Chapter 1 Knowing your customer

It is important to research and understand the government owners you want to do business with, before you commit to working with them.

Why do you need to get to know the agency?

Government agencies are complex organizations and just like people, have personalities. Some of them are easy to get along with and some of them are difficult to get along with. Some of them are trustworthy and some of them are not. They have strengths and they have weaknesses. Some of them have reputations for high levels of technical expertise and some of them do not. If you think of all the different types of characteristics, good and bad that different types of people exhibit in their personalities, you'll find those same characteristics exhibited in different types of government agencies. You need to know what an agency's personality is like in order to understand what it will be like to do business with them.

It's about risk. Doing business with an agency that is difficult to get along with will be riskier than doing business with an agency that is easy to get along with. You need to measure the potential risk of doing business with a particular agency so you can make a more informed decision about whether you want to do business with that agency or not. If you decided you want to do business with a particular agency, despite the risk factors, you need to build in ways to manage the risk. For example, you could include an extra contingency in your bid or you can increase the level of scrutiny in your quality control processes or you can take extra care in documenting your work so that you have an even better record of your performance than normal. The risks are not as complex for a simple contract for goods and commodities, such as janitorial supplies or food products, as they are for a complicated construction or professional services consulting contract, but there are risks nonetheless. Regardless of contract type, understanding and managing the risks can make the difference between a contract that makes money and a contract that loses money.

It's also about knowing your customer. In order to get the work and to provide excellent customer service when you do get the work, you need to understand the agency's mission, values and goals. You need to understand how the agency's processes work – for contract execution, for payment and so forth. Indeed, if you want to do business with an agency, you need to make a commitment to research that customer. Failing to do so could mean the difference between not winning the job or not performing well on the job.

Again, this is particularly true for construction and professional services contracts, but it is also true for contracts for goods and commodities. For example, if you sell a line of office supplies and you know your customer agency is interested in environmental sustainability, you should offer a line of high quality recycled papers and avoid excess packaging. Further, you should tout the features and benefits of your environmentally- friendly approach in your marketing efforts.

So, what do you look for? How do you find the information you need? This chapter will describe some of the more salient features you should research about an agency as a potential customer.

What is the agency's mission, goals and values?

Research the agency's website

Government agencies exist for a purpose. It is important to understand what that purpose is and thankfully, it's easy to find this out. Every public agency these days has a website and almost every public website has a spot on it where the agency articulates its mission. Usually the mission is obvious – it's contained in the "About Us" section of the website.

For example, Sound Transit is a public agency based in Seattle, Washington, which provides public transportation services. If you go to Sound Transit's website, www.SoundTransit.org, you'll find the About Us section. Go ahead and go into this website while you're reading this book and I'll walk you through the website's features. Browsing through the About Us section tells you a lot about this agency. You'll discover that Sound Transit's service area covers a 3-county area and includes light rail, heavy commuter rail and buses. You can also read about the efforts Sound Transit has made towards public accountability, having a Citizen's Oversight Committee, regular audits by its own contracted consultants, the US Department of Transportation, Federal Transportation Administration, and the State of Washington, as well as a Diversity Oversight Committee. You can read about Sound Transit's commitment to the environment and efforts to comply with Washington state environmental protection processes, build environmental sustainability into projects and environmentally innovative services.

You'll see that Sound Transit was created by the Washington State Legislature and is governed by a 18-member Board of Directors who are elected officials in their own right in other public agencies, mayors of towns that are served by Sound Transit facilities for example. You can see who the Board members are and read their biographies. Now, this is very interesting, but what does it have to do with getting a contract or performing the work. Well – keep reading the website.

You'll see that the Board is divided into committees. There is an Executive Committee, which meets one a month, and a Finance Committee, which meets twice a month. You'll read about their meeting schedule. You'll also see that any contracts under $5 million may be approved by the Finance Committee, but that contracts $5 million and over are reviewed by the Finance Committee but approved by the whole Board. What this information tells you is that if you have a $1 million contract, it only needs to go to the Finance Committee. But, if you have a contract worth over $ 5 million, it must go to the Finance Committee and the full Board. Because the full Board only meets once per month, you could easily miss getting on the agenda and there could be delays in getting your contract awarded. If you go after a large contract with Sound Transit, you'd need to stay on top of the Board approval process to make sure your contract got sent to the Board in a timely manner. If it looked like your contract was going to get pushed back, because the Board didn't meet or Sound Transit staff didn't get the item on the Board's agenda, your contract award would be delayed. This could affect your pricing, particularly if the costs of your products or services were volatile. You would need to build contingency into your bid to account for any delays in contract award. At the very least, knowing this issue exists gives you the opportunity to discuss it with Sound Transit staff.

This issue – the necessity of having contracts approved by the governing body is typical. Each agency has its own protocol for getting this approval. The agency staff knows that this process can take time and can get delayed. This is why public agencies require bidders to guarantee their bids for a month or more beyond the date of bid opening to account for the time it may take for contract award. Knowing the meeting schedule and approval authority of the governing body is important intelligence for you to have in order to understand the constraints in the bid documents and also to protect your profitability by putting some contingency for potential delays in your bid.

What else can you find out by looking at the About Us section? You can see that Sound Transit publishes minutes of all the Board and Finance Committee meetings. They also publish the resolutions and motions that were made. You could use this information to research the evolution and development of policy and decision making that relates to your project. This could be particularly important if your project is controversial. You could identify people who objected to the project or supported it. You can usually identify past work that was done on the project, such as past studies or reports. You can learn a lot of history by researching these minutes. Knowing the history of a project can help you be better prepared to develop a more responsive proposal or bid that truly addresses the customer's needs or to help you mitigate your risk. It's about enhancing your chances of winning a bid, performing well on a project and protecting your profitability by knowing your customer and identifying your risks.

Sound Transit's website also tells you how to submit public comments to the Board. There may be instances when you want to do this. For example, when your contract is presented to the Board or Finance Committee, you should appear before the Board members to make a brief statement, as part of your good customer outreach. You'd want to thank them for the contract award, let them know you will do a good job and so forth. This lets the governing body relate your face to the company they have awarded the contract to. You become a real person, not just a name on the letterhead or contract form.

You'll also see that Sound Transit is managed by an Executive Director, who has an electronic newsletter called the CEO Corner. As you read through this, you'll see it is a chatty little piece about what's going on with Sound Transit's services and facilities. You could even subscribe to this newsletter. The CEO Corner also talks about accountability and there's a link back to the earlier Accountability section of the website.

So, what does all this tell you about Sound Transit as an owner? It tells you that Sound Transit has spent a lot of time and money creating its image as an approachable agency that cares about the environment and accountability. You get the impression that you could call up the Executive Director, sit down over coffee and chat about Sound Transit's operations, issues and opportunities. If you were interested in a Sound Transit development project or had a product that would improve the way Sound Transit maintained its buses or performed some other part of its operations, that's exactly what you should do.

Most local public agencies have websites, including an About Us element, similar to Sound Transit's. You'll find that these elements for local agencies are typically written in a friendlier style than their state or federal counterparts. As a general rule, local public agencies tend to be more approachable, transparent and accessible than larger agencies. This isn't necessarily because the larger agencies are trying to hide something rather it is because the local agencies depend on local funding. Since they are dependent on local support, they need to be sensitive to local politics, local public opinion, and local expectations. Local agencies tend to be more accessible and responsive because they are built on a foundation of grass-roots support. This is both good news and bad. It is good news because it is easier to exchange information with the agency and build relationships with decision makers. It is bad news because it is easier for the agency to get distracted by local politics and local special interest groups. Either way, as a business owner, you need to be aware of the influences on any public agency you are seeking to do business with. Conducting research into the agency's mission, goals and values is vital to understanding these influences.

Attend the Agency's public relations and outreach events.

What's another way to get information about an agency you're interested in? Many public agencies, particularly the larger ones or the ones in larger urban areas, have in-house public information staff and conduct different types of public meetings. Many times, these meetings are conducted out of legal necessity. Some funding sources require that the agency, in accepting the funding for a particular project, engage in public involvement processes. This is particularly true of any project with any amount of federal funding involved, no matter if the agency receiving the funding is local, state or federal. Federal funding triggers the need for public involvement as a legal requirement of getting the project. This is usually administered through the project's environmental impact assessment processes. For large, complicated projects, this process can take years, over which time, hundreds of public meetings could be held.

When you are tracking a project as a potential opportunity, you need to go to some of these public meetings. The more complicated the project, the more of these meetings you need to attend. This helps you collect information, make comments, meet the project team, understand the stakeholders and build relationships with the decision makers, in an open environment. Typically, when a procurement process gets underway, you are prohibited from discussing the project under procurement except with one or two agency staff members, while the procurement is active. These are typically personnel from the agency's contracts and procurement department and they may know nothing about the actual project. You can't call up the decision makers or maybe not even the project managers without violating the constraints of the procurement process. If you do this, you maybe disqualified from bidding. Often, the only time you have to engage in open, authentic dialogue with the decision makers or actual project staff is at these public involvement events. The more complex or controversial the project, the more important this is.

Sometimes the agency will host a public meeting to talk about its general programs, not any one particular project. For example, the City of Seattle Department of Transportation hosted an outreach event in late 2009 to which it invited prime contractors who either worked on City projects in the past, were working on current City projects or were in a good position to bid on City projects in the future. The City also invited small businesses who were interested in working with those prime contractors as subcontractors or suppliers. The prime contractors were given a table where their representatives could sit to hand out information about the company, share news about upcoming work or just talk about potential opportunities. It was a great way for a small business owner to put a name to the face of potential customers and to interact with them in a personal and informal setting. Plus, the City provided refreshments!

Every year in the Seattle area, almost every local and state public agency of any size comes together in the Regional Contracting Forum ("RCF"). Representatives of the public agencies who buy goods, construction services and professional consulting services are at tables where they hand out information about their agency, upcoming work, procurement processes and talk to people. It is another great way for a small business to put a name to the faces of the public agencies and learn about potential opportunities. Attendance at the RCF is free so you can't beat the price. The federal agencies do something similar at an annual event called the Alliance.

Attendance at the Alliance is $90 per person, but it's worth the money if you make just one memorable relationship with a potential customer. You should have a budget for attending these kinds of events built in to your overhead as education. As a business owner interested in doing business with the government, you need to learn about these opportunities and attend them.

If you are working in a rural area, go to the meetings of the governing body and observe it in action. How do they make they decisions? What seems to be important to them? Do any of your competitors come to the meetings on a regular basis? Who advises the governing body? You don't have to become a agency groupie and go to every meeting, but you need to go often enough so that you can develop a working familiarity with the governing body's personality. The body's personality will change when a new player comes on board, such as after an election. You should make a point to observe the new dynamic by going to a few meetings with the new people. The more you intend to commit to working with a particular agency and the more complex your work, the more important it is to understand the agency's personality.

Attend pre-bid and pre-proposal meetings.

Most public agencies will host meetings before an important procurement, particularly a larger construction project or consultant contract. This is rarely done for procurements of goods and commodities. But, if you sell goods and commodities, these can still be good meetings for you because you can meet customers who are able to include your products in their bid or proposal.

These procurement events are typically run by staff from the agency's contracting or procurement department and can be about as exciting as watching paint dry. This is because usually the procurement staff takes the time to read the bid documents word for word about how to submit a bid, when the bids are due, what documents have to be submitted with the bid and so forth. All of this information is included in the bid documents and it's not necessary for the procurement staff to read it verbatim, but they really don't know what else to say, so they all do it. So, why bother going?

You don't go to listen to the procurement staff drone on about how to fill out the bid forms. You can read this, carefully, for yourself. You go for a couple of other important reasons. First, you go because the project's technical staff will be there and typically, they will be given an opportunity to talk about the history of the project and explain the technical elements and issues. Listen well to these presentations. The project staff has been working on these projects for frequently, many years as it went through planning, design and so forth to get to the actual bid stage. If anyone knows what the warts and opportunities on this project are at this point, it is the project staff and typically, they love talking about the project. Some people don't ask any questions during the Question and Answer period because they are afraid they'll give away important trade secrets to their competitors who are attending the pre-bid meeting. I think this in nonsense. This is one of the few opportunities you have to engage the project staff in dialogue during an active procurement process. You should take advantage of it. You need to be smart about your questions so that you don't divulge any proprietary processes you may put in your bid or proposal, but you don't need to have a zipper on your mouth like most of the people that go to these things. It's another reason these meetings are so dull, no one asks any intelligent questions. I believe that failing to engage the project team in dialogue is a missed opportunity.

There's another reason to speak up. By speaking up, you have the opportunity to establish yourself as an industry leader, so long as you speak rationally and thoughtfully. You'd be surprised how many other people wanted to ask the same question or make the same comment that you did but were afraid to. I've experienced this many times. I asked a provocative question, got an answer and had several people come up afterwards and thank me for asking the question. Have confidence in your insights. If you've done your homework and know your business, your questions and comments will be relevant and appropriate. Trust in yourself that this will be true.

The second reason you go is to find out who else is interested in the project. There may be someone in the room who is a potential joint venture partner or if you are a subcontractor or supplier, you may find someone who is interested in the project as a prime contractor. Some agencies allow time during the pre-bid meetings for this kind of networking. Take advantage of it. It may be your only opportunity to meet someone who can help you find a role on the project.

Every agency creates a list of people who indicate serious interest in the project or come to these procurement meetings. These lists are called Planholders' Lists or Pre-Bid Meeting Attendee's List or something similar. The agencies will often post the lists on-line at their electronic procurement portals. Some agencies collect business cards of all the attendees who come to the meetings and copy the cards. This is even better than the Planholders' Lists because you can actually read the writing on the cards. Regardless what the list is called or whether you use the lists or the business cards make sure you get a copy the information about attendees and follow-up with anyone you think is a potential teaming partner. I like to send a postcard to every person who interests me as a potential customer, teaming partner or a vendor I may want to buy goods/services from.

Another reason you go is to collect intelligence about the agency. For example, many agencies have departments that focus on helping small businesses participate on agency contracts. These kinds of agencies generally enable the staff person who manages the agency's small business program to make a presentation about the program. You can talk to that person after the formal presentations to ask questions about how the agency's small business program works. You could even make an appointment with that staff person to discuss doing business with that agency. For many local agencies, the small business representative is the only other person, besides the procurement staff person, that you are allowed to talk to, during an active procurement. Regardless what you sell, goods, professional services or construction services, this is a good way to collect intelligence about the agency's personality.

You can also find out the names and places the faces of the decision makers in the agency, such as the people who process payments. This can be very helpful if you need to contact that person to ask where your payment is or to address an issue with your payment.

Request public records.

All public agencies, at any level, are subject to some sort of requirement to hold open meetings and make their records available to the public. While there are certain exceptions to the rule, you may request copies of public records from public agencies. The agencies typically have a staff member who is responsible for managing this procedure. You fill out a form specifying the records you want copies of. The agency typically has 30 days to either make the copies available to you or tell you why they can't get records to you within that time frame and when they can. You will be charged a fee for each page that is copies, ranging between 10 and 25 cents a page.

Why would you want to do this? There are reasons to this regardless what you are selling – products, construction services or consulting services. For example, you may want to request records relating to past procurements. For example, if the agency is re-bidding a project or has accepted proposals for a project that is similar to the one you're contemplating, you may want to request records of the past bids or proposals. Different agencies may have different rules about whether they'll release this information to you during an active procurement process, but you should ask for it and see what they say. If they give it to you, it could give you important insights about your competition or the agency's perspective or methods of evaluation. This intelligence could help you prepare a bid or proposal for your current project.

For example, you could get bid tabulations on past projects that would give you the range of unit prices used by your competitors when bidding on a similar scope of work. Or you could get a copy of the actual winning proposal submitted by your competitor for that last job that you submitted a proposal for and lost.

Network at industry events

There is a huge array of industry events, such as trade fairs, conferences, industry association meetings and more, where you can mingle with your potential agency customers, competitors and teaming partners. This provides a tremendous opportunity to talks informally with a wide variety of people for the purposes of introducing yourself, collecting information, sharing information, marketing your goods/services and learning about your industry. In fact, there are so many, that you need to be strategic about what you participate in or you will run the risk of running out of time, money and energy. If you focus on a small handful of events, you can leverage your resources more effectively.

How do you choose which industry events to go to? That's simple, go where your customer goes. How do you find that out where they go? That's simple too. You ask them at one of the agency outreach sessions. You find out who the people are that you should get to know. You strike up a conversation with them and you get to know them. Or, you go to some typical industry events and you see who's there. It's about knowing who the customers are and going to where they will be. When you go, remember why you're there. You're there to collect information so you can better understand your customer agency's personality.

Also, when you go, make sure you can network effectively. If you're not comfortable striking up conversations with strangers, go to a class on networking and send your staff. It will be one of the best investments you make for your business. You need to be able to build authentic relationships with people, in order to build a profitable business.

What kinds of things are important to know about an agency?

As you use the techniques described above to collect intelligence about your potential client agency, you will pick up tangible information, such as information about past procurements, previous vendors, past purchases, procurement forecasts, historical pricing and more. But, you will also pick up information about intangible factors. These intangible factors can make a big difference in whether an agency becomes a preferred customer or a one job deal or an agency you don't want to touch with a 10-foot pole.
What are these intangibles? Two of the most important are trustworthiness and innovation.

Is the agency trustworthy?

For example, you'll find out whether the agency is trustworthy, that is, whether the agency's decision making processes make sense and whether the agency actually follows its own processes, from the governing body to the executive management to the staff. Why does this matter? It matters because an agency that doesn't have a rational manner of making decisions or makes decision arbitrarily is a risky agency to work. This is because you can't be sure the agency will act in a predictable or trustworthy manner. Doing business with an untrustworthy agency is like doing business with an untrustworthy person – the business takes more time to accomplish, the outcomes are less certain and you are always at risk of losing your time, money or energy to the untrustworthy person..

What are some symptoms of an agency that have an untrustworthy decision making process? Agency's without rational decision making processes will sound chaotic at all levels. There will be tension between the governing body and its members, the agency staff, and members of the public. There will be a lot of public unrest about the agency's decisions and activities. The staff will appear unorganized or will make statements that conflict with each other. Procurements will often be delayed or suffer from many changes before the bids are due. It will be difficult to determine who's in charge and how the people in charge are making their decisions. Decisions will tend to be one-sided, to the sole benefit of the agency. The staff will have a habit of administering the contracts differently than the way they are written. There will be a lot of turnover with the agency staff as people get frustrated and leave. The people that remain will sound more political and be afraid of taking risks or championing innovation. It takes the agency a lot time to get anything done. In particular, the agency does not respond well to change. An untrustworthy agency often has leaders that aren't trustworthy. An untrustworthy agency is an agency in distress. You should think very hard before you do business with such an agency and if you decide to proceed, you should measure your risk and be prepared to manage it effectively.

Instead, you want to work for a trustworthy agency that is consistent in its decision making from the top to the bottom of the agency's corporate ladder. What are the symptoms of a trustworthy agency? A trustworthy agency has trustworthy leaders. Further, it insists on transparency and accountability at all levels of the organization. It values public input. It cares about the community. It rewards excellent performance and addresses poor performance. It accepts reasonable levels of risk and knows how to manage it. It keeps its promises. There is collaboration at all levels of the agency, from the governing body to the lowest staff member. The agency is able to respond to change quickly and nimbly. Agencies like these are a pleasure to do business with. If you find one, commit to it and make it your preferred customer. You'll not only make money, you'll have a good time doing it.

Does the agency value innovation and appreciate change?

An agency that values innovation is a good agency to work for because this kind of agency is always on the look-out for new ideas as a way to save money, improve customer service, or otherwise more effectively accomplish its goals. This creates opportunities for you to present your own innovative ideas. These kinds of agencies will often sponsor research, either by its in-house staff or outside parties, such as consultants, partner agencies, educational institutions and others. They will also often make the research available to the public, either for free or for some fee. Innovative agencies can be treasure troves of information and ideas.

Sometimes the new ideas are tangible, such as researching new products or services. Sometimes they can be intangible, such as trying a new type of contract method. Either way, the agency is willing to challenge the status quo and experiment with something new. Some agencies pride themselves on their interest and support of innovation and openly seek out new ideas. These are very interesting agencies to work for because they are open to change. If you have a new idea or product, you should package your product or idea into an unsolicited proposal or hold a brown-bag seminar to teach agency staff about it. Done properly, this can be an effective marketing technique. If you find an agency that values innovation and knows how to manage institutional change effectively, make that agency your preferred customer. Bring it your best ideas.

Sometimes, the innovator will be an individual within the agency, not the agency as a whole. In this case, become that innovator's best friend by offering information about new practices within the industry, or new techniques your company is experimenting with and otherwise demonstrate that you are a champion of innovation. If you belong to the same industry trade associations as the innovator, find projects that you can work on together. Building a business relationship on innovation is a very effective way to establish yourself as an industry leader.

Can the agency manage change effectively?

An agency that can manage change effectively is able to get the most out of innovation and can leverage its trustworthiness to peak performance. These are great agencies to do business with because they are quick and nimble in the face of adversity and challenge. They are more accepting of risk and open to collaboration. If you engage in complex work, you need an agency like this. Sometimes, the change agent will be an individual within the agency. In this case, develop a relationship with this person, just as you would with the innovator. In many cases, the change agent is the innovator. Although sometimes the change agents are effective at managing change because they know the organizational system well enough to know how to make it move. In cases like this, the change agent will not necessarily be the innovator.

Why do you care about these intangible factors?

You care because the more an agency is trustworthy, values innovation, and can manage change effectively, the more opportunities you'll find within that agency to bring forward your own innovative ideas. Further, agencies that value these attributes are generally more competent and capable than agencies that do not. Agencies that value innovation and who are not afraid of change generally attract highly competent staff and find a way to weed out incompetent staff. This is good for your business because there is no quicker way to lose time and money on a government contract than to get tied up with incompetent staff. Contracts managed by incompetent staff are high- maintenance, risky and frustrating. You can spend as much time educating the staff than performing your work. It's like, as the old saying goes, trying to teach a pig to sing, it frustrates you and annoys the pig. Agencies that aren't afraid to change engage in continuous learning and process improvement. This generally means they are user-friendly and open to authentic dialogue and even constructive criticism. Doing business with these kinds of agencies will be rewarding, financially as well as intellectually.

Summary

I cannot stress how important it is to research an agency that you are considering as a potential customer so you understand the agency's personality. The agency's personality will have a huge impact on your ability to get work, perform work efficiently and be paid on time. A high maintenance agency can rob you of a contract's profitability. A user-friendly can be a joy to work with. As you research the agency's personality, be on the look-out for intangible as well as tangible factors. An untrustworthy agency that does not value innovation and is resistant or worse, fears, change, will cost you time, money and energy. It is highly unlikely that a contract with such an agency will be profitable. Instead look for an agency where the decision making processes are consistent, innovation is valued and encouraged, and change is managed effectively. These agencies are a joy to do business with.