



The Keys to Winning at Federal Sales

How to close more
government deals





Introduction: Selling to the Federal Government Is Easier Than You Think

Few sales topics are as misunderstood as federal sales. In fact, some business leaders avoid or ignore the business-to-government (B2G) segment because they think the process seems too complicated, the sales cycle too long, and the chances of success too slim.

That might have been the case at one time, but the landscape of federal sales has changed dramatically over the last decade.

In fact, it's easier than you think. While some companies' products and services aren't a good fit for the federal government, quite a lot of technology businesses can and should be exploring federal sales as a revenue stream.

If what you're offering is a cybersecurity, storage, or compute solution that's scalable and technologically sound, your revenue totals should include at least **10% balance from federal sales**. An effective program could easily become a company's biggest sales division.

Introduction: Selling to the Federal Government Is Easier Than You Think

What's at stake isn't just bigger deals, but a massive pipeline. Once you make that first sale, the federal government will typically continue spending money with you, bolstering your business over the years.

For example, a small security company saved itself from going out of business by closing a \$7.4 million deal with the federal government. It doubled revenues in five months, ensuring its continued survival.

Alternatively, if you have a federal sales vertical already, making things bigger, better, and faster

will also have an enormous impact on revenue. One large enterprise software company had a \$12 million pipeline for the upcoming year. But after concerted efforts to improve the federal sales program, it closed \$60 million in 12 months—much faster than it would have taken in the commercial space.

In this paper, we'll discuss the biggest challenges of selling to the federal government, debunk some of the prevailing—but inaccurate—B2G myths, and share practical strategies for winning these government deals.



Part 1: Overcome B2G's Biggest Challenges



So you have a product or service that could be a great fit for the federal government. Now what?

The biggest challenge for CEOs and business executives trying to get into B2G sales is the simple fact that they don't understand it. Federal sales is loaded with misconceptions. Many believe you need to participate in an RFP process or get on a General Services Administration (GSA) schedule, and that it takes at least a year to 18 months to close business.

Frankly, that's all wrong.

A government deal doesn't take any shorter or longer to close than a commercial deal, and transaction sizes vary just as much. It can take a few years to close a deal with a large enterprise or just a few months. Sometimes eight-figure deals for software close in 60 days, or a \$150,000 contract takes three years to close. The same applies to the federal government, though a deep understanding of how federal sales works will increase your chances of closing deals faster.

Part I: Overcome B2G's Biggest Challenges

Four major problems hold people back from achieving success in federal sales. If you can tackle these, you'll be better positioned to win deals.

1. Not speaking the same language

From the outset, there's a big language barrier. The government space uses a lot of jargon and the paperwork is heavily dotted with acronyms—sometimes paragraphs full. Unfortunately, it's not a language you can pick up in a classroom. It's likely one that needs a translator.

Moreover, whether it's branding, marketing, or lead generation, any campaign has to be done from the proper perspective and sent out in the language of the government. Case in point: an email campaign about increasing profits won't work. That's not the right messaging.

1. Not speaking the same language

The buying power and size of the US government is massive. Most people don't think it's as big as it is because they don't know the specific numbers; therefore, they're unaware of how much is at stake. Consider: the federal government has almost 9 million employees and contractors that work in or around the government. You won't find any commercial organization that comes near that.

The federal government is the biggest customer you can land, because orders are of a magnitude larger than normal. In fact, the average transaction size of a government deal could be 5 to 10 times that of an equivalent commercial transaction—millions versus hundreds of thousands of dollars. If you look purely from a budgetary IT perspective, the government spends more money than the global Fortune 25 combined.

As further incentive, the federal government is the only customer who'll spend more when the economy experiences a downturn. This allows you to minimize business risk and is a worthy factor to consider when diversifying your revenue mix.



3. Not knowing the rules

No two ways about it: the rules are daunting. There are 2000-plus pages of federal acquisition regulations. The reality is, within that dense tome are at least 60 different ways to buy and sell your services and goods without competition or an RFP process.

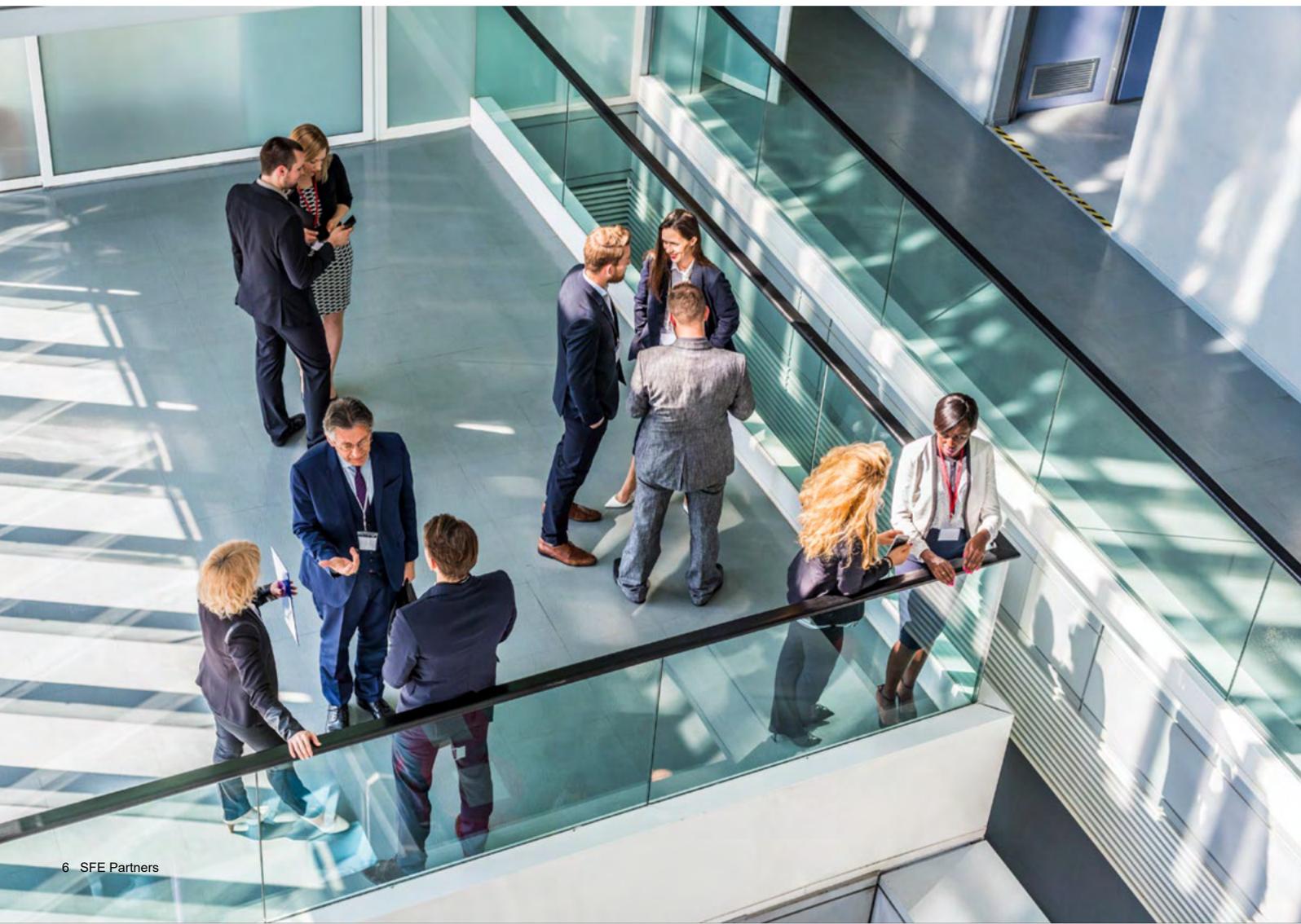
On the flipside, that gives you an advantage. You've got a rule book in front of you that spells everything out. Good luck figuring out the real decision criteria with the same clarity in the commercial space.

4. Not having the network

Access to a large government network is critical. You have to get in front of the right people, know the rules for their specific departments and roles, and understand their priorities and pain points.

Washington, DC is a very rank-conscious town, which means you need to be aware of the hierarchy and of the contacts who should be at sales meetings based on their title and rank.

In the end, it boils down to a bit of common sense. To close deals, you need to know what you're doing and get in front of the decision makers.



Part 2: Elements of a Winning Federal Sales Program



There are three main elements every sales organization needs to build a successful federal government sales vertical.

1. Access

The reality of any successful government sales organization is a deep network of contacts. This could easily number in the hundreds, or even thousands, before yielding significant value.

There is no shortcut to this process. While it can take a few months to close a deal, it takes years to build a network, and vigilance in staying on top of new appointees, intergovernmental transfers, and retirements. If you're scouting advisory firms, it's a good sign if they're organizing hundreds of meetings every month. This increases the chance they can quickly accelerate pipeline development.

Other options include hiring salespeople or sales consultants who have an established network in the federal space.

Ideally, you would also have access to a network of highly-experienced former government and industry executives who could provide guidance on policy, agency need, and working with large systems integrators.

Part 2: Elements of a Winning Federal Sales Program

2. Knowledge

The US government is infamous for its endless procurement rules and regulations that dictate how transactions are conducted. A true understanding of these rules is required, not only to ensure proper and legal courses of action, but also to recognize when a sole-source solution is justified, how to go about it, and how to close the deal in a timely fashion. To fully explore every sales option, you need highly-experienced enterprise-class sales executives.

Research is a big part of this. Although it can be very time-consuming if you're starting from scratch, covering the markets and intelligence gathered from meetings helps you decide which department to sell to. Bottom line: be smarter about the target market to save time and energy.

3. Management

As with any sales organization, proper management of your federal sales vertical is key to successful revenue generation. It's best to use a comprehensive suite of automation, research, and management tools to ensure growth in the pipeline and repeatable sales activity. Typically, results are best with multiple sales executives, account executives, and inside sales representatives identifying and qualifying opportunities.

Of course, the million-dollar question is, how do you hire the right people?

In the next section, we'll cover this and other practical strategies for building an effective federal sales program.



Strategies for Building a Winning Federal Sales Program



The truth is, **the single most important thing a company can do to create a government sales function is hire expert help** to jumpstart your team. An expert will help translate the key things that you need to know and can assist with designing your function correctly from the start. As with many things in sales, you don't have time for a science experiment. You need top-line improvements yesterday.

If you do decide to venture into the territory on your own or want a better understanding of what makes a federal sales program successful, you'll want to know these four practical tips—and how to avoid the biggest mistakes people make with federal sales.

Strategies for Building a Winning Federal Sales Program

1. Hire the right salespeople

Before starting down this path, ask yourself or your hiring manager, “Do we even know the right questions to ask in an interview?” Having knowledge of the government structure, key organizations, and personnel that affect the sales process is a critical foundation to successful interviews. To identify a salesperson who is effective at federal sales, the interviewer needs to have experience about the processes used in this vertical.

When hiring, ask where candidates have been selling and who they know. Knowing how to qualify candidates during the first pass is critical. For instance, semi-retired government employees may claim they’ll help. But the reality is, not only have they probably not sold anything in their career, they may not even have been on the buy-side of the equation. This would not be unheard of, since that function is handled by a legally-defined separate contracting function.

2. Know where to sell

The federal government isn’t one large, united entity. If you’re selling to the Department of Defense (DoD), it’s very different from the intelligence community as well as civilian agencies. Every department or division is its own big sandbox, so half the battle is figuring out where your solution is supposed to fit.

When you have an addressable market with greater purchasing power than the global Fortune 25, you need to pinpoint areas to take your solution. Instead of pitching 1,800 different organizations, it would be better to know if one research lab within the DoD is looking for your exact solution. Of course, this requires some research, including listening to talks and lectures by key personnel. (Quick tip: a lot are accessible online.)

3. Understand the procurement process

Obviously, you need to know the rules if you want to make the right moves. The ecosystem of government sales is complex. Not understanding the procurement process or the latest developments results in money wasted.

Let’s revisit the biggest misconception people have about federal sales: the need to get on a GSA schedule.

Nowadays, GSAs aren’t used nearly as much as they used to be. There are dozens of other options for government-wide acquisition contract (GWAC) vehicles, which establish long-term government contracts with commercial firms.

The GSA process takes more than a year, and getting on the schedule requires a fee-for-service as a percentage of the contract, with no cap on that amount. So if the value of your contract is \$10 million, up to 1.5% of that would go directly to GSA. Obviously, going this route takes time and money and is a major factor in leading business leaders to believe that it takes forever to close a deal with the feds.

However, if you get on the NASA SEWP (Solutions for Enterprise-Wide Procurement), which is focused on commercial IT products and product-based services, it can happen much faster. Plus, the service fee is a mere 0.375% of the deal value.

Strategies for Building a Winning Federal Sales Program

4. Invest in the vertical

Entering the largest market in the world will require you to invest some resources. There's no such thing as free in any sales vertical, let alone something so complex as the government. "Resellers" in the government ecosystem are fundamentally transaction engines. They don't perform demand creation functions, which, given the size of the government, is critical to the success of any efforts in the space.

What you really want is to drum up new demand for your company, and that takes considerably more effort. If it's your first time out of the gate, you may want to think of the government as potentially your best customer (and certainly the one with the deepest pockets). Any important business development deal requires proper and wise investment of your resources.





Want to Build a Successful Government Sales Vertical?

Whether you run a startup or a multibillion-dollar company in the technology space, SFE Partners can increase your revenue in the federal sales vertical. Our expert advisors specialize in founding and managing government sales organizations, with past successes that include Oracle and BEA Technologies. Our focus is one simple metric: sales closed.

Call us at **(781) 460-2100** or visit us at **sfepartners.com**.

About SFE Partners

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