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SMART ANSWERS

By Karen E. Klein

## Landing Business with Uncle Sam

**Evan Scott, head of executive search firm Evan Scott Group International, explains how to tap into the federal government's contracting pipeline**

With the White House and Congress approving additional funding for reconstruction of the Gulf Coast hurricane zone, business opportunities in the region are looking up. Seattle-based business-intelligence firm Onvia ([www.onvia.com](http://www.onvia.com)), which mines federal, state, and local government contracting opportunities nationwide for its 26,000 e-mail subscribers, has assembled a free site specifically for companies wishing to do business in the disaster zone: [dcc.onvia.com](http://dcc.onvia.com) (click on "Download This Week's Onvia DCC Guide").

But getting into the government contracting pipeline isn't simply a matter of selling a single, key decision-maker, says Evan Scott, president of the Evan Scott Group International, a retainer-based executive search firm with offices in Washington, D.C., and Philadelphia. Scott spoke recently to Smart Answers columnist Karen E. Klein about exactly what's involved. Edited excerpts of their conversation follow:

**Lots of small companies would certainly like to do business with government agencies, either in the disaster zone or elsewhere. How realistic is it for them to think they can break in?**

Private companies can go through a lot of pain because they don't realize what it really takes to do this. Things may sound good, they get excited, they have some great meetings. Then a year goes by, and they never see any revenue.

**Why?**

There's not a lot of certainty here. Projects get canceled, they get put on hold, their revenue gets cut or pushed back. The dynamic of politics is constantly changing with budget realities. Companies that come here with firm, 12-month revenue goals [are] likely to be disappointed. They'd be better off taking a longer view.

**What does that longer view involve?**

First, it's understanding that working with the government is not like selling jobs in the private sector. Normally, entrepreneurs identify companies they want to sell to, they identify the decision-makers at those companies, and they go out and sell them. It's just not the same here in Washington.

Believe it or not, a lot of politics is involved. And there are many layers of decision-makers, both on the government side and at the large corporations -- we call them "integrators" -- that get the major contracts. These are companies like Lockheed Martin ([LMT](#)), Northrop Grumman ([NOC](#)), and Oracle ([ORCL](#)), and they function something like extensions of the federal government. Adding them all together, there could be four to six layers of decision-makers.

**How can a small firm negotiate that much complexity?**

They really need someone here [in Washington] full-time to stay on top of it every day. Otherwise, things will just slip through the cracks.

**How do you suggest that entrepreneurs approach potential government contracting?**

They've got to understand and identify the government agencies that can use their products and services. They have to get to know the integrators that the government relies on to choose the right products and subcontractors. What we recommend is that companies that are serious about doing government contracting open an office here and hire someone who knows how to work with these agencies and integrators, someone who has had long experience selling to this market.

**You help firms find those kinds of people. What positions do they typically take, and what kinds of salaries are they commanding? A good head of business development, or head of federal sales, will earn between \$175,000 and \$200,000 annually, with a bonus package of 100% annual salary based on hitting certain sales benchmarks. So we see talented, experienced people making \$300,000 to \$375,000 in these jobs.**

**That's pretty pricey for most small companies. Would you recommend other strategies?**

There are federal government set-asides for small, disadvantaged companies. Business owners who can show they're socially or economically disadvantaged can qualify for the SBA's [8\(a\) Business Development Program](#).

The federal government is going to spend around \$250 billion on technology in 2006. By law, 30% of that has to go to 8(a) contractors. That's a great opportunity for certain small businesses. Of course, just getting certified doesn't guarantee a job. They still have to win a contract with an integrator.

**What does it take to be competitive in that process?**

They want to see small companies that are committed and that have the resources to get the job done. They are very concerned about giving subcontracts to companies that may be underfunded or that may disappear after a year. A small company needs to show good financial strength and longevity. Otherwise, they won't be chosen.

**What's the reward for those that are?**

For companies that understand the dynamics of this channel and compete successfully, there can be great payoffs. The best is probably the

annuity of knowing there will be long-term, steady, and predictable revenue coming in year after year.

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**Karen E. Klein** is a Los Angeles-based writer who covers entrepreneurship and small-business issues

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