

How Large Businesses can Tackle the Federal Marketplace

By Leslie Hulser

Courtney Consulting Solutions

Summary: *With the largest government spending in our history coming down the Federal pipe, businesses large and small are interested in capturing their piece. While many programs exist to promote participation of small and disadvantaged business, most dollars still go to large businesses. These businesses provide the framework for large projects, and can help mentor small businesses into this market. With proper positioning, and an understanding of what Federal buyers are looking for, large businesses can position themselves to be a cornerstone in the market.*

More than 70% of all Federal spending is contracted with large businesses. With over \$550B spent last year by Federal buyers, that means more than \$385B of this spending went directly to large businesses. While many programs are designed to promote dealings with small businesses, large companies continue to be the primary source of products and services for the government. These statistics result from the need for large companies to perform extensive contracts that one small business would not be equipped to handle. Still, the market is becoming more competitive, and large businesses need to know “how to play the game” if they want to be successful in the Federal arena. Are you getting your piece of this large pie?

In 2008, the Department of Defense spent over \$360B on Federal contracts. The other top Federal contractors in 2009 were: Department of Energy (\$30B), Department of Health and Human Services (\$18B), NASA (\$14B) and Department of Veteran’s Affairs (\$14B). The agencies are spending extensive money in your local communities every day – and these monies are going to pre-approved vendors. So, what do you need to do in order to properly position yourself?

What are these companies doing to remain competitive?

- *Developing a comprehensive, small business sub-contracting plan that involves local and national small companies to complete contracts.* By including high-quality small businesses in a subcontracting plan, they are helping procurement officers meet two very important goals: small business goaling requirements and job completion.
- *Participating in the small-business mentoring program to actively assist smaller companies desiring to enter the market.* This not only gains the large company points within the pre-approved space, but also gives them preference when it comes to awarding the contract. Since small businesses employ the majority of people nationwide, mentorship from experienced firms can promote economic development.
- *Teaming arrangements with other small businesses that are pre-approved vendors.* Entering into a teaming arrangement with pre approved small businesses means less oversight needed on the part of the buyer as well as more transparency.

- *Meet your subcontracting goals.* If you are large, it is a requirement to have your own small business goals that somewhat mirrors federal agency goals. These percentages reflect a percentage of total subcontracted dollars. Your results will be submitted to the Small Business Administration annually.
- *Become pre-approved.* As a large company battling for space in this expanding market, you must become a pre-approved vendor to effectively compete. While this process can be complex, it is essential for positioning. Essentially, you make it easy for the buyer to do business with you streamlining the acquisition process.

Who are the largest contractors selling to the Federal government? In 2009 the top companies captured over \$100B in contracts to include Lockheed Martin, Boeing, Northrop Grumman, General Dynamics and Raytheon. What do all of these companies have in common? They are all pre-approved vendors who continually sell to Federal buyers. These companies realize that they need to make it easy for Federal buyers to choose them over others. Over the years, they have carved out their space within this marketplace with very little competition. However, the competition is growing as companies are figuring out what steps are needed and as more federal dollars are being allocated for various programs to include Stimulus and Disaster Recovery.

How can large businesses position themselves competitively? Government buyers have to meet certain goals in addition to meeting their acquisition needs. As a large company, you can help them meet these requirements. Follow these tips to position yourself as a leader in the market:

- Go green! Federal buyers are required to buy environmentally friendly products and services if they are available.
- Partner with strong small businesses to provide a 'total solution'.
- Become Pre-Approved.
- Differentiate yourself through trademarks or patents.

Becoming pre-approved is not easy nor is it meant to be in the eyes of the government. They want to deal with vendors who are pre screened for competency, compliance and whose prices have been deemed fair and reasonable. Seeking out help from experts is recommended as many attempt this process on their own and give up after years of trying. Work with an agency that can provide you not only the tools but the know how to be successful. Once you are approved and have a plan, you will be positioned to corner the Federal market.

**Leslie Hulser earned her MBA from Florida International University and specializes in business to government consulting. She brings extensive experience in project management and business planning to companies that are interested in working with the Federal government. To learn more, visit her website at www.courtneyconsultingsolutions.com.*