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**WINNING BUSINESS IN THE FEDERAL MARKET**

# Government Contractor Best Practices

❖ Long government procurement cycles remain a reality, and contractors must use a variety of strategies to remain competitive. From long-term strategic positioning to specific marketing tactics and tools, a new study on government contractor best practices shows how business, marketing and sales tactics work together to give contractors with higher win rates an edge.

PRESENTED BY

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“The data backs up what we are seeing with our own clients. Over the past year, we have seen a record number of mergers and acquisitions in the federal market in order for companies to improve their focus and stay competitive.”

**LISA DEZZUTTI**  
*President and CEO of Market Connections*

## Executive Summary

Those who routinely navigate the federal contracting arena are no strangers to the current market realities. Continued budget pressures and Lowest Price Technically Acceptable (LPTA) contracts lead to exceptionally long procurement cycles and the need to differentiate beyond price.

Despite the challenges, many federal contractors have found ways to thrive in this climate. How are they doing it? Market Connections, in partnership with Salesforce, conducted the 2016 Government Contractor Study to find out. As a baseline, the survey revisited questions from the 2012 Government Contractor Study to see how marketing and business development strategies have evolved or changed, and to gauge what new strategies contractors are successfully using.

Overwhelming, the study showed that long government procurement cycles have the most significant impact on the overall business, including marketing and sales. This report looks at the challenges government contractors face, as well as the best practices contractors with higher win rates use to address them.

## Long-Term Business Strategies to Remain Competitive

When it comes to broad, strategic business decisions, contractors most frequently note being more selective in what they bid on (51%). While more than a one-third (40%) say they are looking at different markets outside of government and increasing the use of teaming partners as strategies to remain competitive.

For large businesses, reducing staff; participating in a merger, acquisition, divestiture; or closing facilities are also common strategies. Another common strategy, particularly among companies with higher new pursuit win rates, is an increased reliance on junior staff. These companies are also less likely to impose salary caps/freeses.

Whether a company uses one of these strategies, or a combination of all, refining business processes can have great benefit to the company’s long-term success. “Fundamentally changing our approach to business acquisition allowed us to break barriers and meet our goals,” said Jon Check, VP Digital Solutions, CSRA.



What does the near future hold? In the next two years, 58% of respondents expect significant increases in the use of teaming partners. Half expect significant increases in the number of proposals they’ll submit, and 48% expect better internal communication between sales, marketing and bid and proposal departments.

However, while companies focus on long-term strategic plans and core business operations to remain competitive, they must also continue winning business now. To this end, the study examined the challenges government contractors face and the best practices in marketing and business development.



## Marketing and BD Strategies to Remain Competitive

What are the barriers to winning recompetes and new capture, and are there any differences? The study asked about top marketing and business development challenges contractors face, as well as the tactics and tools they are successfully using.

### Marketing and Business Development (BD) Challenges

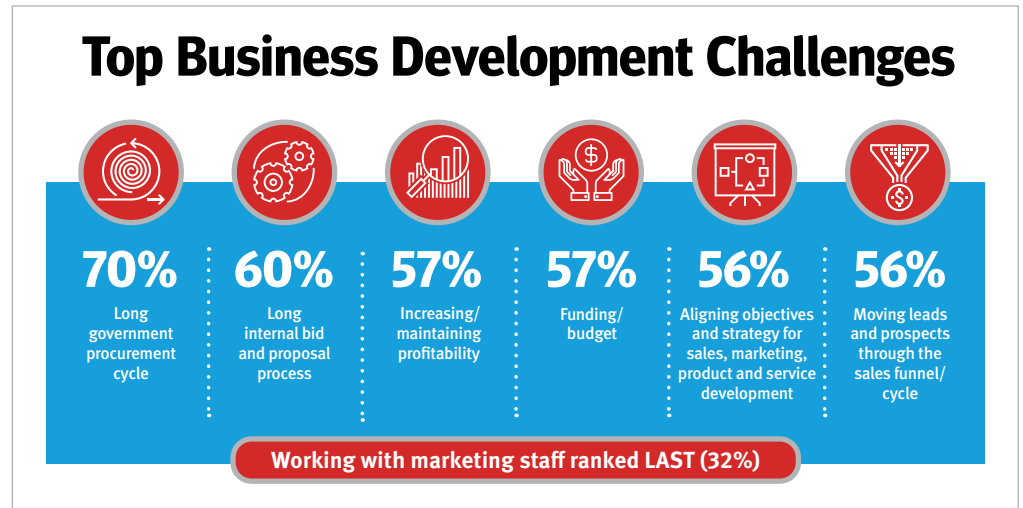
In addition to almost three quarters (72%) of respondents finding the long government procurement cycle to be a challenge, they face other marketing challenges as well. Leading the list are:

- **Aligning objectives and strategy for sales, marketing, product and service development (66%)**
- **Funding/budget (62%)**
- **Measuring ROI on marketing activities (61%)**
- **Moving leads and prospects through the sales cycle (61%)**

Firms with higher new pursuit win rates have fewer marketing challenges around funding/ budget, generating quality leads, and differentiation beyond price. However, they more often note working with the sales and business development staff as a challenge.

While accuracy of data did not land in the top five, still more than half of respondents (53%) find it a challenge. When that number is broken down by job function, the numbers are telling: more than half of senior executives (53%) feel that the accuracy of data is a challenge, while more than two-thirds (68%) of the program/technical managers feel this way. Compare that to 65% of BD/sales people who feel the data is accurate.

“Two thirds of sales teams think they’re operating off of great data, but ultimately the ones who have to create the proposal or deliver the work (program and technical managers) think they’re operating off of bad data,” said Joe Marino, Salesforce Go to Market Leader, Aerospace & Defense. “I think this demonstrates a huge opportunity to create synergy, collaboration, and trust among all layers of the organization.”



As with marketing, the long government procurement cycle is the most significant business development challenge (70%). Other top business development challenges include:

- **Funding/budget (57%)**
- **Aligning objectives and strategy among sales, marketing, product and service development (56%), and**
- **Moving leads and prospects through the sales funnel (56%)**

### Marketing and BD Tactics

Successful government contractors understand that engaging clients, prospects and their own employees is the key to addressing long procurement cycles and other challenges.

“We do not have budget problems in the federal government. But we do have an issue of leaders who need to implement change. To sell that change, you must be positioned as a thought leader and be able to provide insights and solutions they may not know about,” said Anthony Robbins, Vice President of Global Defense at AT&T, who sat on a panel of senior executives discussing the study results.

To engage with their federal customers, respondents said creating and using thought leadership materials, speaking at large industry events, using opportunity tracking databases and hosting their own events are the most effective marketing activities. As senior executives tend to be the individuals positioned as thought leaders, it is not surprising that 87% of them see thought leadership materials and 69% see content marketing as being effective.



Respondents in Program/Teaming/Technical Management roles rate these marketing and BD tactics lower, relative to the other job functions. However, including stakeholders across a range of job functions in developing assets such as white papers impacts the piece’s effectiveness.



“When our clients involve the program managers in thought leadership projects, we see higher engagement from them. We also notice that they are more likely to see the value of these materials and actively use them in sales presentations.” Mari Canizales Coache, Marketing Manager, Market Connections.

**“At the highest level, what an integrated platform for sales, capture, and community management provides is collaboration and engagement. It promotes a trail of insights that provide continuity over time, regardless of whether the individuals working that account change. And it facilitates engagement and connections with all stakeholders and contributors, maximizing probability of winning and long-term success.”**

*BILL PESSIN | Area VP, Defense, Aerospace and Intelligence, Salesforce*

### Maximizing Collaboration and Engagement

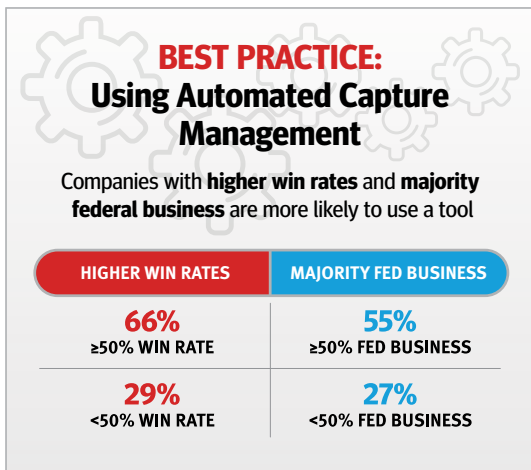
Four in ten respondents are currently using an automated capture tool, and more than a quarter are considering adopting tools. Another four in ten indicate the use of automated marketing and capture tools will increase in the next two years. This makes sense given that these tools help collect insights and foster engagement. Winning contractors know this: companies with higher win rates and those doing more federal business are more likely to use an automated capture tool.

An integrated platform also supports the ability to make informed and effective staffing and partnering decisions.

“The government has many options to avoid lengthy procurement cycles, and all involve partnership with industry. In the end, it’s Account Executives, Business Development Executives, and Capture Managers armed with the right insights and engaged with the right experts who help their government customers execute streamlined procurements,” says Pessin.

The challenge is not necessarily the long procurement cycle; it’s how to manage the engagement of corporate leadership, technical or functional experts and orchestrated partner support to help the customer navigate the government procurement process. The power of an integrated sales, capture, and community platform is the ultimate force multiplier for success.

According to Pessin, an integrated platform helps bring out the best of a company. For instance, a Business Development or Account Executive themselves may not have a personal relationship with a key prospect, but perhaps someone in their company does. Or the prospective customer may have on-going engagements (good or bad) with a different part of the company. An integrated platform allows stakeholders to connect with each other and helps target the right activities with the right insights to engage the customer. The platform puts the company in the best position to seamlessly manage the opportunity lifecycle to more effectively shape the government procurement cycle.





## Conclusion

From a broad strategic positioning perspective, the study revealed that best practices include the following strategies for continued growth:

- 1. Harness data from automated capture tools and use it to make more strategic decisions.**
- 2. Adjust business models to focus on partnering or divesting, which then allows you to lower costs.**
- 3. Create a staffing mix that includes junior (i.e., lower priced) workers, and equip them with the technology tools to efficiently do their jobs.**
- 4. Increase the use of teaming partners: these relationships will help you compete on price and expand capabilities without adding cost and help you differentiate.**
- 5. Focus on investing in high value proposals. Part of that investment includes engaging the client throughout the procurement cycle.**

Combat long procurement cycles with consistent engagement. Best practices in marketing and business development activities include:

- 1. Develop a proactive strategy to increase dialogue and build trust for better insight into best solutions and opportunities to shape your RFPs.**
- 2. Maintain and improve your government customer relationships. Learn their preferences, needs and requirements, and respond to those needs with thought leadership materials, content marketing and speaking engagements.**
- 3. Use an integrated sales, capture, and community management platform to improve communication and engagement with prospects, partners, and internal company resources throughout the procurement cycle. These tools help you improve the quality of the data you collect, so you can improve communications and relationships with customers throughout the capture lifecycle. As you develop thought leadership materials and prepare to speak at industry events (or host your own events), that data will provide valuable insights into what your customers and prospects need and want.**
- 4. Develop marketing strategies that include thought leadership content to demonstrate subject matter expertise to prospects and clients. Find speaking opportunities to showcase your thought leadership and subject matter experts, such as large events and tradeshow or by hosting your own events.**



## About the Study

The blind online survey of 200 respondents included a mix of job functions among senior executives, business development and marketing professionals. More than 90% of respondents are involved in or knowledgeable about both business development and marketing in their organizations. About half of companies are in the less than \$50M range, while the other half fall into the greater than \$50M category. A little more than half are doing a majority of their work with the federal government and 32% offer consulting services, 26% IT services, while other types of products and services were all 20% or fewer.



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### ABOUT MARKET CONNECTIONS, INC.

Market Connections, Inc. delivers actionable intelligence and insights that enable improved business performance and positioning for leading businesses, trade associations and the public sector. The custom market research firm is a sought-after authority on preferences, perceptions and trends among the public sector and the contractors who serve them, offering deep domain expertise in information technology and telecommunications, health care and education.

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