



Successful Selling to the Government

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Back to Basics – Teaming Agreement Considerations

By Peter Adler, *Seneca Creek Consulting*

Virtually all small to moderate size businesses in the Government contracting arena will need to team with a larger entity on a not infrequent basis in order to obtain a place on many Federal IT contracts. More and more Government contract actions cover a larger slice of tasks in the information technology sector. So, to be included, presence on a team is a “must.”

Once you have made the connection with a large prime contractor and have essential agreement that your firm brings a portion of the required solution to the Government’s stated needs, you then need to carefully craft a teaming agreement that protects you and the work you intend to perform under a contract award. Too often, smaller firms simply join a team, hoping for the best once an award has been made to the prime contractor with whom you have teamed.

Specifically you must have some form of a work-share agreement as one of the provisions in your teaming agreement or subcontract. This means when requested tasks encompass those areas on which you have bid with the prime become available those tasks will either be awarded to you or you will have the right of “first refusal.”

The absence of these provisions in your teaming agreement relegates your firm to a position, on some occasions, of bidding against your prime contractor or other team members. The entire reason for your participation in a joint effort is for you to have “ownership” of those tasks that you were specifically asked to respond to and price.

Failure to obtain these “rights” has the potential to render your award as valueless. Do not forfeit these rights in the rush to simply be on a team with a major prime. Enter only into those agreements where is truly a “win-win” situation whereby both you and the prime contractor benefit from a task or delivery order that encompasses the solution set that your firm has bid.

News from Set-Aside Alert: Big Companies Look Small in Databases

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Federal procurement databases are still rife with examples of large businesses listed as small ones, despite repeated, well-publicized efforts to scrub the data, the Interior Department inspector general has found. In a July 1 report, the IG said three divisions of Xerox Corp. were currently listed in the Central Contractor Registration as small businesses. Two of the divisions also showed up in CCR’s Dynamic Small Business Search.

John Deere Construction & Forestry, a division of John Deere Co., was identified as a small business in CCR, the Dynamic Small Business Search and the Online Registrations

and Certifications (ORCA) database. The IG said the company claimed it qualified because it has fewer than 500 employees and less than \$2 million in annual revenue, but its parent has \$22 billion in annual revenue.

The IG found Dell Federal Systems GP LLC, a subsidiary of Dell Inc., was identified as a small business in its CCR registration. Its parent has more than \$57 billion in annual revenue.

Contracting officers in all agencies rely on those databases to determine whether a company qualifies as small. If companies misrepresent their eligibility for small business preferences, "that's felony federal contracting fraud," said Lloyd Chapman, president of the American Small Business League in Petaluma, CA. He has long contended that large companies are masquerading as small ones to take advantage of the preferences.

SBA and the Office of Federal Procurement Policy last year announced a major effort to improve the accuracy of contracting data. Agencies are now required to verify their reports to the Federal Procurement Data System-Next Generation. Then-SBA Administrator Steven Preston asked chief executives of up to 800 of the largest federal contractors to voluntarily correct records on any contracts that identify their corporations or subsidiaries as small firms.

SBA said a scrub of 2005 data found \$4.6 billion in contracts credited to small business that actually went to large corporations. However, a study of the same data by the Democratic staff of the House Small Business Committee identified \$12 billion going to companies erroneously counted as small. That is about 15% of all small business awards. (SAA, 8/31/07; 8/11/06)

The Interior IG examined the department's 2006 and 2007 contracts, awarded after the data-scrubbing push began. In addition to the preceding examples, it found contracting officers had identified Home Depot, Waste Management Inc., McGraw-Hill, Sherwin Williams and Starwood Hotels as small in their official reports to FPDS. The auditors said about \$5.7 million in contracts awarded to large businesses were counted toward the department's small business goals in 2006 and 2007.

The IG's findings indicate that some Interior Department contracting officers have ignored several directives since 2004, cautioning them to be more careful about the reporting of small business contracts. One contracting officer said, "If contracting officers did their job, [FPDS-NG errors] wouldn't happen." Another told the auditors, "Contracting officers often click through mindlessly when entering contracts in FPDS-NG."

FPDS-NG, introduced in 2003, has many features that fill in forms automatically, to avoid data-entry errors. For example, when a GSA Schedule delivery order is entered into the system, it automatically determines whether GSA considers the contractor large or small. The IG said some contracting officers defeated that feature by entering GSA delivery orders as "purchase orders," and filled in the small business block manually.

In other cases, the auditors found, GSA's classification of a small business was wrong, but the contracting officer could not change it in FPDS-NG.

Both the Interior IG and SBA have blamed most of the misidentified contracts on data-entry errors.

Chapman, of the American Small Business League, charges the Bush administration is cooking the books to play down the problem. "What are the chances that it's not just [happening] at Interior?" he asked in an interview. "This is just the tip of the iceberg."

In May U.S. District Judge Marilyn Patel ordered SBA to turn over more than 10,000 pages of data listing the names of all firms that received federal small business contracts for fiscal years 2005 and 2006.

The Small Business League said its preliminary review indicates "that Bush Administration officials manipulated the data to disguise the true volume of government small business contracts that actually wound up in the hands of Fortune 500 corporations and other large businesses."

The GSA Corner: Local Preparedness Acquisition Act

By Deborah Wolland, *The JDS Marketing Group*

State and local governments may soon have another way to save money and buy homeland security and public safety equipment. The House unanimously passed the Local Preparedness Acquisition Act on Dec. 17. It opens the General Services Administration's Schedule 84 contract beyond federal agencies to state and local agencies. Over 4 million goods and services are commercially available on GSA's schedule contracts at a negotiated discounted price. Schedule 84 offers security products including; alarm systems, law enforcement equipment, and security equipment.

Since 2002, state and local governments have been allowed to buy information technology products and disaster recovery products from GSA schedules using cooperative purchasing agreements. This bill, "The Local Preparedness Acquisition Act" from legislation would expand to such goods as bomb detection equipment, perimeter security systems, and other homeland security goods and services from Schedule 84. The bill will have no net effect on the federal spending what so ever.

The House passed its version of the bill in December, and the Senate acted June 10, passing the measure by unanimous consent. On June 26, 2008 President Bush signed a bill that opens some of the General Services Administration's contracts to state and local governments to make purchases.

The Local Preparedness Acquisition Act authorizes state and local governments to use GSA's Multiple Award Schedules to buy law enforcement and security-related items, including firefighting and rescue equipment. Jim Williams, the president's nominee for GSA administrator, has said he supports the legislation but wants to open all schedules contracts for use by state and local governments.

Partner Spotlight: The Power of Video Email

By Ray Miller, President Estero River Consulting, Inc.

In today's world of technology, it is becoming increasingly difficult to reach your targeted audience with your message. When you do reach them, your message and call to action has to be crisp, clear and most importantly; get the desired results you intended.

If you rely on email as one of your major forms of communicating your business message, then you should seriously consider video email. Yes, I know it has been out there for some time and we see videos or animation on many web sites but this is not the same (please, don't even compare with You-Tube). The key difference is that in order to get your intended audience to your website or landing page, your email and its message must be compelling enough to get the reader to want to go to your web site and take action. This is where a 'movie quality' video email has a tremendous advantage over plain text email. Regardless of the industry or application (sales, marketing, customer service, HR, product management, etc) it is a very powerful tool and can make a significant impact for your business.

Here are some overwhelming statistics that confirm the power of video email:

People remember:

- 10% of what they read
- 20% of what they hear
- 30% of what they see
- And 50% of what they see and hear together

A whopping 55% of the meaning of a message is delivered through your facial expression. A further 39% of your message is delivered from your gestures and body language.

Plus, people will remember you and connect with you on a more personal level.

Jupiter Communications----Email campaigns including rich media generate an average of 80% return within the first 72 hours.

One company that I am working with to enhance my clients email campaigns is Talk Fusion, a leader in video email messaging. After two years and \$1.5 million dollars in research, Talk Fusion brings email marketing to the next level with advanced video email technology that combines the power of television with the ease of email. Best of all it is simple to use and extremely affordable.

To see, touch and feel the power of this technology, go to www.talkfusion.com/ERCinc and click on the Products link. Be sure to view the Demo video and all the information you need is there. Please feel free to contact me with any questions.
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Partner Corner

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The JDS Marketing Group, Ltd. - Offering premiere GSA Schedule Negotiation and Marketing Consulting Services to the Federal Government contracting community for over 15 years. Contact Debbie Wolland at 703-502-1500 or email at: dwolland@jdsmarketing.com. For more information go to www.jdsmarketing.com.

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