



MARKET CONNECTIONS, INC.

Seven Tips to Ensure a Winning Business Development Strategy

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Prepared by:

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On April 3, Market Connections, Inc., the premier provider of full-service market research to federal contractors, unveiled the findings from its *2009 Government Contractor Study* – an online national survey of 228 decision makers and influencers from companies serving the federal government.

Conducted from February 24 to March 9, 2009, our survey asked a variety of questions designed to highlight challenges and opportunities in government contracting in the next 12-18 months. We analyzed the data through a filter of those organizations with higher win rates compared to those with lower win rates. ***Our Seven Tips to Ensure a Winning Business Development Strategy is inspired by the best practices followed by the government contractors achieving those high win rates.***

1. ***ALIGN OFFERINGS WITH MARKET OPPORTUNITIES.*** The majority of government contractors we surveyed stated that civilian contracts are likely to increase, both in number and dollar amount, in the next year. However, more than half also believe defense contracts are *not* likely to decrease anytime soon. The best business opportunities over the next 12 months will be in the areas of Information Sharing, Cybersecurity, Healthcare IT, and Legacy System Modernization. Enterprise Architecture, which topped our list in 2006, has now dropped to fifth place.

Evaluate your target audiences, offerings, discriminators/messages, and partners to ensure your organization is prepared to effectively compete in these growth areas.

2. ***KNOW – RATHER THAN ASSUME – WHAT YOUR CUSTOMERS THINK.*** Surprisingly, more than one-third of respondents reported less than a 50% win rate on re-competes, even though it's generally accepted that a re-compete bid is easier to win than a new bid.

Don't overlook the importance of regularly scheduled contract satisfaction research. It will reveal whether you're meeting customer needs and uncover brewing issues that can be fixed before they become serious problems. Assuming you have a solid understanding of customer perceptions can be a costly mistake.

3. ***FOCUS ON QUALITY OVER QUANTITY.*** Seven out of ten contractors anticipate an increase in their bid activity in 2009. However, that 70% is comprised of 62% of companies with higher win rates and 81% of companies with lower win rates. So, significantly fewer companies with higher win rates anticipate they'll increase their bid activity.

Some companies with higher win rates report that they are more discerning about which opportunities to pursue. Recognize that a higher number of bids doesn't always translate into a higher number of wins. Focus your best resources on the bids that leverage your true strengths.

4. ***IDENTIFY AND ALIGN WITH NEW ADMINISTRATION CHANGES.*** Nearly 60% of contractors believe that effectively dealing with changes in agencies' strategies and initiatives under the new administration will be a top challenge over the next 12 months. At the same time, companies with lower win rates anticipate that more opportunities will exist under the Obama administration to successfully bid on new contracts. However, respondents with higher win rates are more likely to recognize the challenges of specifically re-aligning internal capabilities with those market changes.

The new administration has referenced reducing the amount of outsourcing and the number of sole-source contracts. This means more intense competition for contractors of all sizes. Smart providers will invest in current business intelligence to help facilitate optimized offerings, target audiences, marketing messages, operational processes, and more.

“Overall, we noted that companies with higher win rates are more introspective and reflective before, during, and after a bid than those with lower win rates. They understand the need for continual performance improvement and realignment with market dynamics.”

Lisa Dezzutti, President and CEO of Market Connections, Inc.

5. **EVALUATE YOUR MARKETING MIX.** More than half of government contractors report they plan to increase use of company websites (54%) and white papers (52%) as part of their marketing mix in 2009. Tradeshows and print advertising will see the biggest decreases in 2009, at 28% and 19%, respectively. However, more respondents from smaller companies indicate an increase in the use of tradeshows/conferences, possibly due to lower prices offered by show organizers.

Make even stronger commitments to marketing and branding and explore alternative channels, like social networking, for message dissemination and customer engagement. Look for effective ways to position and communicate your offerings and value as they relate to customer needs on specific contract bids.

6. **COMMIT TO CAPTURE MANAGEMENT BEST PRACTICES.** Companies with higher win rates consistently utilize four of the 11 capture-management process steps we included in our survey. These include:
 - o Frequent review of capture plan and win strategy (75% for companies with higher win rates vs. 56% for those with lower win rates)
 - o Ensuring win themes/discriminators are communicated in the proposal document (83% for higher vs. 58% for lower)
 - o Color team reviews (73% for higher vs. 42% for lower)
 - o Evaluation of proposal lessons learned (81% for higher vs. 56% for lower)

Adopt capture processes that facilitate a more structured and discerning approach to new business pursuits – most especially during the upfront strategy and proposal development phases. Rather than a fire drill approach aimed at just getting the proposal out the door, allow enough time for critical thinking as well as thorough reviews and editing.

7. **POSITION FOR SUCCESS OVER NEXT 3-5 YEARS.** Our survey revealed that many of the contractors with higher win rates plan to assure their continued success by:
 - Maintaining/building client relationships, including continued in-person interaction with current and potential customers as well as ensuring customer satisfaction
 - Executing well-planned marketing campaigns, both to customers and the overall federal market
 - Hiring and retaining qualified personnel, including “strategic” hires of knowledgeable managers to penetrate targeted agencies
 - Diversifying/expanding offerings, including new service and product areas

These plans speak to the need for increased business intelligence on the changing dynamics and needs of both customers and prospects. This new level of knowledge can then drive customer satisfaction improvements as well as more effective market exposure and product/service relevance.

CONCLUSION

Winning new business is not a matter of luck, but rather of sound strategy based on current business intelligence. Market Connections is unmatched in our knowledge of effective federal market research that enables significant performance improvements in numerous operational areas. More than ever, in today’s rapidly changing business environment, it is crucial to anticipate and understand the needs and goals of the agencies to which you are submitting bids, as well as to protect a continued and fruitful business relationship with your established clients. Getting started is easy: please call Dave Glantz at 703-378-2025 x104 to set up an appointment to discuss your needs. We would also be pleased to share the key results of this survey in more detail with you and your team.