Practitioner Perspectives

WOLF DEN ASSOCIATES, LLC

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Top 12 Things Your Customer Doesn't Want to Hear

1. ***We can't bring on that subcontractor as they are unwilling to sign exclusively with us on the recompete***
2. ***We have the right person but in a different line of business, so it will take a while***
3. ***Yes it's a small request, but it's outside of scope so we'll need a contract mod***
4. ***Sorry the invoice is wrong again – my finance person is new***
5. ***Our systems can't support your request***
6. ***Yes our proposal said that, but it's not in the final contract***
7. ***We're combining systems, so it'll take a while to resolve that***
8. ***Email is down – sorry I didn't get that memo***
9. ***That's the legacy brand – we don't do that anymore***
10. ***Our subcontractor has halted execution because we haven't paid them in over 90 days***
11. ***We haven't spoken in two years, but it is three months from the recompete, how can we keep your business?***
12. ***We're lodging a formal complaint that another contractor is executing our scope***

Lessons from Real Life *Office Space*

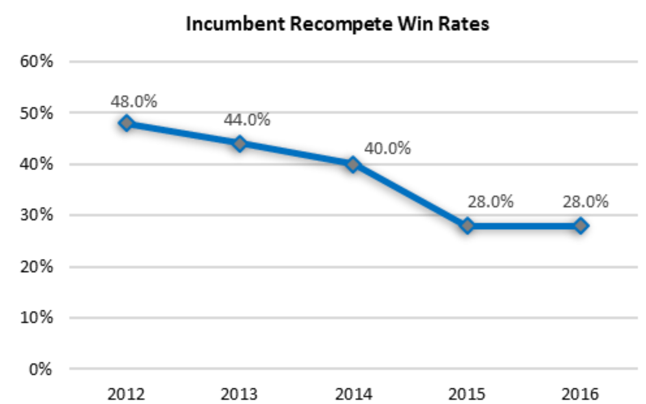
- Not all process is bad, but mechanical, pedantic, didactic adherence to internal mandates often impede customer satisfaction
- Transition after a merger must place customers first – otherwise, when the dust settles, there won't be any customers left
- A good proposal is necessary but not sufficient to prevail in a recompete; outstanding execution is the *sine qua non*
- Key personnel, those who are critical for execution, will not stick around when HR's responses are based on policy, not merit
- Any excuse rooted in process resonates with customers as "I am not empowered to think; you should look elsewhere for support"
- Letting good people get lost in the kerfuffle of a merger will result in a hemorrhage of talent that will ultimately tank accounts

Meeting with The Bobs

In the wake of constant mergers and splits within the federal government contracting community there has been no shortage of tragic transition stories, disaffected talent, and execution shortfalls. Companies that have been in the good graces of long-standing customers face very real concerns of losing steadfast revenue because of relationship fallout. The list of issues is long – staffing problems, back office breakdowns, contract novation challenges – and many stem from decisions made by indirect bureaucrats and "Banana Republican" consultants in the name of cost synergy. While the motives behind these decisions are mostly pure – maintaining margins while reducing wrap rates in order to compete in a tighter market – they should not be allowed to materially impact execution. Federal customers really don't care about your cost synergies or your promises to lenders and investors.

Ratio of People to Cake

High performers who cannot get commensurate raises because of company-wide freezes will vote with their feet. Likewise, key personnel who are subjected to sweeping policies limiting advancement will simply move on. Rule-following HR automatons who neglect to dig deeper before issuing a decree by fiat or opting to "fix the glitch" will likely find themselves explaining their actions to an account manager who is in jeopardy because the client lost their go-to guy. The solution to talent retention is not ad hoc "stay bonuses" or government-like cost of living increases, but rather a focus on total compensation with incentive compensation closely-aligned with individual and company performance with measurable outcomes.



While recent industry sources have cited recompete win rates of 35-75%, research into several hundred IT and professional services awards across the full federal spectrum suggests even lower rates of success.
Source: fpds.gov, Wolf Den Associates analysis

Filling Out T.P.S. Reports

Internal HR, contracts, legal, administrative, security, and finance departments sometimes forget that they only exist because of the customers. They should be the brakes that enable the car to go faster, not roadblocks that impede delivery. Symptoms of sclerotic indirect functions like "legal has to review the deliverable for IP before we submit" and "subcontracts has seven approvals in the workflow before we can bring that partner on board" help explain why incumbents are increasingly vulnerable and smaller, nimbler businesses are taking share. Policies and procedures that obstruct execution must be examined and eradicated in order to restore competitive positioning. Likewise, technology must never impact customer satisfaction. If consolidations are not smooth, execution will suffer. It is better to risk delaying IT infrastructure changes than to risk alienating those who pay for it.

Real Straight Shooter

If broad-reaching efficiencies are necessary to be competitive, how does a company avoid negative impacts on performance, staff, and customer relationships? They assign tiger teams that can look across the entire tapestry of internal policy and determine where approvals can be streamlined. They identify domain experts for each account and get them in front of the customer to highlight issues and eliminate them with extreme prejudice. They tap internal resources who know who, what, where, and how across the company. They then incentivize these people and empower them, rather than relying wholly on external consultants. They will be the instruments that preserve institutional knowledge, expedite requests, and deliver results for the customers.

1751 Pinnacle Drive
McLean, VA 22102
wolfdenassociates.com

Kevin Marshall
(703) 725-3281
Marshall@wolfdenassociates.com

Jared Rowan
(703) 677-1305
Jared@wolfdenassociates.com

Jim Sherwood
(571) 253-5706
Jim@wolfdenassociates.com