



# Roadmap for Success

7 INSIGHTS FOR GOVERNMENT CONTRACTORS



# Introduction

During this unprecedented time, a focus on growth for government contractors is more important than ever. Agencies from the federal level down to municipalities are embracing innovative technology to create internal efficiencies and streamline services.

Entering the government contracting market can be challenging. Understanding opportunity targets and teaming partners to focus on will separate you from your competitors. Establishing a successful business begins with securing your first contract and establishing a solid track record of strong performance for growth.

But how do you differentiate your business from the thousands of other contractors working with the government?

The answer is data. It's likely you already track opportunities, win probabilities, rate trends, and other metrics.

But how do you turn this data into actionable insights that you can use to run your business efficiently and optimally?

The ultimate goal is to turn your data into actionable insights that help you win new contracts, manage compliance costs effectively, maintain adequate staffing levels, and stick to budget constraints.

**Here are seven tips to reach these goals.**



## TIP #1: ACCOUNTING

# Use accounting compliance as a competitive differentiator.

Government contractors are vastly different from the private sector. A lot of i's need to be dotted, t's need to be crossed, controls need to be put in place, and standards need to be created, maintained, and complied with.

Add it all up, and there are a lot of hurdles when working with the government. Some people call it red tape, but we see it as an opportunity. Not all companies are up to the rigor of maintaining accounting compliance in the government space, leaving plenty of business for contractors who are able to follow the rules and maintain well-established accounting guidelines.

### **New Accounting Standards: Learn It, Love It, Live It**

A slew of new accounting standards has been released in the past few years—from ASC 606 (revenue recognition) to ASC 842 (lease accounting). Study them, keep up to date, and make sure your accounting department is educated on the new standards. Understand how the changes will impact how you do your books and what that means for billing, expense reporting, and your debt covenants.

### **Invest in Cybersecurity**

No matter what service you provide the federal government, cybersecurity will increasingly be a rated factor in competitive procurements. This is especially true within the Department of Defense. Make sure your users, business systems, and data are secure from today's increasingly sophisticated malicious threats and you understand how the CMMC requirements will effect your business.

### **Get a Handle on Cost Accounting Standards (CAS)**

It's important to truly understand what is required of you in terms of CAS-covered contracts and create a tracking system that allows you to stay on top of your accounting requirements and needs. Read and understand the CAS preambles--they provide valuable insight into each standard--and prepare a cost impact analysis when you make a change in an accounting practice. If something doesn't make sense or you run into something new, get help. There are resources available.

## TIP #2: COMPANY VALUE

# Use powerful reporting and data to record and track the value of your business.

Investors and acquirers are becoming increasingly more sophisticated, informed, and risk averse.

Due diligence procedures being performed while making a decision to invest or acquire an organization are deeper than ever before. Learn how to maximize the value of your company.

### Standardize Management Review Controls (MRCs)

Investors and acquirers want to know what is involved in management's review, what it actually entails, and what value the review provides. Does management review supporting documentation related to a key reconciliation, look closely at variance analysis, review resolution efforts, perform a key calculation, and meet with various relevant process owners to gain an understanding of information being provided for review and approval?

### Understand How Data Informs Your Organization

Data is one of the most valuable assets a business controls, and it's important to understand how data is created and how it flows between systems. Most importantly, it's critical to make sure your organization isn't losing valuable data like BD contacts or pipeline intel as a result of attrition or change in personnel.

### Record Value Around System Implementations

Your organization should be able to demonstrate that an implementation was subjected to a formal, monitored process that was tested before the system went live. This establishes comfort that the system is operating as intended and information from the system is accurate.



## TIP #3: EFFICIENCY

# Cut red tape by streamlining internal processes.

Let's face it. Conducting work for the federal government involves a lot of jumping through hoops, but they are just a cost of doing business with one of the largest organizations in the world.

You can, however, create efficiencies by streamlining internal processes. Knowing where these efficiencies lie, how you can streamline them, and how they impact your business and your ability to service federal government clients is the tricky part.

### **Don't Complicate Your Rate Structure**

Calculating how much you should get paid for a project shouldn't be rocket science. Overly complicated rate structures take time and resources to calculate, introduce the possibility of human error, and limit your clients' understanding of what they are getting for their money. A simple rate structure streamlines billing, accounts payable, and other back office functions.

### **Review Contract Profitability, Rates, Wrap Rates, Rate Variances, and Rate Ceilings Monthly**

It's important to gauge how profitable a contact will be when it lands on your desk so you can make an informed decision about whether a service you provide continues to make sense for the business. Review wrap rates, compare them to your

competitors' rates, and conduct monthly profitability checks. Don't be afraid to pull the plug once it's clear that a service you provide ceases being profitable.

### **Pick and Choose Your Flowdown Battles**

It's important to understand contract flowdown requirements to subcontractors to mitigate risk and achieve compliance with prime contract requirements. It's ok to push back on non-mandatory flowdowns that seem overly problematic, but don't waste time or good will by trying to negotiate mandatory clauses.

### **Manage Flowdown Clauses Intelligently**

You may want to create a flowdown matrix that identifies requirements specific to each contract based on subcontract value and type. This will allow you to quickly gauge risk as contracts come across your desk.

## TIP #4: GOVERNMENT COMPLIANCE

# Take a tip from your local scout. Always be prepared.

Compliance is just a cost of doing business with the federal government, and audits are painful.

But contractors who take the time to understand the regulations and thoroughly prepare for audits needn't worry—as long as you have all your ducks in a row.



### **Stay Current on Interim Federal Acquisition Regulation (FAR) Clauses and NDAA Changes**

Things change. That's a fact of life. But not knowing about a change in regulation is no excuse. The federal government expects contractors to stay up to date on compliance requirements.

### **Try Not to Leave Money on the Table**

Don't let the government de-obligate funds until you are certain there will be no additional costs. Once that happens, you won't get that money back and if there are lagging costs, you won't be paid for them.

### **Cooperate and Communicate Often with Auditors**

Transparency is key when dealing with DCAA and DCMA interactions, and it's important that you maintain a good relationship with your ACO. When facing an upcoming audit, choose a point of contact to be a liaison with the auditor and review work programs to make sure you have all the paperwork in order.

### **Ensure You are on the Same Page as Subcontractors**

Close out subcontracts and purchase orders in real time to avoid inconsistencies. Partner with companies that you trust and that understand the regulations, responsibilities, and increasingly competitive marketplace.

## TIP #5: GROWTH

# Target the RFPs that make the most sense for your business.

Proposal writing is the most under-rated skill. Crafting a personalized, relevant response to an RFP is the difference between getting the contract or not—directly impacting revenue.

The key to writing a winning proposal is anticipating the customer's needs and showing you have what it takes to get them across the finish line. Listening is key, and make sure you ask them about what they like and don't like in a proposal.

### Target Smart

Research matters. Get out there, talk to government customers, and find out what they need to accomplish their mission. If it looks like your services are a stretch, don't bother spinning your wheels and wasting resources. Target projects that are a good fit for your business. If the Probability of Win (Pwin) isn't there, it may be time to move on.

### Sway the RFP in Your Favor

Don't be afraid to push back on RFP requirements during the draft process. Try to amend the language and requirements toward your strengths and downplay areas where you are weakest.

### Nail Down Budgeting

Kick off the budgeting cycle by providing a timeline, parameters, guidelines, and overall goals. Use a tool that provides all stakeholders with the visibility and control they need over the budget.

### Track Progress

Hold monthly budget reviews on a regular basis and don't be afraid to make course corrections. Perform a compensation analysis annually and be sure your highly compensated individuals are within DCAA's allowable cost guidelines..



## TIP #6: RESOURCE MANAGEMENT

# Optimize your resources through better planning and tracking.

Most companies could do a better job of managing their resources. Done successfully, this would improve customer service, increase retention, introduce efficiencies to internal processes, save money, and increase margins and profits. But you can't do it manually.

Using a resource tool that is integrated with your timesheet application automates resource management and aligns it with business goals. At the same time, comparing actuals with budgets, plans, and variances gives project managers unparalleled insight into their projects.

### Focus on Key Skills and Resources

Make sure a core group of skilled resources is in place and engaged. These are the people that make your business run and grow. Plan around their schedules and coordinate with other project managers to make sure the right skills are in the right place at the right time.

### Concentrate Resources

Allow resources to focus as much as possible. They may be spread thin across many tasks and distracted by emails, instant messages, and other notifications. Make every effort to minimize concurrent tasks for resources and avoid unnecessary meetings.



### Set Rules of Engagement

Establish and enforce policies and procedures for the organization. A documented process and an established recurring business cadence will make it easier on all project stakeholders.

### Resource Planning Throughout the Project Lifecycle

Document and communicate critical skills to all stakeholders as soon as possible so that schedules can be adjusted and recruitment can be notified of the skill need. Planning for indirect work is equally as important. Having a system that lets all functions of the organization know who is taking leave is critical for accurate resource planning. You don't want to plan a critical activity when your best research analyst is on PTO.



## TIP #7: UTILIZATION

# Invest in the continuing education of your employees.

Your employees are the lifeblood of your company. They do the work. They interface with customers. They represent your brand.

It's critical that you invest in your employees through a corporate wellness program, training, and continuing education—an investment that is an allowable cost if you record and report it properly.



### **Offer Corporate Wellness Programs**

Yes, corporate wellness programs are an allowable cost, but you need to be thorough and accurate with your documentation. You may want to hire or outsource a compliance officer to help with documentation before you head into an audit.

### **Continue to Evolve and Learn**

Broaden your technical offerings, capabilities, and competitiveness by attending webinars, seminars, conferences and other events to keep up with the ever-changing government contracting landscape.

### **Create and Maintain Corporate Ethics**

Establish a corporate culture of ethical compliance from the top down. Train all employees on your company's code of conduct, conflict of interest guidelines, and timekeeping policies annually and regularly emphasize the consequences of non-compliance.

### **Take Advantage of Available Resources**

We're here to help. Read the GAUGE Report and attend Unanet events and other virtual events for valuable tips and tricks on how to run your business more efficiently and optimally.

# Conclusion

Working for the government can be rewarding but navigating the market can be like traversing a minefield.

It's important that you turn data into valuable insights that inform decisions. These powerful insights will help put you on track to win new contracts, increase margins and continue to grow.

Contact Unanet today for more tips on how to work more efficiently and productively with the government.

