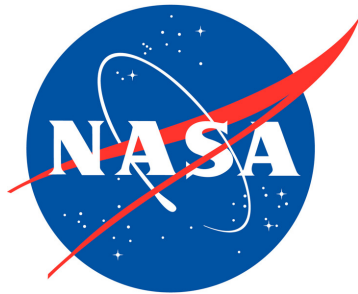


Marketing to the US Government



Introduction

➤ Focused Discussion for Growing Your Businesses in the Govt. Market Space

- Government and Community Outreach
- Business Development
- Business Operations
- Human Resources
- Contract Execution and Compliance

Experienced Team

Jeff Irons - 35 Year Aerospace Contractor and Small Business Expert

Numerous Small Business Clients

Focused Experience in Business Development

Norm Brown - 27 Years of Government and Industry Experience

Government Programs and Customer Expertise

Industry Start-up and Small Business Focus

Jamie Brabston - 15 Years as an Attorney Representing and Counseling Businesses

HR, Employment Law and Govt. Contract Compliance

Small Business Growth and Acquisition Experience

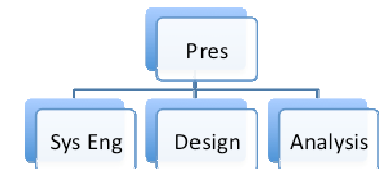
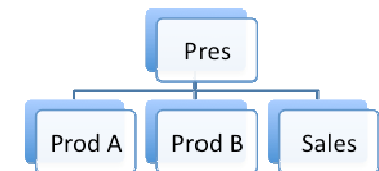
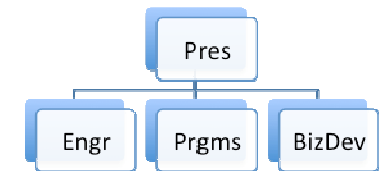
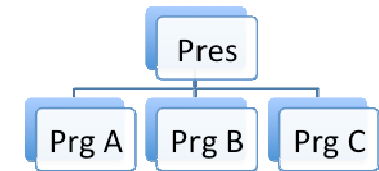
The three legs of the business “stool”...Operations, HR and contract compliance, and BD

About Your Business?

- What does your company do?
- How did you get started?
- Why did you start your own business?
- What was your biggest break?
- What are Your biggest challenges?

Business Operations – Organizational Structure

- Program Organized
 - Good Focus, Visibility to Customer
 - “Stove Pipe” Tendencies
- Matrix Organized
 - “Grown Up” Organization w/checks & balances
 - Can be Slower and Harder to Manage
- Product Line Organized
 - Helps Brand or Focus Business
 - More Suited to Commercial Sales
- Capability Organized
 - See Above, More Suited to Analytical Services



Operate Today – Organize for Tomorrow...

Business Operations – Daily Operations

- Communication, Communication, Communication
 - Staff Meetings
 - Executive Planning Off-Sites
 - All-Hands
- Span of Control
 - Delegate and Hold Accountable
 - Mentor Key Leaders
- Overhead and G&A Functions
 - Financial – CFO, Contracts – cash flow, invoicing
 - Program Control - avoid under/over runs
 - HR – the people side
 - Information Technology

You Play Like You Practice...

Business Operations – Daily Operations, cont.

- Rate Structure, Profit, Re-Investments
 - Constant Analysis and Planning
 - The “Hidden Money-Maker” – wrap rates and labor categories
 - Year-End Planning Should be Completed by Beginning 4th Q
 - Know the Rules (Direct vs Indirect) – Bonuses, Equipment, etc.
- “Branding” Your Company
 - Internal and External Importance
 - Actions and Words Matter

Plan, Execute,
Assess & Improve

You Play Like You Practice...

Business Operations – Recruiting and Hiring

- Outside the Family
 - Utilize Your Business Network
 - Match to “What We Want to Be When We Grow Up”
 - Good to Great Org. Chart/Job Description Model is Good
- Strategic Hires
 - Program Managers, Business Managers, BD
 - “Groom” Successors
- Diversity
 - Critical to Sustained Growth
 - Experience Level, Govt/Industry/Academia Mix, Skill Sets
- Professional Recruiters
 - The Old Model - Not Worth the Money
 - However, Innovative Approaches – “Try Before You Buy” Worthwhile

Build a Team...

Business Operations – Accounting Practices

- Working Capital
 - The Cycle (BD/Hire/Perform/Invoice/Receive) Requires Cash Flow
- Accounting / Audit Tools
 - COTS Software Takes You a Long Way – “QuickBooks”
 - Automate as Much as Possible – Time, Payroll, Invoices, etc.
 - Grow Into DCAA Approved Systems – Deltek, etc.
- The Bottom Line
 - Manage “Profit” – R&D Tax Credits, Bonuses, Investments
 - Match Revenue Projections/Profits to the “Exit” Strategy
- The 3 Most Important People to Have a Day-to-Day Relationship With
 - Customer (Always)
 - Banker/Accountant
 - Your Business Manager (Owner, President, CFO, etc)

Cash Flow is King...

Pitfalls to Avoid When Growing

- Ignoring the “Boring Stuff”
 - Financials, Operations, Internal Communications
 - Customer and Community Relationships
- Staying “All in the Family”
 - Must Bring in New Expertise and Change
 - Must Put the Right People in the Right Jobs
- Under or Over Diversification
 - Too Narrow, Niche’ Areas - Vulnerability
 - “Shotgun” Approach - Inefficient
- Keeping Systems Too Simple or Going Too Complex (too soon)
 - “Right-Size” the Process Controls

These Are Your Business Teenage Years...

Hiring Qualified Employees - Legally

How would your employment selection and compensation practices stack up under audits by the DOL, OFCCP or EEOC?

- Job Descriptions
 - Requirements vs. Preferences
- Postings/Advertisements
- Applicant Tracking / Resumes
- Interviews – What can you really ask?
 - Write down the questions and ask them of all candidates
- Verification of Qualifications
- Pre-employment Testing
- Immigration Compliance – Revised I-9, E-Verify
- Employment Agreements?

Competitive Employee Benefits

- Salary
- Vacation/Sick Leave
- Stock Options
- Bonus Program
- Insurance – Health, Dental, Vision, LTD, STD, Life
- 401k – Matching, Profit Sharing
- Educational Reimbursement Plan
- Deferred Compensation Plans
- Voluntary/Supplemental Benefits Also Offer Value
- Employee “Morale” Associations; Company Gatherings; Wellness Programs

7 Mistakes That Often Lead To Audits/Lawsuits:

- Misclassification of Non-Exempt Employees as Exempt
- Failure to Pay Minimum Salary to Exempt Employees
- Improper Deductions or “Docking” of Exempt Employees’ Salaries
- Failure to Include All Required Compensation in Regular and OT Rate Calculations
- Improper Calculation of Hours Worked or Overtime Premium
- Failure to Keep Accurate Records of Non-Exempt Employees’ Working Hours or Allowing Off-the Clock Work
- Failure to Pay Minimum Wage

Current Hot Topics

- Automatic Deductions for Breaks (Outsourcing Payroll)
- Failing to Include Commissions and Bonuses in Regular and OT Rates
- Paying Non-Governmental Employees “Comp Time”
- Mobile Work Force Issues
- Failure to Pay for Required Training Time
- Employee vs. Independent Contractor

The Employee Handbook: Your Best Defense Against Lawsuits

- The three **C**'s of Handbooks: Not a **Contract**, **Communicate** Policies to Workforce and **Comply** with Federal, State and Local Laws.
- Employers must ensure that their own internal policies, procedures and handbooks do not contain language that creates an implied contract of employment with their employees. Handbooks should include language that preserves the at-will nature of the employment relationship and specifically clarifies who may enter into an agreement with employees.
- Every new hire should sign an acknowledgement of receipt and review of the handbook, and such acknowledgement should re-state the at-will status of the employee.

Workplace Issues As You Grow

- More Compliance Requirements
 - Which Agencies Affect How You Conduct Business?
 - Know the Laws That Apply as You Grow
- Effective Communication with Employees
- Management Issues
- Organizational Structure
- Internal Controls
- Risk Management
- Succession Planning

Marketing to the Government

- Focused BD Process
 - Know Your Niche'
- First Steps
- Teaming and Partnering
- Community Involvement
- Local, State, and Federal Interactions

The “Holy Trinity” of Business:

- Scope of Work*
- Funding*
- A Contract Mechanism*

*Business Development is a Contact Sport...
Everyone Must Be Engaged*

Business Development Is...

➤ Your Views?

Business Development Is...

- Part of Everyone's Job
- A Rigorous and Focused Process
- Encompasses the Entire Company
 - From Program Management
 - Do we have the right people to win new business and execute the contract?
 - Contracting
 - How do we perform on the contract?
 - Do we know all the risks?
 - Human Resources
 - Do we have the right people? Do we need to hire?
 - When? How many?
 - Accounting
 - Cash is “king”, but cash flow is “The Emperor of the World”

Makes You Answer the 12 Hard Questions First

1. Introduction

- Opportunity Title – Brief Description
- Who is the Capture Manager?
- All Customers. Met with them? Senior management customer visits?

2. Strategic Plan Applicability

- Part of the Strategic Plan?
- Near Term and Long Range Goal?

3. Business Potential

- Estimated Contract Value
- Customer Funding Available? Funding Source / Budget Line Item
- Probability of Program Go / Probability of Win. Why?
- Follow-On Potential?

Makes You Answer the 12 Hard Questions First

4. RFP Data

- Release Date
- Response Time
- Award Date

5. Contract

- Prime or Subcontract? Teammates? % Work Share?
- Type of Contract (Cost Plus, Fixed Price, etc.) – Fee?
- Duration? Multiple Phases or Options?
- Tasks to be Performed?
- Unique Terms and Conditions? OCI Issues?
- Small Business Requirements? Key Personnel Clauses?

6. Security

- Foreign Disclosure? Classified Contract with Security Requirements?
- Sufficient Number of Cleared People to Work on Classified Tasks?

7. FAR Compliant?

Makes You Answer the 12 Hard Questions First

8. Background

- Related R&D
- Associated B&P, Marketing, or Other Previous Related Programs

9. Strategic Value to the Company

- Pros and Cons for Bidding

10. Competition

- Who Are They? What do They Offer? What Does Their Team Look Like?
- How Are We Different? Why Will the Customer Select Us?
- What is Our Win Strategy? What is Our Major Business Offering?
- Pricing Strategy?

11. Proposal Schedule

- Proposal Manager. Dates for Review Teams. Team Leaders.

12. Requirements

- B&P Funds. How Much? Is it Available, or Does it Come From Another Program?
- Manpower: For the Proposal. When the Effort is Won.
- Facilities: For the Proposal. For the Contract.

First Steps to Selling to the Govt.

- First Stop: Small Business Office (SADBU)
 - Introductory Capabilities Meeting
 - Market “Space” CLEARLY Defined
 - What is Your Niche?
 - Agree on the Next Steps with the SADBU
 - It may be – “Not at This Time”
 - You are not an 8(a) First, but Last

You Can't be Everything to Everyone!

The Strategic Plan

- Every Company Must Have a Strategic Plan
 - Needs to Be Short (10 pages or less)
 - Must Have Your Vision Clearly Stated for All to Understand
 - Opportunities Briefly Outlined
 - How Are We Going to “Get There”
 - Focus
 - Targets
 - Resources
 - Finances Are Important, But Aren't Your Vision

*Need to Know Where You Are Going
And Communicate That to Your Team*

Teaming and Partnerships

- Company to Company Relationships
- Why?
 - Deeper Product / Capability Offer
 - New / Different Customers = More Business Opportunities
- How?
 - Always, Always, Always Sign an NDA First
 - Need to guarantee honorable relationships
 - Teaming Agreements
 - Recommend non-exclusivity on opportunities
 - Exclusive if it is worth it (larger % of contract and other new business)
 - Do not get tied up for future unknown opportunities
 - Watch Organizational Conflict of Interest (OCI's)

This “Pyramid Scheme” May Pay Off

Getting that First Contract

➤ What Does the Customer Want?

- Right Product/Best Solution
- Relationships are Important
- Politics are Part of the Process
- Understand the Requirements?

From Whom do You Buy?

➤ What Traits do you Seek in a Seller?

- If Products are Same Quality and Price – Do you buy from –
- A Stranger?
- A Friend?
- Customers buy the Same way
- First Contracts often come from Previous Work Relationships
- Relationships are Important
- Closing on a “Cold Call” is almost Impossible

Community Involvement

- Your Corporate Responsibility / Visibility
- What do You Join?
 - Huntsville Aerospace Marketing Association
 - <http://www.hamaweb.org>
 - Huntsville Association of Small Businesses in Advanced Technology
 - <http://www.hasbat.org>
 - Association of The US Army – Redstone Chapter
 - <http://www.ausaredstone.org>
 - Huntsville / Madison County Chamber of Commerce
 - Participate in local lunches / dinners
 - Annual Washington, DC trip
 - <http://www.huntsvillealabamausa.com>
 - Other Organizations / Charities That Reflect Your Corporate Culture

Responsible Corporate Citizenship

Local / State / Federal Interactions

➤ Local

- Mayor(s) – Ribbon Cutting / Job Announcements
- City Council Members
- County Commission Members
- Why?
- Good Community Citizen

➤ State

- State Representatives / Senators
- Governor
- Economic Development Office
- Use Chamber of Commerce for Introductions

Concerned Corporate Citizen

Local / State / Federal Interactions, cont.

➤ Federal

○ Representatives

- Non-Partisan

○ Senators

○ Start with Local Offices

- Trips to Washington, DC – courtesy visits
- “What can I do for you?” – be prepared to answer!
- 15 minute meetings

Engaged Corporate Citizenship

How Washington Works – Members and Staff

- Member of Congress
 - US House of Representatives
 - 435 Members
 - Two-year terms
 - US Senate
 - 100 Members
 - Six-year terms
- Congressional Staff
 - Professional Staff Members
 - Work on one committee
 - Subject matter experts
 - Support Chairman (majority) or Ranking Member (minority)
 - Personal Staff
 - Work for one Member
 - Handle a multitude of issues

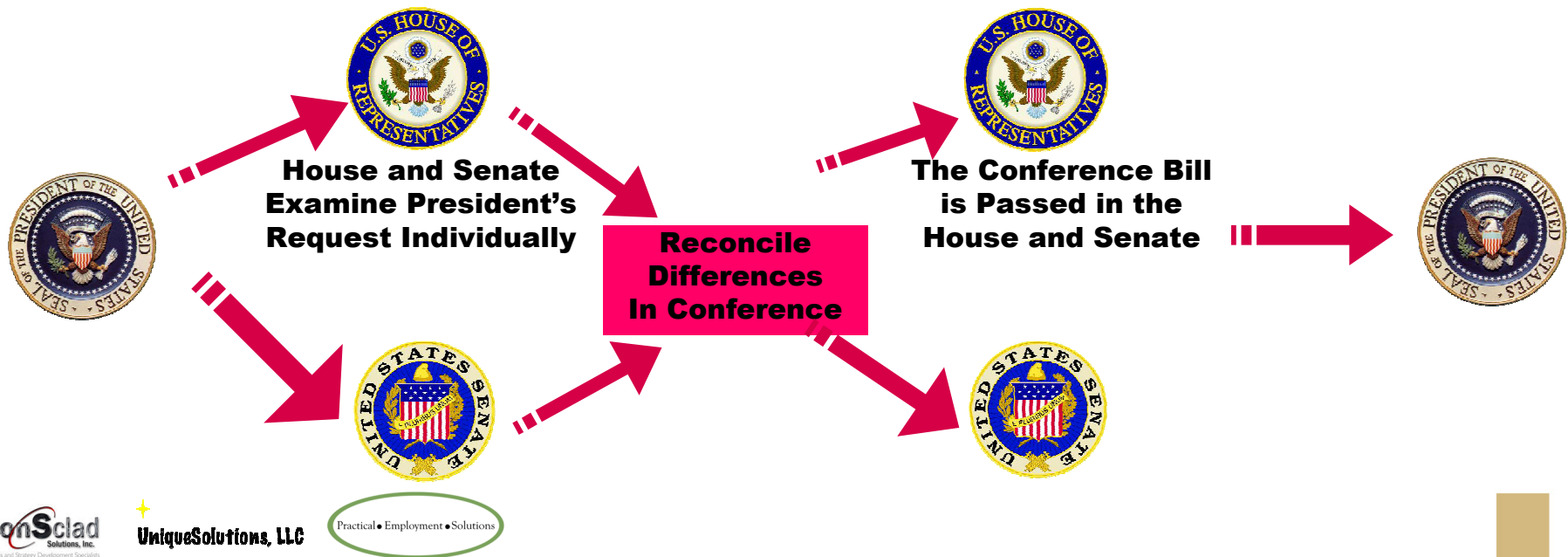
Authorization and Appropriations

AUTHORIZATION

Description of congressional intent, authority to proceed on a program, restrictions on use of funds, statements of policy, etc.

APPROPRIATIONS

Provides amount of funding to expend on a program.



Problems That New CEOs Face

- Family Gets in The Way
 - Your Passion Becomes a Drag
 - Time is Dear and Limited
 - Lack of Delegation
- Need the Correct Capital
 - Business Line of Credit – When You Don't Need One
- Define Your Corporate Culture and Niche'
 - You Define the Culture
 - Pick Your Niche' – Not “Will Work for Food”

Family, Money, and Culture

Problems That New CEOs Face, cont.

- What is Your Vision?
 - Does Anyone Else Know It?

- Hiring, Organizing, and Sharing
 - Job Descriptions
 - Clear Lines of Responsibility
 - Be Cautious With Equity Sharing
 - Appreciate Your Employees – Visibly and Often

- When Do You Start?
 - Now!

People, People, People