

**MANAGING SUBCONTRACTS
FOR PEAK PERFORMANCE**



**Challenges and Solutions
in Subcontracting
and
How to Define and Leverage
YOUR Value Proposition**

**Wednesday, May 10, 2017
12:45 – 01:45**

The Small Business Series

Presented by

The Subcontract Management Institute



**DEDICATED TO REDUCING PERFORMANCE RISK IN
THE EXECUTION OF PUBLICLY-FUNDED CONTRACTS**
Combines Certification with Qualification

The Subcontract Management Institute



**Dedicated to reducing performance risk in the execution of publicly-funded contracts
Combines Certification with Qualification**

- **Established and maintains the Subcontract Management Body of Knowledge (ScMBOK©); a 501c(3) corporation**
- **Developed and delivers Subcontract Management Certification Program (ScMCP™) for Subcontract Managers (SCM) and Technical Representatives (TR)**
- **Certification only when candidate has demonstrated they are Qualified; combines online, classroom and experiential Training**
- **Online Toolbox, Desktop Reference Guide, Performance Support Tools**
- **Program recommended by DOD and State Department to the Commission on Wartime Contracting as a best practice**
- **Program briefed to heads of DCMA and DCAA; supports outreach**
- **Representation in DC, Denver, Los Angeles, Seattle, Brussels, Tel Aviv**



Daniel M. Jacobs, CPCM, CMC, CScM, PRT, Chairman/CEO, The Federal Market Group & Chairman, The Subcontract Management Institute



Recognized as one of the nation's leading authorities on public contracting, **Daniel M. Jacobs** is Chairman/CEO of *The Federal Market Group (FMG)*, a veteran owned company, that includes *Government Business Solutions (GBS)*, *Federal Market Publishing (FMP)*, and *The Federal Market Institute (FMI)*, Washington, D. C. based organizations providing professional training, research, publishing and consulting services to government and industry in public contracts management. FMG also includes *The EuroMarket Group* based in Brussels, Belgium and *FMG Middle East* in Tel Aviv. He is Co-Founder and Chairman of the *Subcontract Management Institute (ScMI)* and a Director of the *Procurement Round Table (PRT)*.

He is a Fellow, past National President (1987-88), recipient of The Charles A. Dana Distinguished Service Award, the Honorary Life Member Award and a member of the Board of Advisors of the National Contract Management Association (NCMA). He is Chairman Emeritus, Board of Trustees, of the non-profit foundation, Contract Management Institute (CMI). He is a member of the Project Management Institute (PMI), a member of the Institute of Management Consultants (IMC), a member of the Professional Services Council (PSC) and he is a Life Member of The American Legion.

Mr. Jacobs holds a bachelors degree from North Carolina Wesleyan College and a Masters in Government Contracts from George Washington University School of Government and Business Administration. He has completed additional graduate work in engineering, business and contracts at Old Dominion University, The College of William and Mary and George Washington University. In addition, through examination, he earned the designation of *Certified Professional Contracts Manager (CPCM)*, *Certified Management Consultant (CMC)* and *Certified Subcontracts Manager (CScM)*. He served three years active duty with the U. S. Army and attained the rank of Captain in the USAR.

Mr. Jacobs is the subject-matter-expert for the General Services Administration Federal Acquisition Institute (GSA/FAI) government-wide training program on *Source Selection* and is a consultant to the *President's Committee for Purchases From People Who are Blind or Severely Disabled*. He is a recipient of the "Hammer Award" for contributions to the National Partnership for Reinventing Government (NPR). He is director of training for the FMG DAU/FAI FAC-C Contracting Officer Certification Program and formerly adjunct faculty at the George Mason University School of Public Policy and the George Washington University School of Government and Business Management.

Widely published, he co-authored the acclaimed series of contracts-business perspective articles on the Strategic Defense Initiative (SDI) appearing in *Contract Management* magazine. He is principal author of *Building a Contract: Solicitations/Bids and Proposals - A Team Effort*, NCMA, 1990. He is the author of, *Federal Government Contracting: The System/The Process*, FMP, 1989; *The Integrated Project/Team (IPT)*, FMP, 2000; *The Desktop Reference Guide for Contract Management*, FMP, 2001 and *The Art of the Possible: Create an Organization with No Limitations*, FMP/Amazon.com, 2010.

The Subcontract Management Institute



Bonnie T. Ross, Managing Partner – Capture Strategy, The Federal Market Group; Vice President & Chief Marketing Officer, The Subcontract Management Institute



Bonnie Ross, Managing Partner, Capture Strategy for The Federal Market Group (FMG), has over 25 years experience in government contracting and lobbying that includes leading and managing major support services projects in transportation, energy, biopharmaceutical, defense and infrastructure, both domestic and international.

Ms. Ross leads an FMG practice that has won more than \$24 billion in government contracts for clients that includes Verizon, Sonofi Aventis, URS, American Red Cross, Human Genome Sciences and CSC. She is proficient in winning contracts and securing appropriations for federal environmental cost recovery programs, federal energy related programs, new technology funding, government services, transportation projects and biodefense programs.

Ms. Ross has worked extensively with the Department of Health and Human Services (HHS), Departments of Transportation (Federal Highway Administration (FHWA) and Federal Aviation Administration (FAA), Energy, Agriculture, Commerce, Interior, Defense, Small Business Administration, Environmental Protection Agency, Nuclear Regulatory Commission, State Department, Army Corps of Engineers, Consumer Protection Agency, Council of Environmental Quality, National Academy of Sciences, White House Legislative Affairs and the Office of Management and Budget. Additionally, Ms. Ross has significant bi-partisan contacts within the U.S. Senate and House of Representatives.

She is also proficient in identifying, pursuing and capturing significant grant and contract opportunities requiring federal government funding. Formerly with the government relations practices of Sabo Government Relations Group Inc. as Vice President and with Thompson Ross Associates as Managing Partner.

Ms. Ross' professional organization memberships include: National Contract Management Association (NCMA), Association of Proposal Management Professionals (APMP), Project Management Institute (PMI), and American League of Lobbyists (ALL).

Ms. Ross is Vice President and Chief Marketing Officer and Member of the Board of Trustees of The Subcontract Management Institute (ScMI™), a non-profit corporation chartered to establish and maintain the Subcontract Management Body of Knowledge© as the Global standard and Certification of Subcontract Managers and Technical Representatives.

Ms. Ross has Bachelors degrees in Accounting and Business Management from North Carolina State University in Raleigh, North Carolina. She is an instructor in government contracting programs for The Federal Market Institute and adjunct faculty for George Mason University in the School of Public Policy Project Management and Government Contract Administration curriculum.



Challenges and Solutions in Subcontracting

THE CHALLENGE

As indicated in the *Packard Commission Report* (1986), the single greatest risk factor in the acquisition process is the failure of the using activity to adequately define its requirements from the outset.

The second greatest risk factor is the failure of the prime contractor to adequately manage its subcontractors with whom the federal government has no privity (no contractual arrangement).

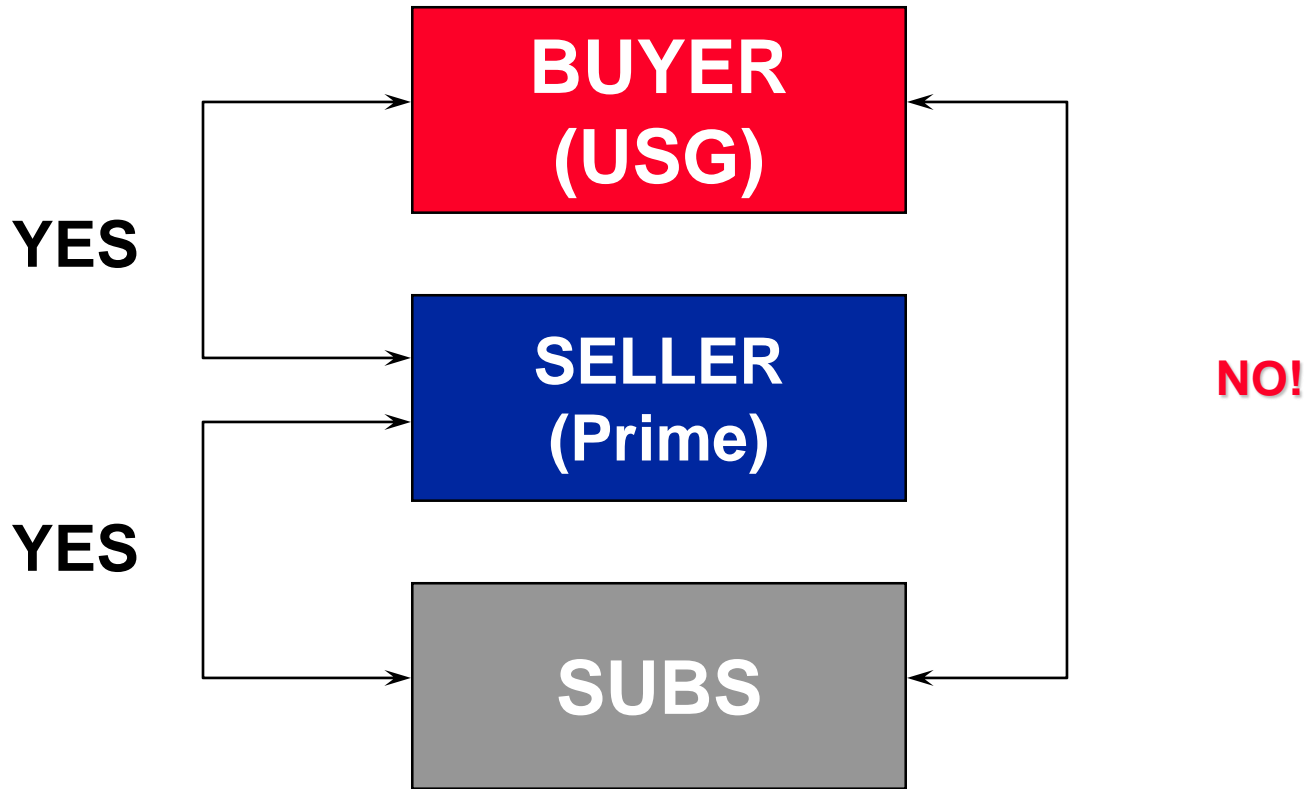
Approximately 60-80% of all acquisition dollars are expended with subcontractors.

THAT RISK STILL EXISTS

THE CHALLENGE



PRIVITY



Privity (Contractual Relationship) exists only between the Buyer & Seller

Privity does not exist between Buyer and the Seller's Subcontractors

THE CHALLENGE



**60-80% OF ALL GOVERNMENT ACQUISITION DOLLARS
ARE EXPENDED ON SUBCONTRACTORS**

THE SUBCONTRACT MANAGEMENT ICEBERG EFFECT



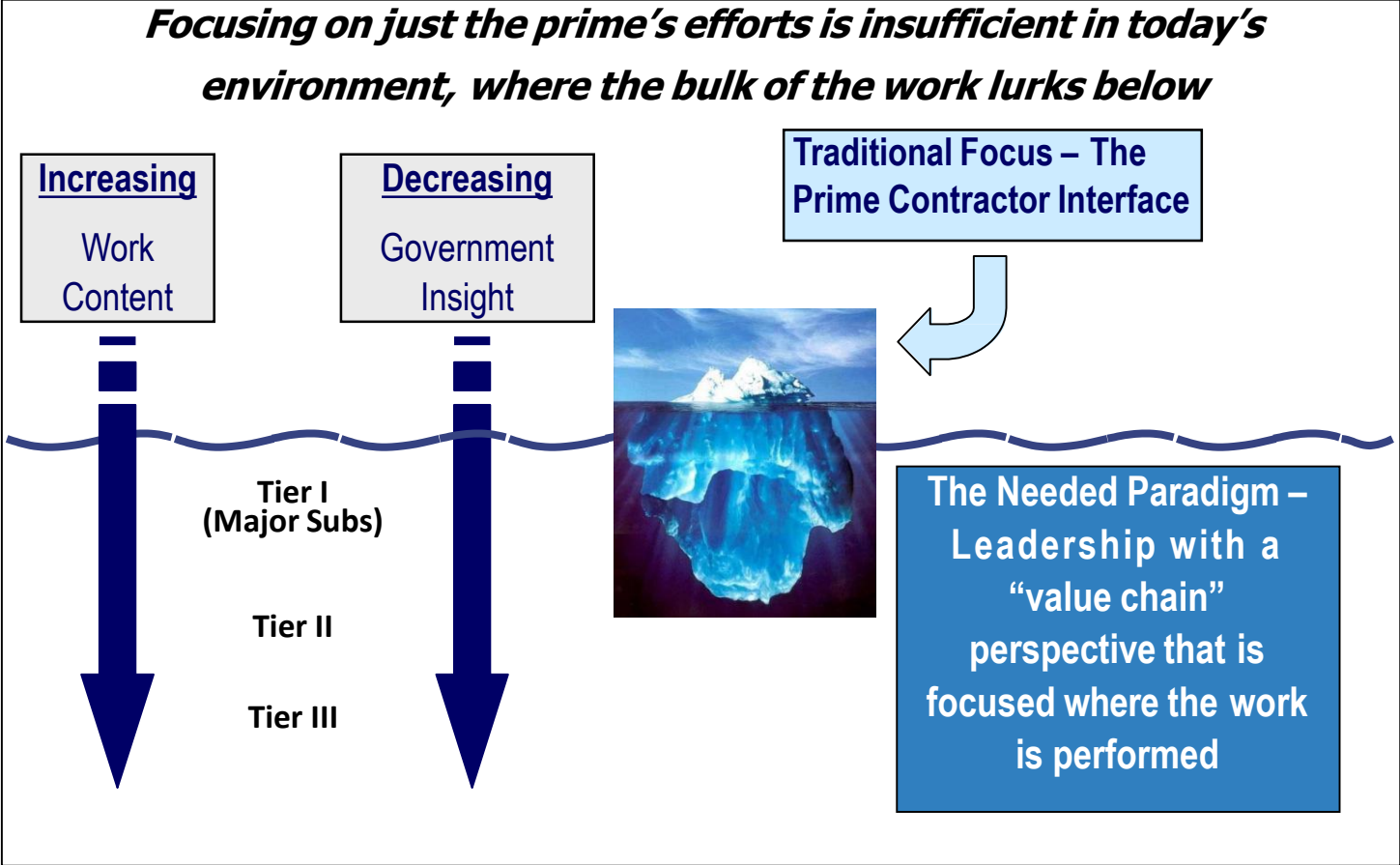
The majority of activities occur at the Subcontract level

Public, Private, Commercial, Large, Medium, Small, and Foreign Companies

THE SOLUTION



WHAT LEADERSHIP MUST DO TO AFFECT CHANGE



“What’s below the water level?”

THE SOLUTION



As a Small Business, the Federal Government represents a Target-Rich Marketplace; to succeed, you must:

- 1. Think Strategically & Focus;**
- 2. Understand the Rules of the Game;**
- 3. Know who the Players are (Government & Industry);**
- 4. Surround yourself with competent people who understand and practice Teamwork;**
- 5. Do your homework (market research) and pick the right clients and teaming partners;**
- 6. Practice the rigors and disciplines of Project Mgmt.;**
- 7. Manage estimating, costs and cash flow;**
- 8. Document, Document, Document**

**Outcomes are determined by PEOPLE,
not systems and processes**



How to Define and Leverage YOUR Value Proposition

What is a Value Proposition?

A value proposition is a promise of value to be delivered.

Why should a prospect contract with you instead of with your competitor(s) to meet their needs?

- 1) Relevancy**
- 2) Value**
- 3) Unique Differentiation**

DEFINING YOUR VALUE PROPOSITION



Why should a prospect contract with you instead of with your competitor(s) to meet their needs?

1) Relevancy

- a) Core Competencies**
- b) Resources**
- c) Performance**
- d) Customization**
- e) Design or Usability**

2) Value

- a) Productivity**
- b) Price**
- c) Cost Reduction**
- d) Economies of Scale**
- e) Risk Reduction**
- f) Accessibility and Convenience**

3) Unique Differentiation

- 1) Newness**
- 2) Brand or Status**
- 3) Certification, Classification, or Designation**

Steps to Craft Your Value Proposition

- 1) Perform a Competitive Analysis**

- 2) Answer the Question – What is your Value Proposition**
 - a) Relevancy**
 - b) Value**
 - c) Unique Differentiation**

- 3) Craft the Value Proposition into a statement**

DEFINING YOUR VALUE PROPOSITION



Steps to Craft Your Value Proposition

1) Perform a Competitive Analysis

- a) **Define and know your industry;**
- b) **Know specifically what type of customer needs your product or service;**
- c) **Know your customers and potential customers;**
- d) **Know who your competitors are;**
- e) **Who are my top competitors;**
- f) **Determine what the key success factors are in your industry;**
- g) **Determine what your strengths/weaknesses are relative to the key success factors; compare to your competition.**

DEFINING YOUR VALUE PROPOSITION



2) Answer the Question – What is your Value Proposition

1) Relevancy

- a) Core Competencies
- b) Resources
- c) Performance
- d) Customization
- e) Design or Usability

1) Value

- a) Productivity
- b) Price
- c) Cost Reduction
- d) Economies of Scale
- e) Risk Reduction
- f) Accessibility and Convenience

1) Unique Differentiation

- 1) Newness
- 2) Brand or Status
- 3) Certification, Classification, or Designation

Steps to Craft Your Value Proposition

3) Craft the Value Proposition

A Value Proposition Statement is NOT the following:

- **A Slogan or Catch Phrase**
 - **(“L’Oréal. Because we’re worth it,”)**

- **A Positioning Phrase**
 - **(“America’s #1 Bandage Brand. Heals the wound fast, heals the hurt faster.”)**

Steps to Craft Your Value Proposition

3) Craft the Value Proposition (Components)

- **Headline (1 short sentence)**
 - **The end benefit of using the product or service you are offering – the attention grabber**

- **Sub-headline or 2 – 3 Sentence Paragraph**
 - **A specific explanation of what you product or service you offer, the type of customers, and why what you offer is useful**

- **Bullet Points**
 - **Listing of the key benefits or features**
 - **What makes your product or service unique or different**

- **Visual**
 - **Image(s) reinforcing the main message**

DEFINING YOUR VALUE PROPOSITION



Steps to Craft Your Value Proposition

LEVERAGING YOUR VALUE PROPOSITION



As a Small Business, the Federal Government represents a Target-Rich Marketplace; to increase your visibility:

- 1. Brand Positioning and Messaging**
- 2. Website Design**
- 3. Market Research to Identify Targets and Subcontracting Opportunities**
- 4. Register on SAM.gov**
- 5. 8(a) BD Mentor-Protégé Program**
- 6. All Small Mentor-Protégé Program**
- 7. Campaign/Capture Strategies**
- 8. Become Recognized as an Expert in Your Market**
- 9. Showcase your Differentiators**
- 10. Utilize Social Media**
- 11. Federal Matchmaking Events**
- 12. Government/Industry Conferences/Workshops**
- 13. Professional Associations/Organizations**
- 14. Federal Supply Schedules**
- 15. Lastly, include your value proposition in proposals!!**

STRENGTHENING YOUR VALUE PROPOSITION



As a Small Business, the Federal Government represents a Target-Rich Marketplace; to succeed, you must:

- 1) Understand the Rules of the Game;**
- 2) Surround yourself with competent people who understand and practice Teamwork;**
- 3) Do your homework and pick the right clients and teaming partners;**
- 4) Incorporate and institutionalize the following best practices:
 - a) Project Management**
 - b) Contract Management**
 - c) Subcontract Management**
 - d) Supply Chain Management;****
- 5) Join Professional Associations/Organizations;**
- 6) Attend Training Workshops/Conferences/Seminars;**
- 7) Obtain Certifications.**

MANAGING SUBCONTRACTS FOR PEAK PERFORMANCE



- **Challenges and Solutions**
- **in Subcontracting**
- **and**
- **How to Define and Leverage**
- **YOUR Value Proposition**

The Small Business Series

Presented by

The Subcontract Management Institute



**DEDICATED TO REDUCING PERFORMANCE RISK IN
THE EXECUTION OF PUBLICLY-FUNDED CONTRACTS**
Combines Certification with Qualification