

First Step to Expanding Your Government Business – Know Your Market Segment

Everyone in business knows you have to know your customer if you want to sell them something. So, the first step in selling the government would be? Of course, get to know the customer. This seems obvious enough, but too often we see organizations trying to pursue federal business who have not taken the time to study the federal market. Some people just say; I have a product/service I offer, there are opportunities at various agencies that I can find out about, so I will find them and chase them.

The issue is not finding an opportunity to chase. That is all too easy to do. The issue is positioning yourself to win the opportunity, and to be in a position (win or lose) to leverage that effort into the successful pursuit of more opportunities. To do this, there are a series of steps a company should take. The first (assuming you have a good handle on what your company is offering – which is a separate issue worthy of discussion at another time) is to arm yourself with a basic understanding of this huge ocean you are about to jump into. Otherwise, without the ability to know where you are, and navigate to where you should be – well, think Costa Concordia! (Google if necessary)

So, just for fun, let's ask ourselves a simple question about our customer: who has the money? Eliminating the obvious, which is that Department of Defense has the largest contracting budget, can you name the next 4 agencies with the largest contracting budgets (yes, we want to know about contracting dollars, which are not the largest part of the federal budget.) Write down who you think they are, and then use the following link to check your answer: [NOTE: When you get to this web page you will see a list of spending categories in the upper right corner of the page. Each category has a check box in front of it. Make sure that only Contracts is checked and then wait for the page to redraw and you will see the answer.]

<http://www.usaspending.gov/explore?carryfilters=on#>

Did you get it right? Any surprises? Sometimes we are not even sure of something as basic as who has the big bucks, along with how does the government really plan and procure goods and services, who buys, how do they buy, where are they, etc.

Obviously we are not going to be able to tell you all that you should know – at least not here. Why, well we can start with the fact that various organizations who have tried to count the number of “federal agencies” (depending on your definition of agency) have come up with numbers ranging from 480 (count the names at USA.gov) to 1,800 (an attempt by Louisiana State University to develop a Federal Agency Directory.) So, what do you do with something so vast after you learn the basics – segment. Proper market segmentation is key to building leverage – and everyone needs all the leverage they can get when it comes to spending marketing dollars.

Why Market Segmentation Is Important

Unfortunately, in the case of companies looking to build a new market with the federal government (or looking to expand a small current presence) there is a tendency to think in terms of ‘agencies’ without really taking the time to understand this massive marketplace.

Yes, the government is made up of agencies, but they are complex organizations with many overlapping types of responsibilities and needs. And, as a small business, or a larger firm just starting out in the government space, you want to maximize the effectiveness of the resources that you apply to build a revenue stream. So, looking first at the “big picture” in terms of your best opportunities to penetrate and expand your presence is important. If you do not, you can spend a lot of time chasing after individual opportunities while never really gaining the recognition that will leverage your resources with the market segment you “should be” chasing.

Let’s take an example. Suppose you sold litigation support services. From a simplistic view you might say that the “law enforcement” agencies (principally Department of Justice and some parts of Homeland Security) would be the place to focus. Makes sense, doesn’t it?

Well, yes, it does to a point. Now consider that this was a pretty obvious conclusion that everyone comes to, so everyone is chasing this business. And, the large, well established Tier 1 contractors, all have a presence at these agencies, know what they want, and have already positioned themselves to offer whatever is needed. Do you want to fight with them?

Time to think about the big picture. If, once you have a reasonable definition of what you offer, you really do your homework, what would you learn about litigation support. First, you might learn that every federal agency has some type of enforcement responsibility. Whether it is housing, commerce, labor, environment, or health there is a law to be enforced. That takes lawyers, which means law suites, and that means litigation support.

Sure, these other agencies will not have the same scope of activity that DOJ or DHS might have, but that actually makes life a little easier. The organizations they do have, involved with enforcement, will be easy to find and small enough to navigate through. So, for a beginner, it would be a better place to start. And, given that these organizations have common needs they network with each other, so your investment at one agency can lead to opportunities at another (leverage.)

Market segmentation with the government is critical, but often the market does not segment by agency. It can also be programs that share a common function, or even just groups of people that share a common responsibility.

Don’t just jump in and try to start swimming, you will likely drown. Study first, segment the market, choose your battles to minimize your competition and maximize your leverage – and then be relentless.

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