



## Top 10 Reasons Why You Aren't Winning More Federal Government Awards

Have awards and contracts started slowing down for your Small Business? Ever wonder if there may be a specific reason behind your decrease in government awards, other than chalking it up to bad luck? The following list is a guideline that all Small Business Government Contractors should consider when times get tough---or even if they are not, to stay proactive before they do! If you see some of these same problems at your own Small Business, call ReliAscent right away!

### **10. Poor Proposal Preparation/Presentation**

Contractors must understand the expectations of the government when responding to Requests for Proposals (RFPs). This depends primarily on the acquisition environment you find yourself in. The government's process for acquiring commercial products and services from contractors is vastly different (and more streamlined) than acquiring non-commercial products and services. Once you understand your place in the acquisition universe and the government's rules for "full and open competition", you can then drill down to what the expectations will be for the technical, management, and pricing volumes (see more on that below).

### **9. Low Commercialization Score &/Or Lack Of Previous Experience**

Just like in the commercial world, the government likes to do business with companies that they know and trust. Previous experience, especially when it is highly rated (see below comments on quality and delivery), means a lot when the government is evaluating between several competitors. In the SBIR/STTR world, the government is concerned with how their previous investments have been turned into successful products and they measure this regularly. A low commercialization score will weigh heavily on the prospective SBIR/STTR proposer. The Government wants to fuel new product innovation, not pure research (there are some exceptions).

### **8. Improper Budgeting &/Or Pricing**

The mistake here is not understanding the expectations of the government when pricing proposals. This depends primarily on the acquisition environment you find yourself in. The government's process for acquiring commercial products and services from contractors is vastly different (more streamlined) than acquiring non-commercial products and services. Once you understand your place in the acquisition universe and the government's rules for "full and open competition", you can then drill down to what the expectations will be for pricing. Ideally, all existing and potential government contractors in any acquisition environment should be able to calculate costs and profit on a job-by-job basis. Doing so will enhance your ability to estimate costs and, if required, produce "certified cost & pricing data" in response to a government request for proposal.



### **7. Not Understanding The Federal Acquisition Regulations (FAR)**

As you might imagine, the Federal Acquisition Regulations address virtually every situation the government might face when buying products and services. As was mentioned before, understanding your particular niche within the FAR framework will help you isolate those areas of FAR that ultimately impact your operations. As a sovereign entity, the government also applies unique terms and conditions vastly different from commercial practices.

### **6. Incorrect Billing Rates**

This little appreciated element of contract cost and pricing can have a dramatic impact on your company's profitability and pricing of new work. It is critical to select an appropriate indirect rate structure along with competitive levels of those rates. Unfortunately, the government provides only perfunctory support for what is otherwise a very complex matter. Unless you have years of experience or have been exposed to job cost accounting (on steroids), you will need some extra help in this area.

### **5. Poor Accounting Data**

Title 48 of the Code of Federal Regulations (otherwise known as the Federal Acquisition Regulations – FAR) specifies certain requirements for accounting systems for certain types of government awards. If the proposed awardee is not familiar with the requirements for that type of award, it is doubtful that a credible proposal can be submitted to the government. The complexity of these regulations make it difficult for even seasoned CPA's to understand what all the regulations are and what they mean. This makes it very difficult for the novice to construct a cost volume in a Federal Award Proposal that is meaningful, will be supportable in negotiations and will provide for the potential awardee to avoid losing money on the award. In many cases, the cost and pricing data supporting the bid must be presented for review by the government before issue of the award. If this cost and pricing data is not in the format needed and expected, the possibility of award goes down.

### **4. Deliver Poor Quality**

Just like in the commercial marketplace, the "bitterness of poor quality is remembered long after the sweetness of low price is remembered". If the government receives low quality, it will be remembered in that department but also could be recorded on a government-wide basis (See Late Delivery).

### **3. Late Delivery**

Recently the FAR Council issued a new rule regarding the Government's documentation and retention of contractor performance evaluations. This is a Government-wide system that requires the Contracting Officer to rate the supplier on a minimum of 5 areas of contract performance: 1) technical, 2) cost control, 3) schedule/timeliness, 4) management or business relations and 5) small business subcontracting. Contractors that have previous poor ratings in this system will face an increasingly difficult time in winning new awards without presenting some corrective action and or mitigation plan with the new proposal.



## 2. Failing An Audit

With certain types of awards, the government will ask the prospective awardee if they have previously been audited or had certification of their accounting system to government requirements. The prospective awardee must present proof that their accounting system has been verified to meet Government requirements. If the most recent evaluation resulted in a “not adequate” rating (either by the DCAA or through an A-133 or YellowBook audit) then the government will need more risk mitigation to present an award to the potential awardee.

## 1. Understanding The Needs Of Your Customer

There are so many tools that the Government offers to help the contractor or grantee be aware of funding opportunities that sometimes basic marketing is overlooked by the potential awardee. For instance, the Government publishes daily lists of opportunities within the government in the Federal Business Opportunities listings. These descriptions are usually quite detailed in describing the opportunity of what the Government is looking for. If the potential awardee has not talked with the requesting agency to fully understand the requirements, to get to know the specific needs behind the request and to get to know who is requesting the service/product, then the potential awardee is failing to understand the basic sales process. Just because the Federal Government is your customer doesn't mean you don't have to do a normal sales and marketing effort in order to sell your products/services effectively. The government is just like any other consumer. They will usually require several competitive bids to assure they are getting the best deal. In many cases the government will also evaluate proposals based on total value to the government (which can and does include some intangible factors such as relationships, past performance, quality, and other factors that a good sales process will point out to the consumer). Understanding your customer and then developing a detailed marketing and sales plan is important in the commercial world and it is equally important in securing Federal awards.

ReliAscent, LLC is your one-stop source to help prepare your accounting system for DCAA compliance. **Call today at 303-999-3802 to schedule one of our qualified team members to assist you.**

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