three Stages:

- **Opportunity Identified:** The first stage of the pipeline is for newly identified opportunities that need to be reviewed to make a bid/no-bid decision.
- **RFQ Response Development:** The second stage is for opportunities where you are in the process of writing the bid. RFQ=Request for Quote
- **Quote Submitted:** A holding stage for opportunities following bid submission, and while awaiting a response from the government.

Note the three “terminal” stages at the bottom of the image on the previous page – Won, Lost and Abandoned. Once an award decision has been reached you can move a pursuit to Won or Lost, which will allow you to track your pipeline success stats. The Abandoned stage is for opportunities that you reviewed but decided not to bid on.

Moderately Detailed Pipeline

Any organization that is pursuing less commoditized, more technical approach-driven bid opportunities will likely want to establish a pipeline (and corresponding internal processes) with a bit more complexity and detail.



In this pipeline, we have added a few more stages to better reflect the more typical federal RFI/RFP process. Note that we still have an initial stage (Identified/Tracking) for initially identified opportunities that require initial research and a bid/no-bid assessment. And we have a final stage for waiting on an award decision post-submission. The response development portion of the pipeline, though, has been split into four stages.

- **Pre-RFP Responding:** Opportunities in the RFI or Sources Sought stage that you are responding to.
- **Pre-RFP Submitted:** A holding stage for post-submission of the pre-RFP response while waiting for further information from the government. (Usually a full RFP.)
- **RFP Responding:** Opportunities in the RFP stage that you are responding to.
- **Proposal Review:** Opportunities in process of proposal development that need to go through some sort of internal review and editing process.

The previous pipeline allows you to more accurately assess the status of your in-process bids and helps to delineate roles, responsibilities, and key tasks based on the current stage.

Detailed Pipeline

Many organizations prefer a pipeline that has even more detail, allowing them to track progress with more specificity. You can also incorporate areas of the capture process previously excluded from the formal pipeline.

This pipeline has more evident structure, greater detail in the stage descriptions, and includes some additional process.

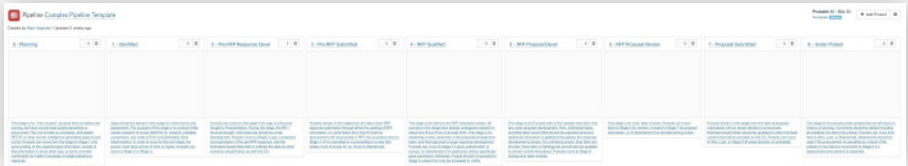
- 0 - Planning: A new stage added for very early stage or potential opportunities. Often, there will have been no public announcement of the pursuits in this stage. Typically used for forecast items, re-competes or other bids where you have an inside track.
- 1 - Identified: Stage for newly identified opportunities that need to be reviewed to make a bid/no-bid decision.
- 2 - Pre-RFP Response Development: Opportunities in the RFI or Sources Sought stage that you are responding to.
- 3 - Pre-RFP Submitted: A holding stage for post-submission of the pre-RFP response while waiting for further information from the government. (Usually a full RFP.)
- 4 - RFP Qualified: Opportunities in the RFP stage that have undergone a formal process to determine that you should proceed with a bid.
- 5 - RFP Proposal Development: Opportunities in the RFP stage where a proposal is under development.
- 6 - RFP Proposal Review: Stage for the formal proposal review process.
- 7 - Proposal Submitted: A holding stage for opportunities following proposal submission, and while awaiting a response from the government.
- 8 - Under Protest: A stage for opportunities you have bid on that are now under protest (when you are protesting an awarded contract).

The primary benefit of this pipeline is that it acknowledges and makes room for more formal management oversight stages and review points, which tend to be necessary as companies grow their federal contracting business.

Sub-process Pipelines

An individual pipeline does not necessarily need to encompass the entire bid and proposal process. It may often make sense to, at certain stages in one of your primary pipelines, move a pursuit into a sub-process pipeline.

For example, the Detailed Pipeline stages “5 - RFP Proposal Development” and “RFP Proposal Review” can encompass a structured, formalized process that is managed by a group of people (at least partially) unique from those who are responsible for the health of the primary pipeline. In that case, you may want to create a separate pipeline that breaks that process down into further detail.



This pipeline illustrates a “Color Team” proposal process. This is a fairly robust example of a structured development and review, but it demonstrates well the level of granularity with which a flexible pipeline tool can support such activities.

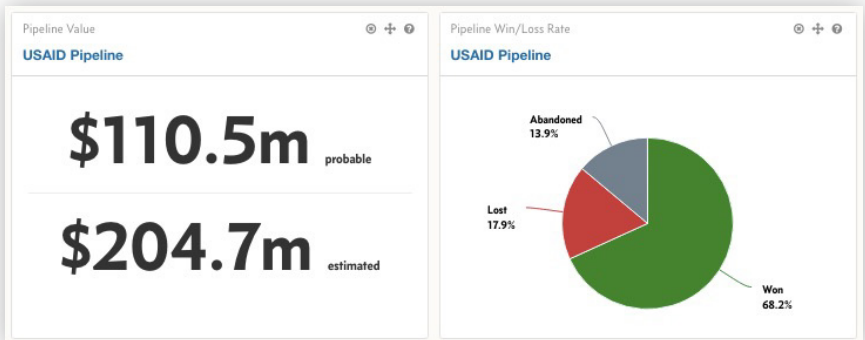
Tracking Pipeline Performance

Effective pipeline management includes performance monitoring and after-action assessment. And good pipeline software will do much of this automatically and in real time. In GovTribe, for instance, if you establish good internal policies around setting and keeping up to date your probability of a win on a bid – $P(w)$ – the estimated award value, and the estimated award date for pursuits in your pipeline, performance monitoring is automated.

Note here what that looks like on GovTribe:

General							
Name <input type="text" value="Development Outreach and Communications Specialist Pursuit"/>	Estimated Award Date <input type="text" value="09/27/2017"/>						
Name this Pursuit	When will this pursuit be awarded?						
Win Probability <table border="1"><tr><td>$P(w)$</td><td>40</td><td>%</td></tr></table>	$P(w)$	40	%	Estimated Value <table border="1"><tr><td>Est \$</td><td>1200000</td><td>.00</td></tr></table>	Est \$	1200000	.00
$P(w)$	40	%					
Est \$	1200000	.00					
Estimated win probability for this Pursuit.	Estimated award value of this Pursuit.						

These three metrics are key to illustrating the major health statistics of a pipeline. They allow you to produce visual analytics like the following:



The table on the left shows you the total estimated and probable value of the in-process pursuits of a pipeline. The pie chart shows you your won/lost/abandoned percentages for the pursuits that have been completed and moved to a terminal stage.



This column chart shows the projected awards quarter over quarter for your pipeline, giving a good visual indication of your pipeline health. It also assists with resource planning efforts, and it helps identify possible future staffing or other capital and financing needs.

Government Contracting

Final Thoughts

Doing business with the Government is pretty long and involved, but as you've seen (if you got this far) there are dozens of resources available. You've got two advantages working for your veteran-owned small business including veteran specific set aside goals and being a small business.

The four programs mentioned in this handbook work together to help you succeed in winning federal government contracts.



Resources to Help You Succeed



GovTribe: A Robust Search Engine

By using a robust search engine that links directly to government databases, you can find exactly what contracts you want to bid on and manage them all in the GovTribe platform. [GovTribe offers a 14-day free trial and starts at \\$24 a month for one user.](#)



FedBid: A Buyer's & Seller's Marketplace

A reverse auction service allows you to sell your goods and services to buyers looking for your products or services helps you find and bid on the actual opportunities. [FedBid is that marketplace solution and it's free for Sellers.](#)



WinBiz Proposals

Writing proposals and winning a contract takes a ton of work. Having a support system to supplement in-house resources from proposal management, graphic design, technical writing and more can be the missing gap. [WinBiz Proposals provides these extra resources.](#)



GOVERNMENT CONTRACTOR FINANCING SOLUTIONS

The StreetShares government contract financing program is set up to help make at least one aspect of this very long and involved process, the financing, and cash flow management, easier and more streamlined for you and your business.

At StreetShares, by combining contract financing with mobilization funding with our other great programs means you can get financing before, during, and after you have fulfilled your government contract, all at the same fair and transparent rates and terms we always offer.

We understand how to work with government contracts and as veterans helping veterans, we can help you understand all of those processes.

Get Started with Contract Financing Now