

The 5 Secrets of Subcontracting

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One of the beautiful advantages of being a subcontractor to prime contractors (the company who has won the government contract) is that you really don't need to fully comprehend or fully understand all the information available on government contracting. You only need a general understanding of the basic information. Becoming a subcontractor, or a Sub-to-the-Prime in contract-speak, is much like the process of trying to pass your first driving test. While we all studied the booklets provided, you don't really need to know every traffic law on the books, you only needed three things: 1) Basic driving skills (including parking), 2) Basic traffic laws, and 3) Basic driver courtesy (the ability to be alert and to avoid accidents). Over time the rest came to you with both the experience and coaching you received. Subcontracting is similar to this example. You don't need to know all the laws on the books, you only need a general understanding. The rest you already know!

Listed below, and explained in some detail, are The 5 Secrets of Subcontracting. What's the biggest secret? Simply put, the biggest secret is that you already know most of what you need in order to benefit from government spending.

- 1. Business Experience:** Business is business and no matter what industry your company resides, it is still business. As a result of running your own company, you have been forced to handle the issues below at least once in your company's history. If you have dealt with all of these

issues, even if only for a very short period of time, you have clearly mastered the business skills needed to both land Sub-to-the-Prime contracts, and to be successful in their completion.

- Pursuit of and Negotiation of Capital/Loans
- Cash Flow Management, Accounting & Operations
- Marketing Your Goods, Products, or Services
- Managing Operations, Logistics & Purchasing
- Solving Day-to-Day Problems
- Managing Customer & Vendor Expectations

2. Contracting Knowledge: As a new subcontractor you will be provided a fair amount mentoring in this area. However it helps if you can attend a seminar or two or research the topic online. All you really need is a general understanding of how the regulations will affect you and your company as a subcontractor. This is critical to remember since you are not entering into a contract with the US government but instead with a commercial corporation. As a result only a few of the rules and regulations will flow down to your subcontract.

3. Marketing: In the end let's face facts: promoting your goods or services to different types of customers requires a little planning, a little finesse, and a lot of follow-up! This is same no matter to whom you are marketing. So what if these new customers are prime contractors? It's still just marketing to a new customer. My experience with most SBOs has shown this tends to be your main strength

and an area where you feel most confident--Talking to strangers about what you do and how well you do it! Take heart, this same confidence will quickly spill over into the pursuit of subcontracts with little or no effort on your part.

4. Quality Product or Service: If your products or services are a source of pride for you and your workers, you already produce a quality product or service. For you the only “next step” in this area is to find a method to “prove” the quality via some type of industry inspection, membership or rating system. Most SBOs are surprised to learn they already possess most of the experience and talent needed and now it’s simply a matter of putting a different spin on your products, services, marketing or operations.

5. Lipstick on a pig: A former marketing colleague, Marriott Winchester, had a saying about this process that I want to share with you. I was fortunate to be part of a consulting team Marriott joined during the “dot com” craze. Things were not going well and the owner finally saw the light at the end of the tunnel (too bad he didn’t hear its engine ramping up) and agreed to sell at least part of the ownership of the company in order to pay off his Super Bowl advertising debts. As you might guess, Marriott and I had taken the lead role and were attempting to make an almost impossible partial sale of this wedding stationary company to one of its biggest competitors. It didn’t help matters that the competitor was also our main supplier,

but we had become a thorn in their side over the past year and a half. As a result, we felt the pain was bad enough they may want to buy the company in order to either extract or control the depth of the thorn. I have to admit, we created a pretty amazing plan that we dubbed “Operation Bridesmaid.” But the name wasn’t enough for Marriott. During teleconferences with our impossibly large vendors (such as the New York Times, Wall Street Journal and Brides Magazine) Marriott would flip over one of his business cards, scribble something on the back, then slide the card over to me when I had completed my comment. The card would frequently say: Let’s put lipstick on this pig and take it to market.” In other words Marriott was ready to move forward and execute our plan. During the next six weeks, we executed “Operation Bridesmaid” by systematically leaking information to someone inside the other company, someone the competitor had tasked, we had learned, with gathering information about us. Obviously, knowing her mission gave us the ability to package ourselves in a format that we knew would be irresistible to the competitor or as Marriott put it: Putting lipstick on our pig. Our bluffs worked well and the competitor called a meeting to discuss a potential partnership.

The morale of the story is that sometimes you may need to make something that is already perfectly acceptable in

your current market, such as a pig to the farmer's market, more attractive in order to be sold in another. You may know what to do, but you may need help in determining how to do it a little differently in order to be more attractive to a Prime.

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