



**Loading the Dice in DC, Legally:
Learn the Politics and Realities of Federal
Contracting**

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Introduction

So you want to go to DC and get some of the federal contracting pie to solve your next quarter's revenue shortfall? Wrong, though maybe you'll be able to solve next year's revenue shortfall, if you learn to play the game the way the insiders do!

The federal sales game is partly mastering the bureaucracy and partly understanding the politics involved. Knowing how the game is played legally, within the rules, can put you on equal footing with the experienced federal contractors in dealing with the bureaucracy. Hopefully, this book will also help you overcome the inherent insiders' edge that experienced contractors enjoy.

This book is primarily about three things:

1. competition (or the lack of it) in the federal market,
2. why open competition is gradually eroding under purchasing rules, and
3. how to use this knowledge to your advantage in playing the game.

This book will tell you what you need to hear, if not necessarily what you want to hear.

Federal agencies hold free seminars and publish how-to materials that tell newcomers to the market to take the following three steps to win a federal contract:

1. register to do business with the federal government,
2. find a bidding opportunity at the federal public bidding site, and
3. make a bid.

Left unsaid is that these steps rarely lead to a contract, because agencies have someone else in mind. The game is not won by responding to public bids published by agencies you do not know. Someone is already there doing business with them.

Simplistic "getting started" advice is analogous to saying you can win at tournament poker by getting a casino players card. Actually that may just get you a seat at a poker table full of seasoned pros. As in poker, newcomers to the federal market need to know the gritty, in the trenches strategies that can make the difference between going home empty-handed and winning contracts.

The information about the influence of politics in federal contracting is not about steering of contracts to campaign contributors and favored parties. This type of political influence on contracting has always been present to some degree although more so at the local levels of government. And the influence of politics on award decisions will not go away because people, money, and politics will always influence governmental decisions.

The political influences discussed in this book are a more subtle type that cause politicians and bureaucrats to want to portray doing business with the government as “it’s easy, just register and bid” and more open to competition than it is in reality.

Competition and Politics

The amount of competition in federal purchasing is rooted in politics—but what isn't? The size of the federal bureaucracy and the urgency of trying to solve current world problems have made the job of a federal acquisition official nearly impossible. Federal procurement rules discussed in this book are partly designed to assist federal buyers in getting their jobs done and without them purchasing could become impractical and prohibitively expensive.

Federal purchasing rules are evolving, and they are less than perfect, but they are what they are and you have to understand them and adapt your actions to them if you want to win contracts.

The Goal Is “Full and Open”

Federal procurement regulations specify that the goal of the federal procurement system is “full and open” competition. Full and open competition is a theoretical term that probably never existed in the federal market or anywhere in a world populated with people and politics. To most federal buyers *full* means “no up-front bias for a vendor,” and *open* means, “you still have a shot although we may know of vendors who can provide what we need.”

By using the word *goal*, federal procurement rules appear to be saying, “we will try for full and open competition, but don't count on it.” In other words, “we need to operate in the real world and that world is getting more complex and dangerous every day.”

I use the term open competition throughout this book because full competition is impractical. Open competition exists in the federal market but there is just less of it than most people think. Purists may say, “that's not fair” but what world do they live in?

The Burden of Competition

Democratic and Republican administrations and federal buyers like competition because they are buying on behalf of the taxpayers. Why wouldn't they want competition? It's just good politics and as American as apple pie. But open competition for all purchases is impractical and would impose a burden on the government that could hamper its functioning.

As an example of the burden of open competition, consider the following scenario.

The buyer receives 20 bids from desperate companies that believe that they are the answers to a buyer's prayer, yet reps from these companies have never talked to or met the buyer.

Then the buyer must build a bulletproof “award file” justifying the winner. The file has to stand up to public scrutiny and to audits from government watchdogs that are charged with catching buyers’ errors.

And lastly the buyer has to deal with the paperwork to defend against protests from bidders that learned they weren’t the answer to the buyer’s prayer after all.

To varying degrees politicians are forced to publicly support competition. But terrorism threats, wars, disasters, and the desire to take care of campaign contributors and constituents require that faster and less competitive ways be used to make purchases. For federal buyers working in the trenches these factors, combined with the desire to get their jobs done on a day-to-day basis, force them into faster and more efficient ways to make purchases.

Come Sell Us

Just like the commercial sector, federal buyers need a way to learn about the features and benefits of what they are buying, particularly for technically complex products and professional services. Would most people hold an open competition when selecting a surgeon to perform open-heart surgery?

Federal procurement rules encourage companies to meet with end users in the initial phases of defining a need or seeking a solution. Federal bureaucrats sometimes purposely do not acknowledge this rule because early-on meetings with vendors might appear unsavory to the public (a deterrent to open competition). Yet it is legal and necessary and in the best interest of the taxpayer.

Best Value: A Salesperson’s Dream

In the old days the federal government used low-price policies combined with more emphasis on public procurements to create competition. More recently bureaucratic pressures to perform have caused buyers to be exceptionally risk-averse and want more control over buying decisions. Best-value policies have been added to the purchasing rules. These policies allow buyers to use judgment and to weigh subjective factors to award contracts at other than low price. Best-value policies have for the most part become the rule for selecting winners in public bids, but not always.

Erosion of Public Bids

Public bids are eroding because they are becoming increasingly impractical and cumbersome, though not because federal buyers want to limit competition. An overburdened procurement system has created fewer public bids and greater use of what’s known as Indefinite Delivery Indefinite Quantity (IDIQ) contracts. We’ll take a closer look at these multi-vendor, pre-negotiated, price-list types of contracts in a moment.

The use of public bids to make purchases is giving way to the use of IDIQs but not entirely. Public bids are still used for the following five reasons:

1. to award a follow-on contract for ongoing services or more of the same product
2. for large, highly visible buys
3. when the buy is not overly complex
4. when there is enough contracting staff to do a public bid
5. to promote competition (or the appearance of competition)

Selling Before the Public Bid

Most public bids have been pre-sold by vendors to varying degrees and often several pre-sellers will be the only companies that really have a chance of winning. Experienced contractors also know that bidding opportunities for a reoccurring contract are inherently biased toward the incumbent contractor—the company holding the contract.

Incumbent contractors win rebids of their contracts most of the time because they enjoy an inherent advantage: they have extensive knowledge about the contract because they've been fulfilling it. Knowing who the incumbent contractor is and having a copy of their contract is priceless information when you're deciding whether to bid or not.

Federal agencies do not publish incumbent contractor information, however, if the purchase is a rebid of an existing contract—even though the information is public. Doing so would flag the buy as less competitive than a new purchase and perhaps be seen as a tacit admission that some buys are more competitive than others.

Adding a capability to download the incumbent contractor's contract documents at [FedBizOpps](#) (the public bidding site) would reduce the number of proposals that are written and have to be evaluated (and usually scrapped). Fewer bids would save vendors thousands of dollars of bid preparation costs and reduce government evaluation costs, not to mention spare a small forest of trees.

Publishing incumbent contractor information would imply that the bid is biased toward the incumbent contractor when, in fact, the incumbent contractor does usually win. Isn't politics fun?

Practical Purchasing (for Both Sides)

What would you want if you were a federal buyer? You would probably want a way to get your job done quickly with less paperwork while maintaining some degree of competitive fairness. Ideally that would involve two crucial features:

1. calls and meetings with someone who could solve your problem with minimal risk and is able to sign a contract quickly, and

2. no calls or meetings with people who are desperately seeking work but don't know your problem and probably don't have a solution, and moreover are not able to sign a contract quickly.

What this means is that to make a sale, you want to get to the buyers immediately, at the time they first identify a problem or need. And you want to be able to sign a contract quickly under federal purchasing rules, which we'll consider shortly after a brief discussion of "talking the talk."

Learning the Lingo

I like to keep federal contracting rules and language as simple as possible but if you are going to a foreign country you have to learn a bit of the language to function. Welcome to the world of federal jargon and acronyms.

Jargon: Vehicle

A *contracting vehicle* or just *vehicle* as its known in the DC corridors of power is not something you ride in. It's a method of awarding a contract within the federal purchasing rules. The term has almost become synonymous with IDIQ contract, but not quite.

Vehicle can also refer to other ways (besides an IDIQ purchase) of limiting competition, such as:

- small business set-asides (there are a number of flavors of set-asides)
- awarding an “allowable” sole source (noncompetitive) purchase to an Alaskan Native Corporation
- credit card purchases under \$3,000 can be made sole source, for expediency purposes

In the trenches a federal sales manger often wants to know: “What vehicle are we going to use to get this deal awarded?” Or a federal contracting officer will often ask a program person using the product or service (the end user) the following question: “What vehicle can we use to contract with the vendor that is offering what you need? I don't have the staff to make a public buy so how are we going to contract with these people under the rules?”

Public officials and politicians might not like to admit that this is the way that federal business is done, but what would you do if you were a public official? In politics what is not said can be as important as what is said publicly.

Acronym: IDIQ Contract

Companies new to the federal market often find the alphabet soup of acronyms like IDIQ to be madly confusing. As defined by Wikipedia and shortened here:

IDIQ is a contracting acronym meaning Indefinite Delivery Indefinite Quantity. An IDIQ is a type of contract that provides for an indefinite quantity of supplies or services during a fixed period of time. The legal origin of IDIQ contracts is the [Federal Acquisition Regulation \(FAR\)](#), section 16.501(a). IDIQ awards are usually for base years as well as option years. The government places delivery orders (for supplies) or task orders (for services) against a basic contract for individual requirements.

In essence, an IDIQ contract is a “pre-approved federal price list.” Awards under an IDIQ are usually limited to a small number of companies. (Note that GSA schedule contracts are an exception.) The select list of companies receiving awards includes the only companies that are allowed to bid on task orders, using their pre-approved price list. (The pre-approved prices are maximum prices and discounts may be offered to federal buyers.) When a need arises, funded orders are then competed among the awardees only. Sometimes the competition for orders is real and at other times it is for appearances only, because of aggressive pre-selling by the companies holding the IDIQ.

Read the FAR definition if you want to but I suggest you spare yourself—it’s overly complex and legalistic. Instead, using terms a layperson can understand, let’s consider how a commercial buyer might approach the same situation:

“Let’s find a select few vendors that know us and have solutions we know will work for us, and then let’s negotiate unit prices with that select group of vendors. We’ll have them submit a quote using the pre-negotiated price lists, when the need arises. Also, if it’s clear that the rational choice is one vendor, we’ll buy sole source to save money.”

Federal IDIQs are essentially the same approach but with the following variances because the public’s money is being spent. Federal buyers are forced to say:

“We probably know the select group of vendors but we have to do a public IDIQ for competitive appearances, and because it’s always possible that some new bidder will surprise us and deserve to be in the select group.”

“Also, we need to go public to set aside all or a part of an IDIQ for various flavors of small business, just to satisfy federal regulations.”

Federal buyers also need a public bid to have a basis for negotiating lower prices. While the best price for the taxpayer may occasionally be negotiated, competitive pricing is at best difficult for products and nearly impossible for complex technologies and professional services. The commercial sector recognizes this but the federal sector cannot for reasons, once again, of politics and perceptions.

Federal IDIQ contracts are almost always awarded through public procurements appearing in [FedBizOpps](#). Exceptions include contracts awarded in the secret worlds of intelligence and counterterrorism. Federal buyers operating in those worlds seldom worry about public perceptions and in most cases they probably shouldn’t have to. If the federal market is alien, this sub-world is even more alien and is beyond the scope of this book.

More Acronyms

A final language challenge is that specific types of IDIQs have their own acronyms. For example:

- A Governmentwide Acquisition Contract (GWAC) is a special type of IDIQ

- contract for acquiring information technology products and services approved by the Office of Management and Budget for use by any federal agency.
- A Multiple Award Task Order Contract (MATOC) is an IDIQ type contract with multiple awards used by the military for acquiring facility design, construction, and maintenance services.
 - A Single Award Task Order Contract (SATOC) is an IDIQ type contract with a single award used by the military for acquiring facility design, construction, and maintenance services.
 - General Services Administration (GSA) Schedules are governmentwide IDIQ contracts awarded for a wide range of commercial products and services. The government also refers to GSA schedules as Multiple Award Schedules and Federal Supply Schedules. Although confusing, the use of three terms to mean the same thing is probably not done on purpose.

And the federal government wonders why some commercial companies are reluctant to play in the federal market. It can be an intimidating and confusing place, especially for the uninitiated.

The IDIQ Smorgasbord

Let's look at a typical IDIQ scenario.

A large IDIQ contract opportunity (often worth several billion dollars) is posted at FedBizOpps. After evaluation of proposals, a number of "pricing only" awards are given to from three to one hundred companies, for periods ranging from three to ten years. This means that the government agency agrees on each vendor's pricing but does not commit to future purchases. The contract with each individual contract holder is not funded until individual orders are competed among all, or among a select group of the companies holding the contract (a *mini competition*). The winner of the mini competition is then funded to perform the order, in what could be called a *mini contract*.

IDIQ Characteristics

IDIQ contracts are most often used for architect/engineering services, construction, facilities maintenance, information technology, engineering, and other types of professional services, as well as most types of commercial products. (Products approved for GSA Schedule sales have to be at least offered commercially.)

IDIQs come in many flavors for the following reasons:

- IDIQs are awarded to buy products or services, or both.
- An IDIQ can apply to a single agency, multiple federal agencies, and even state and local agencies (in the case of a limited number of GSA Schedule contracts).
- The term of an IDIQ may range from one to five years normally, and up to twenty years for GSA Schedule contracts.
- The planned expenditures under an IDIQ can range from several hundred thousand dollars upward to 50 billion dollars.
- An IDIQ may be awarded to one vendor, a number of vendors or, in the case of GSA Schedule contracts, to thousands of vendors.

No wonder there is a good deal of confusion about the acronym IDIQ.

The Illusiveness of Active IDIQ Contracts

The federal government doesn't know the exact number of active IDIQs, but a rough guess is that the number is over 3,000 and is increasing at a rate of around 30 percent annually. Most federal contractors don't even try to keep track of them. Even prime contractors who deal in the billions of dollars worry about only a select subset of IDIQs.

Where can a company find IDIQs? Unfortunately there is no easy answer to this question because the government cannot keep up with IDIQ awards. No single

comprehensive listing is available. In fact, thousands of active IDIQs are buried in the bureaucracy and most people know only about the GSA Schedules, GWACS, and other multi-billion-dollar IDIQs. The others are all flying along under the radar, so to speak. The following listings, however, do illustrate the breadth of awarded IDIQs.

[GSA Schedules \(click on number in left column and then Category to view awarded contracts\)](#)

[US Department of Interior Listing](#)

[General Service Administration IDIQs](#)

[Commercial IDIQ Listing](#)

What's Good About IDIQs?

For experienced federal contractors IDIQs are mostly good because of five important reasons:

1. IDIQs reduce competition. Your chances of winning future business under an IDIQ are increased dramatically. You are now competing with a limited number of companies for orders—some worth as much as millions or even hundreds of millions of dollars. Companies that know how to win task orders by pre-selling can reduce the amount of competition to very little or sometimes none.
2. Small businesses can participate in large IDIQs. In some cases, a subgroup of awards under a particular IDIQ may be set aside for small businesses, while the remainder of the awards is open to businesses of all sizes. The small business portion of a large IDIQ is called a *track* and in some cases several small business tracks may be available for different types of small businesses. As a practical matter, large businesses usually win large public bids, particularly the multiple-billion-dollar-deals. This is not necessarily true with IDIQs because of the small business set-aside tracks.
3. An IDIQ task order award can be made in a matter of weeks, instead of the “announcement to award” period for large public bid contacts of up to a year or more.
4. IDIQ awards tend to be “under the radar” and are not subject to as much public scrutiny and protests as public bids.
5. Proposal writing costs are lower for IDIQ task orders than for public bids. The proposal’s requirements are usually more mechanical and require less new and creative content from a company’s professional staff.

Are There Any Drawbacks?

Not much is bad about IDIQs. It costs money to write an IDIQ proposal and win a contract and that is part of the investment companies must make to enter the federal market.

The primary downside of IDIQs is making an investment to obtain an IDIQ and then not spending the money to use the IDIQ as a way to close a sale as part of an aggressive sales program.

The IDIQ Market

The federal market is always changing and IDIQs are no exception. Major shifts in the market include:

- using of large umbrella contracts (IDIQs) to purchase goods and services that could be competed individually (this is known as *bundling*)
- justifying sole source contracts by citing an “urgent and compelling need”
- extending large contracts as a “bridge,” rather than re-competing them
- switching public re-competes to IDIQ contracts and breaking up huge information technology contracts into small, more manageable pieces, usually through a new IDIQ contract or an existing information technology GWAC (this is known as *parceling*)
- using “cloud” services rather than purchase of information technology equipment
- developing a new sense of federal budget constraints

Overall Market Trends: Big, Big, and Bigger

We can’t emphasize enough that IDIQ contracts are becoming more prevalent and larger by the day. IDIQ contract ceilings now exceed \$30 billion and individual task orders under IDIQs commonly exceed \$1 billion.

Government procurement experts are predicting that 2012 will be the year of the IDIQ contract. For example, they estimate that the Department of Homeland Security (DHS) will use its own IDIQ, Eagle II, for 40 percent or more of all its information technology work. The reality is that contractors will find it extremely difficult to compete for DHS business without an Eagle II contract.

Federal Spending and IDIQs

Information on federal spending has the following characteristics:

- It is published over a year late.
- The spending categories are ill defined.
- It is notoriously inaccurate.

The following is a rough picture of annual contract spending. The information is not for a specific fiscal year and could be off by 10 percent or more. It does indicate, however, a reasonable approximation of the size of the IDIQ market.

Approximate Annual Contract Spending	Dollars in Billions
Total Contract Spending	600

Awards without Competition (sole source awards, multiyear contract funding, extensions of existing contracts)	200
Non-IDIQ Awards with Competition	200
IDIQ Awards with Competition	200
GSA Schedule Awards (part of IDIQ awards with competition)	40

Most companies interested in the federal IDIQ market do not care about the precise size of the market but rather its relative size. The IDIQ market is around \$200 billion, roughly half of the awards with competition, and increasing at a rate of 20–30 percent per year. (Note the phrase “competition” means “competition within the federal purchasing rules,” as previously noted.)

Stated simply, it is big, getting bigger by the day, and the increase in the IDIQ market is going to continue for the foreseeable future.

IDIQ contracts are especially prevalent in the following sectors. Again, the estimates are gross and imprecise.

Sector	Estimated Annual Contract Dollars
Information Technology	\$30 billion
Construction	\$20 billion
Architectural & Engineering	\$3 billion
Facilities Maintenance	\$5 billion
Products and Services on GSA Schedules	\$40 billion

Agencies Like Their Own IDIQs

Agencies sometimes prefer their own homegrown IDIQs. Bureaucracies are bureaucracies worldwide—they tend to be parochial, self-serving, and mistrustful of outsiders. It is no different in the world of IDIQs.

Most IDIQs are created and awarded by agencies at the cabinet or subcabinet levels, e.g., the Department of Homeland Security or the Coast Guard within the DHS. In the Department of Defense, the Army, Navy, and Air Force issue hundreds of IDIQs. The National Aeronautics and Space Administration (NASA) and the National Institutes of Health (NIH) have their own information technology IDIQs.

A truly honest federal buyer might say:

“We just feel more comfortable with our own even if it does duplicate administrative costs. We like our vendors to give us a fee for using ‘our vehicle’ rather than someone else so we can feed our own bureaucracy.”

“Our IDIQs reflect our unique needs and we can keep them more current and better attuned to our needs.”

While there is some truth in this, the opposing argument is that a PC is a PC or a BlackBerry is a BlackBerry no matter what vehicle you buy it through. I don't take sides in this argument because many flavors of IDIQs exist and consolidation will probably not occur. Changing the way the federal government does business is like beating your head against a wall.

Demystifying GSA Schedules

About \$40 billion, or 7 plus percent, of last year's \$535 billion in total federal procurement spending was awarded through GSA schedules.

GSA: The Home of the Oldest IDIQ

The General Services Administration is the central administrative agency of the federal government. GSA is the home of [GSA Schedules](#), a series of over 40 individual IDIQs and many other IDIQ contracts. Taken together, GSA schedules are one of the largest IDIQs. They may be used governmentwide by any federal agency and in some cases by state and local government.

The over 40 multiple-award schedules give agencies access to products and services provided by about 18,000 preselected vendors. The agency picks suppliers and negotiates prices, usually discounted based on commercial discounting practices the volume of government purchases. GSA collects a 0.75 percent fee from vendors on most sales through the schedule.

Of the more than 40 GSA schedules, the [IT 70 Information Technology](#) schedule is the largest, with total revenue exceeding \$16 billion annually. More than 5,000 vendors sell information technology products and services, such as laptop computers and software licenses, to federal, state, and local agencies through Schedule 70. The IT70 schedule remains “the good housekeeping seal of approval” for governmentwide acquisition contracts.

GSA Schedule Characteristics

GSA schedules are the grandfather of all IDIQs. All schedule contracts share the following four characteristics:

1. They are open to small businesses.
2. A services company can be virtually assured of obtaining a GSA contract if it can demonstrate its capabilities, has solid financial statements, and is willing to negotiate prices.
3. GSA schedules are usually twenty-year contracts—an initial five-year contract followed by three five-year options.
4. Federal buyers like to purchase from GSA schedule holders because buys can be made quickly with a minimum of paperwork.

GSA schedule task order buys do not require a public bid because full and open competition is deemed to have taken place at the time your GSA prices were negotiated. Schedule contracts are a salesperson's dream—they are a way to close a deal with your targeted buyer quickly, with very limited competition from competitors (as is the case with all IDIQs).

“Always Open” for a Bid

Many newcomers to the federal market don't know that GSA Schedule contracts are “always open” for a company to submit a bid. Other IDIQ contracts are open for a bid at [FedBizOpps](#) for limited period, usually around 60 days. After the closing date, the IDIQ is closed and no additional awards are made.

The “always open” feature, an experience requirement of two years in business, and proof that the product or service has been sold successfully commercially causes GSA schedules to be an ideal market-entry vehicle for newcomers to the market (and for small businesses in particular).

GSA schedules are by far the easiest way for a small business to obtain an IDIQ. You do not need government experience to obtain a schedule. In fact, commercial experience and sales are preferred because Congress authorized GSA schedules as a way to bring commercial products and services to the federal government.

Leveraging GSA Schedules

Blanket Purchase Agreements (BPAs, another type of purchasing vehicle) are used by government agencies to simplify the government purchasing process. A BPA allows authorized purchasers to place orders by telephone or in person with simplified documentation. The key is that BPAs usually refer to pricing established by another federal contract.

GSA schedule revenues can be leveraged with the use of a BPA because, by using GSA pricing, the BPA pricing has already been negotiated by the government and competition requirements have been satisfied.

Buyers using GSA schedule contracts to make a purchase are encouraged to use BPAs in conjunction with GSA schedules to satisfy reoccurring needs. Think of a BPA as an agreement to buy products from a vendor over and over at the GSA price. They are usually awarded using GSA prices on a sole source basis and are like an IDIQ within an IDIQ.

Making an Offer for a GSA Schedule Contract

Getting a GSA schedule contract can be the easiest way for a small business to enter the federal market. However, writing a GSA schedule proposal may require outside assistance because the proposal preparation process can be akin to preparing a corporate income tax return. Read the public solicitation document for your GSA schedule and then call GSA with questions if you don't believe me.

The red tape required for a GSA schedule can be frustrating and confusing. But completing the red tape forms pales in comparison to the following proposal

requirements and understandings:

1. The company must disclose its commercial discounting practices.
2. The disclosures have to be made with the understanding that the discounting practices must be followed in making commercial sales in order to avoid downward GSA price adjustments.
3. GSA will use the disclosed discounting practices to negotiate GSA prices that are at or below the company's best commercial prices.

GSA proposal writing is not fun but proposed GSA prices are negotiable. Market based pricing is acceptable to GSA and GSA will recognize that commercial terms and conditions can be different than government terms and conditions. Presenting real commercial discounting practices with accurate terms and conditions can result in GSA prices that fair, reasonable and profitable.

Narrowing the IDIQ Field

Why not try to win many IDIQs? Well, winning an IDIQ is not only expensive but, more importantly; with too many you are in danger of losing focus. And focused sales efforts are critical to keep sales costs within reason. Equally important, you do not have a dollar of revenue until you win a funded IDIQ order, and that takes aggressive and expensive sales efforts. Even the billion-dollar prime contractors usually limit themselves to 10–20 IDIQs.

Which IDIQ fits you is simplified somewhat if you are not in the information technology (IT) industry, since IT IDIQs abound and several new ones are announced every year. IDIQ selection is inherently narrowed for most industries because new IDIQs do not come along that often.

The IDIQs that have already been awarded are not open to you except as a subcontractor under one of the IDIQ winners. GSA schedules are an exception because they are always open for a bid and are available for over 40 industries.

When new IDIQs are announced for your industry you can narrow your bidding decision by weighing the following factors:

- Is geography important? (construction and facilities maintenance)
- Is the IDIQ governmentwide or agency specific?
- Does the IDIQ cover your product or service?
- Has the government limited the planned awards to a reasonable number (an indicator of heavy competition, particularly from the companies that already work for the agency)
- Are there awards set aside for small businesses, what flavors are the set-asides (if any), and how many awards are planned for each flavor?
- How well do you satisfy the experience and personnel requirements of the solicitation?
- Does the issuing agency buy what you sell?
- Have you worked for the agency and with whom do you have relationships?
- Will there be enough awards to offset the lack of relationships in the issuing agency?

Whether to seek an IDIQ award is not an easy decision but it's a critical one, because IDIQ proposal writing is expensive and it saps corporate energy.

Start with a Target Agency

Start with target agencies that buy what you sell. Ideally, target one agency or at most two or three if you are a newcomer to the market. Here are five important steps to keep in mind:

1. Pick your target agency carefully: don't shotgun across agencies. Only the giant federal contractors can afford shotgunning. Pick the agency that buys what you sell and is not dominated by a huge prime contractor—simple enough in concept but a little more difficult in practice.
2. Meet with end users and contracting officers and ask what their favorite IDIQs are—it may be more than one. Like targeting your agencies, meeting with agency buyers is not as simple as it sounds, but who said federal sales were easy?
3. Get a GSA schedule contract if your target agency uses them.
4. Find out what specific agency IDIQs are coming up for bid within the next year or so. Start planning your sales program and IDIQ bid if an IDIQ is on the horizon.
5. If no agency IDIQs are on the horizon, either rely on a GSA schedule or a subcontract with an existing IDIQ contractor.

Writing a Proposal to Win an IDIQ

For someone new to the federal market, writing a proposal to bid on an IDIQ being publicly advertised at [FedBizOpps](#) is akin to completing a corporate income tax return. All IDIQ proposals are full of red tape requirements and require proposal responses of 100–150 pages. Some require creative technical writing in response to sample task orders and others require mainly experience and pricing. They may or may not require management plans and staff resumes for key personnel.

GSA schedule proposals can be particularly difficult because the responding company must show commercial discounting practices and offer the best pricing to commercial customers (or close to it). And then after award the company must either adhere to the discounting practices disclosed in its proposal or lower its GSA prices if lower prices are offered to commercial customers.

We Won an IDIQ—Now What?

Winning an IDIQ is a crucial first step in doing business but it is only step one. Inexperienced federal contractors and companies new to the market frequently miss the most critical step. You must sell using your IDIQ contract and use the contract as a way to close the sale within the rules (limit or eliminate competition). And you can bet on the fact that the other companies holding the IDIQ will be selling aggressively. Further, sales efforts must be direct rather than relying on others to assist you in making a sale.

Selling Using an IDIQ

Newcomers to the federal market typically experience the following four problems:

1. They view the market as a single market when it is a patchwork of hundreds of markets.
2. Finding end users (potential contract decision makers) is difficulty even after specific target markets are identified.
3. Finding end users with a need and contract money to satisfy the need is even more difficult.
4. After a real opportunity is identified, getting through the door to sell an end user is hardest of all.

Insiders do not experience the problems faced by companies new to the market. Insiders work with end users with money daily as they are performing their contracts.

Overall Federal Market: Focus, Focus, Focus

The federal government is not a single market. It is segregated by geography, industry, and agency, as well as being huge in scope.

The number of [subcabinet level federal agencies](#) can range from 300 to 600, depending on how you define an agency. For example, there are 10+ subagencies like the Federal Emergency Management Agency (FEMA) in the Department of Homeland Security. And the armed services have a wide-ranging scope of subagencies, bases, and related depots. Each of these agencies can be a market in itself as well as the cabinet level management organizations overseeing the subagencies.

Lack of focus or “shotgunning” across agencies, along with the need for an investment in direct sales, are the two biggest problems in federal sales. And they are obviously related—more focus can lead to less investment.

Direct Sales

Federal sales have to be direct to end users, to business partners, or through resellers to be effective. Relying on others (whether lobbyists, congresspersons, or small business specialists) to sell for you usually is ineffective.

Sales efforts should be directed to, in descending order of effectiveness, existing federal customers, business partners, referrals from your personal network, and cold sales calls. What follows is a closer look at each of these in turn.

Existing Federal Customers

Existing federal customers are the best channels for direct federal sales. Ask your customers if they know someone who buys what you sell. Then ask if they have contact information for the person and, if you've got a close enough relationship, if they will serve as a reference for you.

Unlike the commercial sector, buyers like to promote their best vendors because superior performance reflects on them and their reputation in the bureaucracy.

Business Partners

Selling through your business partners can be an effective federal sales channel provided you have:

- a strong relationship with your partners
- valuable assets that you bring to the partnership
- a positive sales history with them, i.e., have brought them revenue

Their federal customers can be your federal customers and vice versa.

Other companies holding the same IDIQ contract that you hold can become business partners but they must be sold on the relationship before it is of any value to you. In other words, you must convince them that you can help them grow their IDIQ sales beyond what they can do on their own. And that can take time and money just like any federal sales.

Referrals from Your Personal Network

Your key employees all have personal networks. Work with your management employees' personal networks and ask their network contacts about people they know in the federal government; request contacts for and referrals to federal customers. Like your business network, the effectiveness of this channel depends on the strength of your employees' relationships.

Cold Sales Calls

Companies new to the federal market have to make cold sales calls when they don't have existing federal customers and their business and personal network connections are not productive in the federal market.

Cold calling is not fun (for most of us, anyway) and can be frustrating as newcomers frequently run into a brick wall of resistance. Owning an IDIQ can help overcome this inherent resistance to outsiders. Why?

- Because they know you have a way to do business with them quickly.
- They may think that you are qualified to solve their problems because of the pre-qualification requirements of the IDIQ. In other words, you are more qualified

than the horde of salespeople trying to get through the door. This “separation from the pack” can occur if your IDIQ is an agency specific IDIQ like DHA Eagle.

IDIQ Specific Sales Programs

As discussed earlier, many companies try to shotgun the wide-ranging federal market. In almost all cases narrowing your focus and targeting legitimate contacts is a far more effective way to sell. Otherwise, you will likely be spinning your wheels and burning sales dollars.

Agency specific IDIQs are natural focusing mechanisms for a sales perspective because (1) they forced you to focus on a specific agency, and (2) they point to end-users with a problem and money and contracting officers.

Agency end users and contracting officers will usually open up more freely to talk with the holders of their favorite IDIQ. Once you have convinced the end user and contracting officer that you have the solution to their problem, the awarded IDIQ gives them the mechanism to close the deal quickly and with very limited competition.

Agency end users (with a problem and money) are usually easier to find because the specific scope of the IDIQ will tell you who would be the logical user of the contract. For example, for information technology IDIQs, the end users will likely be found in the office of the agency’s Chief Information Officer (CIO). And contact information for CIOs is readily available.

Find the decision makers with money and enter them into your sales management system, pick up the phone, get appointments, and convince them of your solution. This is basic sales 101, and this is where many companies lose focus because of lack of sales dollars.

Implementing an IDIQ specific sales program is not easy or cheap but the results can be very profitable. Early sales efforts and orders can cascade into more orders with less sales costs as the end users in your target agency get to know you and your reputation of superior performance spreads.

And remember that IDIQs are usually for five years and success in delivering orders will almost guarantee that you will win the follow-on IDIQ and the one after that.

The Don’ts of an IDIQ Sales Program

Avoid the following six common mistakes in developing your IDIQ specific sales program:

1. Saying, “Wow, we won an IDIQ!” and then assuming this means agencies will automatically start placing orders with you.
2. The minute you win an IDIQ, failing to focus on a sales program directed specifically on agency end users and contracting officers. The other winners will start a laser-focused sales program pronto.

3. Not investing money in a direct sales program and hoping somebody will help you sell task orders.
4. Not knowing which task orders are yours and which are a competitor's who is holding the same IDIQ has sold.
5. Bidding on task orders that you haven't sold.
6. Not writing creative and highly structured task order proposals for the task orders you have sold.

Governmentwide IDIQs

Holding a governmentwide IDIQ like a GSA schedule or an information technology GWAC does not have the inherent focusing potential as does an agency specific IDIQ. Yet it does give you the edge of the end user and the contracting officer knowing that there is a way to close the sale with you. Determining the focus of your sales program is just more difficult and requires more research and creativity.

IDIQ Teaming

Teaming is important (sometimes) in the world of IDIQ sales. Potential team members include holders of the IDIQ you hold, or other companies outside the IDIQ that could help you win IDIQ task orders.

Teaming can be profitable but it requires a cautious approach. Do not get caught in the trap of believing that your teaming partners always have your best interest at heart. Their primary concern is their own paychecks so proceed with this in mind and ask the following types of questions in forming a teaming bid.

- Can your team members talk with the customer or do they have to go through you? Restrictions on team member communication with the customer must be drawn with a fine line—there are subtle pluses and minuses. What is best for task order performance and what is best for future business within and outside the IDIQ?
- Have you worked with the team member in the past?
- Are your team members exclusive to you, and are nonexclusive team members your competitors on other contracts?

Welcome to the world of self-preservation. Make your teaming agreements airtight if you are the lead team member or a subordinate member. And remember that a teaming agreement is only paper. The real keys are to outsell your partner while keeping the partner happily contributing to task order performance.

It's the File, Stupid

What is a “file” in federal contracting? It's a pile of papers showing that the federal buyers performed well in awarding and managing a federal contract. Many federal contracting files are on the up and up—straightforward documentation of a competitive decision—and many are not.

Helping the government build the file is one of the keys to success in federal sales. This may sound shady but helping to build the file means providing the government with complete and truthful information about pricing, discounting, and contract performance. As long as you provide truthful and complete information—the information they need to justify their decisions and assure successful contract performance—you are just being a good business partner.

As an example, agencies would rather have you admit a contract compliance or performance problem, and provide them with an action plan to correct the problem, than have you not communicate with them until the situation has worsened.

The key thing to remember is how important the perception of open competition is in the highly political world of federal contracting. That is critical in federal sales. Do everything in your power to assist buyers in developing a bulletproof file for public view and defense against auditors and unhappy, losing competitors. How much of the file shows real competition and how much is based on perception is unique to each purchase. Life is grey and so is the content of a federal contract award file.

Summary

The federal government wholly embraced the use of indefinite-delivery, indefinite-quantity contracts because agencies could move quickly to address a need. That trend has become a fact of life in the government market as these large task-order contracts have become the vehicle of choice for buying services and products. You may be left out of billion-dollar markets if you do not hold an IDIQ.

Get a SGSA schedule contract if you are a newcomer to the federal market. GSA schedules are always open for a bid from a company entering the market and they are about the only practical way to get an IDIQ contract. Acquire additional IDIQs as you become experienced and successful.

Win a GSA schedule contract award or another IDIQ and leverage your position in the narrowed competitive field of the IDIQ. Winning task orders through an aggressive sales program with IDIQ users is then the key. Superior performance on individual task orders will keep the task orders coming and result in a continuous revenue stream.

So hopefully, you now have a better feel for how the federal sales game is played. Don't bother complaining about the rules—everybody's playing with the same 52-card deck. You will not change that. Use your knowledge of the rules to your advantage and embrace federal buyers as your business partner. Communicate with them and help build the file.

About Fedmarket

Founded in 1995, Fedmarket's mission is to help aspiring and established federal contractors sell more to the federal government. Fedmarket is a valuable resource for companies trying to break into the business of selling to the federal government, and for companies with existing federal contracts that want to consolidate their presence in this competitive marketplace.

[2-Day Executive Session on Winning Federal Contracts](#)

[GSA Schedules Proposal Services](#)

[IDIQ Proposal Writing Services](#)

Call 888.661.4094 for more information on Fedmarket services or to schedule a complimentary consultation on federal sales with Richard White, founder of Fedmarket and author of this book.