Women-Owned Small Business: Winning in the Federal Marketplace

Volume Two:
Spotlight on Forty Businesses

CRC
Education and Human Development, Inc.
WOMEN-OWNED SMALL BUSINESSES: WINNING IN THE FEDERAL MARKETPLACE

Volume Two
Spotlight On Forty Businesses

by
Meredith Webb
Emily Lusher
Karen Ezekiel Handmaker
Linda McMiHlan

Conducted under SBA contract/grant
Statements and conclusions herein
are the contractor's/grantee's and
not views of the U.S. Government or
Small Business Administration.

© 1981 CRC Education and Human Development, Inc.
This report was prepared pursuant to contract number 2642-0A-79 with the Small Business Administration.

Author's Note: Except where otherwise indicated by footnote, all company and individual names are fictitious.

CRC Education and Human Development, Inc.
26 Brighton Street
Belmont, MA 02178
The study team of CRC Education and Human Development, Inc. greatly appreciates the support provided for the conduct of this study by the Women's Business Enterprise program and the Office of Economic Research of the U.S. Small Business Administration.

In particular, we wish to thank Debra Lynch, SBA's Technical Representative, for her assistance in seeing the project through to its completion and similarly to thank her predecessors in that role: Rosemary Mullaney, who monitored the project during the survey phase and Sally Bender who played a key role in launching it and seeing it through its first year. We appreciate the comments and interest of other staff of the Women's Business Enterprise program, particularly Mary Jo Aagerstoun, Hattie Dorman, and Marsha Bystrom, Associate Administrator.

During December, 1979, an Advisory Panel was convened to consult on the study's design. Members of the panel were Charlotte Taylor, formerly Executive Director of the President's Task Force on Women Business Owners, Washington, D.C.; Alice Warner, formerly President of Warner-Eddison Associates, Boston, MA; Mitchell Watkins, President of Watkins, Clement Associates, Chicago, Illinois; and Thomas Letaw, Procurement Officer with HEW, Office of the Secretary, Washington, D.C.

The study team worked together in various patterns to complete the work. Linda McMillan served as Project Director for the design and data collection phases. Emily Lusher served as Senior Analyst throughout the project, and took primary responsibility for overseeing the analysis phase. Meredith Webb participated in the in-depth case study development and managed the preparation of Volume Two and the assessment of perception data reported in Chapter VII of Volume One. As always, she saw the study through to its final delivery. Karen Ezekiel Handmaker participated in the development of the case studies. Randy Nehila served as the programmer for the study. CRC management provided assistance to the study team with customary grace: Martin Gordon providing technical advice for the analysis and interpretation of the data, and Judy Siegel management assistance.

Barbara Rittenberg and Linda Boris were responsible for producing the report. Richard Russell designed the report covers.

To the business owners who provided the information and insights for the study, we are indebted.

Alice K. Gordon, President
CRC Education and Human Development, Inc.
March, 1981
FOREWORD TO VOLUME TWO

The process required to develop and write these case studies was aided by many persons. I am particularly grateful to my colleagues on the study team who conducted the more than forty interviews required, spending hours on the telephone and in writing up interview profiles. Linda McMillan, Karen Handmaker and Emily Lusher acted as seasoned professionals at all times and worked seriously to represent all forty businesses accurately.

Alice Gordon and Judith Siegel were involved throughout the case study effort, and were constant advisors in the management, writing and editing of this volume. Their advice, and their patience throughout a long and detailed process is very much appreciated.

I would also like to thank Richard Russell for his creative "At-a-Glance" design, and Barbara Rittenberg and Linda Boris for handling all the production involved.

Finally, my thanks and those of the entire study team, go to the forty business owners who gave freely of their time, and shared their experiences with us. Their perception, their wit, their knowledge, and their commitment to owning and operating small businesses did much to enrich the study and the experience of those of us who worked on it.

Meredith Webb
Editor/Principal Author
CRC Education and Human Development, Inc.

March, 1981
# TABLE OF CONTENTS

## INTRODUCTION

- Spotlight on Forty Successful Women-Owned Businesses: 1
- The Composite: 5

## CASE STUDIES

- Specialized Circuitry, Incorporated: 9
- Air and Land, Incorporated: 13
- Certcom Parts, Incorporated: 17
- Barsam and Company, Incorporated: 21
- Optical Instruments Corporation: 25
- Environmental Analysis Associates, Incorporated: 29
- Public Relations Associates, Incorporated: 33
- Interplan Corporation: 37
- SPEC/TECH, Incorporated: 41
- Van der Valk Security, Incorporated: 45
- R & R Electronics: 49
- Carpentry Contracts, Incorporated: 53
- SHP, Incorporated: 57
- Davidson Suppliers, Incorporated: 61
- Grady Business Services, Incorporated: 63
- ABF Products, Incorporated: 67
- Precision Testing, Incorporated: 71
- Temp & Tech (T & T) Services, Incorporated: 73
- Middletown Lock Company, Incorporated: 77
- Ellen Vaughn and Associates, Incorporated: 81
- Heatcon, Incorporated: 85
- Action Machine and Manufacturing Company, Incorporated: 89
- Poole Business Operations, Incorporated: 93
- The Inter-Systems Company, Incorporated: 97
- Weber Services, Incorporated: 101
- Four Seasons Contracting, Incorporated: 105
- Steelson Manufacturing, Incorporated: 109
- The Tri-Communications Company: 113
- Sundown Electric Incorporated: 117
- Case Enterprises Company: 119
- Energy Research & Development International, Incorporated: 121
- Marine Services Corporation: 123
- Construction Data Control, Incorporated: 127
- Shapiro and Associates: 131
- ISC Corporation: 135
- Industrial Metal, Incorporated: 139
- Custodial Supplies: 141
- Stratton Electrical Systems, Incorporated: 143
- Quimby Technical Science Services: 145
- The Materials Company: 149
SPOTLIGHT ON FORTY SUCCESSFUL  
WOMEN-OWNED BUSINESSES

What is it that makes forty women successful in their efforts to sell to the United States Government everything from paper clips to underground wiring? This is the question CRC Education and Human Development, Inc. sought to answer by interviewing forty successful women entrepreneurs who participated in this study of women business owners in the Federal marketplace. The case studies contained in this volume describe the diverse business experiences of forty women business owners whose companies have won Federal contracts. Above all they illustrate that women have not only entered the world of work with vigor and determination, they have embraced the tradition of entrepreneurship with spirit, resiliency, and creativity.

The forty entrepreneurs we talked with market every kind of product or service imaginable. They are found all over the United States, from Connecticut to Hawaii, in small towns and in large cities. Some of them started their businesses with an enviable edge -- a business degree from a well-known school and few money worries. Others started with little more than their ambitions -- without money, only a basement office, and a high school education. Yet, all of these women business owners have successfully competed for work in the Federal marketplace, equalizing their different starting points and seizing the opportunities they discerned.

Certainly, all forty women business owners work with men regularly: men are their colleagues, their partners, and their clients. Men may be the sales managers, the treasurers -- sometimes even the presidents -- of these firms; they are not, however, the owners. Or at least, men are not the principal owners, and that, above all other factors, is what distinguishes these forty women and gives them their common ground.

The case studies presented in this volume are summaries of the telephone conversations held with representatives from each of the forty women-owned businesses that have been successful in securing Federal contracts. Sometimes we spoke to the owner herself; other times we were directed to the individual in charge of Federal work.

The businesses selected for interviews were chosen from among 215 reporting success in obtaining Federal work out of a total of 549 women-owned businesses responding to a mail survey. The intent to interview forty was established at the outset of the study in order to keep within the project's resources. The pool from which forty were chosen was established by including all businesses in our group which had won two or more Federal contracts totaling a minimum of $3,000 in at least one of the last two years. Firms which had not supplied enough data to make this determination were omitted from consideration, but only a handful were excluded in this way.

The criteria chosen were modest and simple. The Federal dollar volume was set at $3,000 simply to be sure that we did not narrow the gate too quickly and exclude too large a number of firms at the first cut. The specific number was an educated guess at the time it was set.
The reason for stipulating two contracts and in the most recent two of three years for which we had information was to focus on firms for whom Federal contracting was not a one-time event. Although twice does not make for a long track record, we thought it a better reflection of a company's position in the Federal marketplace if it had more than one contract.

The application of these criteria reduced our pool to 97. Those excluded at this stage either had contracts smaller than $3,000 or had had a contract(s) longer ago.

To arrive at 40 companies, we then searched out the firms with the largest number of contracts among the 97 which also had capture rates of 20% or higher. The capture rate is one of the favorite measures used by Federal contractors, as it is the ratio of the number or dollar volume of contracts won compared to the number or dollar value of contracts bid. Thus, a firm which bid on 10 contracts worth $100,000 each and which won five of them would have a capture rate of 50% in number and in dollars. In our quest for 40, we decided that a company with a capture rate of less than 20%, even if it had a relatively large number of contracts, would be dropped out.

This yielded us 42 companies having four or more contracts and capture rates of 20% or better. Six additional firms were selected which had less than four contracts but had extremely high average dollar value of contracts and a better than 20% capture rate. Of the forty-eight companies selected for interview, three declined, three were unavailable on a timely basis, and two more were simply too busy (a condition with which the study team had great sympathy).

The study team was satisfied that the majority of the 40 firms interviewed were indeed successful.* Although some of the company representatives seemed surprised to have been chosen (perhaps because of the modest size of Federal work they have), they all exude confidence in themselves and in their product. They convey persistence and resourcefulness as personal qualities so that it is easy to understand why they succeed.

What we learned about these companies is presented in two forms in the pages which follow. First, we present a composite picture showing the similarities and differences among the forty, the industries, products, clients, ownership patterns, start-up facts, size, sales volume, Federal share, procurement experience, marketing strategies, information sources, business ownership and related characteristics. In addition, we indicate the position of these 40 in the total sample in terms of how many contracts the forty have and how much Federal volume they account for.

*In one or two cases only, the owners were in the process of withdrawing from Federal work.
The composite is followed by the individual case studies. Each begins with an "At a Glance Profile" of key statistics for the business. The Profile includes the company's name*, its industry classification and its primary product or service. Also provided in the Profile are the age of the business, how it was acquired, the number of employees, average annual sales and that portion of sales which is represented by Federal work.

Following the At a Glance Profile is the case itself, which includes basic business statistics, a description of the company's current Federal work and the owner's desire to continue in this sector, the owner's knowledge of the procurement process, the approach taken to marketing to the Federal government, and the owner's perceptions regarding success in these endeavors. Respondents often offered anecdotes of personal experiences in obtaining Federal work and comments for improving the procurement process.

Throughout the case studies, every effort has been made to represent each business correctly and with as few interpretations as possible. All of the companies described in this volume are real; however, the identity of both the individual and the companies with which we talked have been protected by the use of fictitious names, unless respondents authorized identification.

We greatly appreciate the cooperation of these women, and in some cases, men, in our efforts to complete this volume. We recognize that they volunteered one of their scarcest commodities: their time.

* Each company was given the option to request actual identification. Those who have done so are indicated by footnotes, to distinguish them from those remaining unidentified.
The 40 businesses fall into seven basic industries: manufacturing, research and development, business service, wholesale distribution, construction, general services, and retail businesses. Characterization of the industry and product and service description were reported by the owners and thus subject to some variation in interpretation of terms.

The products and services sold by the firms are strikingly heterogeneous. These forty businesses are engaged in selling to the government about 35 discrete products or services. These include: human systems planning, transportation planning, aircraft testing in wind tunnels, energy research, management consulting, medical record-keeping systems, court reporting and transcription services, public relations, and automated data processing. The owners talked with run businesses which manufacture all kinds of products, such as steel tanks and troughs, communications systems, marine refrigeration units, antibacterial fabrics, and highly specialized optical parts for cameras used by the FBI. These owners sell locks, metal cutters, and janitorial supplies. They repair ships, and develop critical path schedules for construction workers. And, they often comment that they are successful in the Federal marketplace largely because they have created or discovered a "unique niche."

Taken as a group, these women-owned small businesses have left few stones unturned in locating Federal agencies who need their work. Major clients of the forty businesses include a range from the U.S. Department of Health and Human Services to local Defense Construction Supply Centers. One firm sells largely to the Army Corps of Engineers, another to the Bureau of Mines. One woman business owner is an expert in ocean thermal energy conversion and consults extensively with the Department of Energy, while another woman has developed a unique instructional systems development program used to train military personnel.

Like the diversity of products and services they sell, the forty successful business owners have owned their firms for varying numbers of years. Some women were just starting out a year ago, others had owned their companies for as long as thirty or forty years. However, when it came to acquisition of their businesses, the forty women were very much alike. More than half started their companies totally by themselves, and another substantial grouping started with a family member (often a spouse) or another partner. Few women bought existing businesses or inherited an already up and running firm.

These owners started their businesses with personal savings, occasionally with joint savings of a spouse or other family member, and, rarely, with a bank loan. They seem almost never to have used government loans and venture capital firms. It cost them anywhere from nothing to $260,000 to launch their businesses.

In addition to variety in the ways companies began, there is great variety in size. For example, among the 40 businesses, the number of full-time employees this fiscal year ranged from one to sixty.* Very small numbers of part-time

*The median number of full-time employees this current year was 10; thus, half the firms had fewer than 10 employees, while half had more than 10.
employees help to carry the work-load, with the exception of seasonal or some service types of businesses (such as a technical translation service, which maintains a roster of 200 translators), which employ a larger corps of part-time workers.

More intricate patterns begin to emerge when sales volume, and the Federal share of that volume, are scrutinized. The average volume of business these companies do is between $800,000 and $900,000 this year. However, the forty companies vary widely in the sizes of their businesses measured by total sales volume: from $24,000 to $4.2 million dollars of business this fiscal year. The sales volume of most firms has increased in the three year span for which figures were collected. During the last fiscal year, the average total sales volume was $765,723; two years ago, it was $420,061. Thus, these woman-owned businesses in the Federal marketplace are growing.

Likewise, the Federal share of the sales volume varies widely -- though it is not increasing or decreasing to any great degree. For example, although the companies we talked with depend on government contracts for 1% to 100% of their work, Federal dollars have averaged from 40-50% of the total sales volume consistently over a three-year period.*

The forty firms combined have $16,501,066 Federal contract dollars for this most recent year, and together, they have 647 contracts, of the 1,156 in the winner's circle as a whole. The way they obtain contracts is primarily through standard competitive bidding for government work, although they are benefiting from procurement mechanisms designed to improve the competitive advantages of small firms and (much less often) mechanisms designed to help woman-owned firms.

In rank order, the most common types of procurements sought after by these firms are: negotiated procurements for under and over $10,000; formally advertised procurements; small business set-aside solicitations; non-competitive and unsolicited procurements; and to a very minor degree, 8(a) and labor surplus set-asides.

Although the forty owners consider themselves to be knowledgeable about procurement processes used by the government (less than 10% consider themselves not very or not at all knowledgeable), they seem to have no single strategy for obtaining government work. In fact, more than half of them claim not to have a "well-defined sales strategy" -- and in conversation, these owners spoke more often of such attitudes and values as persistence, hard work, playing fair, knowing the field, taking risks, and being aggressive than they did of marketing plans, targets and goals, return on investment, or firmly projected capture rates. These latter strategies were not completely absent, but they were less commonly discussed, and less heavily emphasized.

Still, these owners are resourceful and selective, scrutinizing opportunities for the way in which they match a firm's capabilities, and bidding on what is suitable for their size, schedule and capability. They generally pursue that which they can deliver and leave to others jobs that are too big or too fast or simply too different.

* The median Federal share was also consistent: 30% for each of three years.
As a whole, they seem to choose as their major marketing strategy a high level of reliance on personal contact on a one-on-one basis. This is certainly the single most effective marketing strategy known to the business world, and these women owners have capitalized on it, and have made it work for them.

However, most owners agreed that marketing to and working for the Federal government also requires specific information and that the sources they need and use are found to be (usually by trial and error) either more or less fruitful. The most useful sources of information to these business owners are the Commerce Business Daily, the Federal employees in the agencies in which the company has work, registration on bidders' lists and personnel from other agencies. These entrepreneurs are less likely to find the Small Business Administration and the PASS registration system helpful (in part because successful entrepreneurs need different kinds of support than do struggling small businesses). As one woman business owner stated: "The government will support you -- but they can only go so far." In some cases, these owners have been helped by the SBA to obtain loans or to learn the ins and outs of the procurement process from SBA-sponsored seminars.

In discussing their successes, and in offering advice or reflecting on disappointments and problems, the actions of these forty owners speak louder than words. They own businesses, and support the idea that women have the right to be business owners on the same terms as anyone else does -- that is, if they have a good product, if they will compete and can be successful on their own merits, and if they are willing to endure the risks and commitments required of business owners. Many times in the course of our conversations, women owners talked of these qualities as being crucial to their own success. They are not especially interested in set-asides or special programs for women (although some think it would help give women owners a competitive edge, since they are underrepresented in business) and generally attribute their problems to those of all small businesses rather than to their gender.

Perhaps that is what we learned most from spotlighting these forty. Women do have a hard time running small businesses -- because small businesses are hard to run. Knowledge makes a difference, and the path can certainly be smoothed by working closely with a friend, a colleague or a government procurement officer ready with some advice. But in the end, these women seemed to indicate that nothing replaces hard work and persistence. And in the end, many seemed to say, nothing else is quite as rewarding, nor quite as much a source of pride, as owning and running their own small businesses.
NAME: SPECIALIZED CIRCUITRY, INCORPORATED

Industry: Construction

Product: 

Service: Electrical Wiring

Years in operation: 11 Years; owned by current owner 1 year

Business Acquisition: Founded [ ] Purchased [ ] Inherited [ ]

TRANSFERRED BY CORPORATE RESOLUTION [X]

Current number of employees: 10

Background on Annual Sales: $450,000 this fiscal year; similar to prior years.

Background on Federal Share: 5% this year; 6% last year; 16% two years ago.
SPECIALIZED CIRCUITRY, INC.

Specialized Circuitry, Inc. performs electrical contracting work in high voltage and underground wiring of a unique type which most general contractors do not have the expertise to handle. Frank Babcock, a member of the owner's family and the person most responsible for marketing, was the respondent for the interview.

The company is eleven years old and has been woman-owned for one year.* The total sales volume of the company this fiscal year was $450,000. Ten full-time employees carry out the work of the business.

Mr. Babcock explained that approximately five percent of Specialized Circuitry's work is done under Federal contract. He thinks that information about Federal procurement is relatively easy to obtain and that experience has provided the firm with the practical information needed to compete knowledgeably for contracts in the relatively small number of agencies or departments which may require its specialized services.

Such agencies have included the General Services Administration, and the National Park Service, both of whom have been major clients of the firm. The size of the contracts which Specialized Circuitry performs for the government vary from very small jobs of $1,000 to somewhat larger jobs in the $10,000 range. Half of its government work is done under subcontract to general contractors -- as specialized electrical skills make the firm a desirable subcontractor to general contracting firms with large Federal jobs requiring diverse kinds of skills. Also, 25% of the contracts are small business set asides.

Specialized Circuitry began its efforts to obtain Federal work by reviewing several government publications suggested by procurement officers who were approached for advice. (Mr. Babcock remembered, in particular, a reference called Doing Business with the Federal Government.) Now, although the firm does not seem to have a formal marketing plan which delineates time or staff investment, its informal strategy is comprised of two activities which are routinely carried out: first, opportunities for bidding are located through review of the Commerce Business Daily. Second, Specialized Circuitry maintains working relationships with other contractors, so that their specialized skills are well-known, and in a sense, are "advertised" by word of mouth.

Once the firm has located a bid opportunity, it decides to bid if the type of work specified matches the type of work Specialized Circuitry can perform. The size of the job is also important in making a bid decision: as a small firm in this particular industry, it has a limited bonding capacity, and that can be a restriction if the firm locates a very large bid.

*Prior ownership appears to have been within the family although this was not clearly documented; ownership was obtained by the current owner, according to the original questionnaire presented in the study, by "corporate resolution."
In a sense, however, while the marketers in this firm may pass up an individual bid opportunity, they do not feel too restricted in their ability to compete for Federal work. Mr. Babcock feels that there are enough contracts available for the firm to compete for, and estimates its capture rate at 50% of all bids made.

Mr. Babcock discussed the firm's success at marketing to the government in terms of the unique knowledge and skills the firm is able to deliver. Recognition of the need to be successful was built into the foundation of the company eleven years ago: the idea was to form a company which would do a specialized task, and use that special character as a competitive edge. In concert with the notion of the firm as a "specialty provider" Mr. Babcock stressed the selectivity of bid decisions as a major contributor to the firm's success in marketing.

Mr. Babcock expressed a great deal of satisfaction with the processes the company has been following to obtain and carry out Federal work. Although the company's capture rate of 50% has provided it with enough work, he also stays abreast of bids that Specialized Circuitry loses -- especially when price is not the determining factor -- and frequently requests debriefing or informal comments, a practice he has found useful. Particularly, the company learns through that practice how best to describe its abilities in ways that will make government buyers receptive, as well as learning how to tailor bids closely to the job being specified.

Specialized Circuitry would like to see more work let under the small business set-aside program. (Mr. Babcock in particular feels the program enhances their ability to compete.) The main problem in competing with larger firms, in Babcock's perception, is that large firms can bid lower on the small jobs -- which enables them at least to keep their crews busy -- without necessarily having to make a profit on each job.

Finally, Mr. Babcock did not feel that either advantages or disadvantages are associated with being woman-owned. Although, as stated earlier, half the company's Federal work is done under subcontract, Mr. Babcock could not recall any instances, so far, when the company was asked to subcontract on the basis of its ownership status.
NAME: AIR AND LAND, INCORPORATED

Industry: Retail

Product: Surplus Aircraft Parts
Service: 

Years in operation: 4 Years

Business Acquisition: Founded □ Purchased □ Inherited □

Current number of employees: 2

Background on Annual Sales: $343,032 last fiscal year (no other figures provided.)

Background on Federal Share: 90% last fiscal year
Air and Land, Incorporated retails surplus and/or overhauled aircraft spare parts. Started by Betty Appel four years ago, the company has remained a small, tightly knit firm -- it employs two full-time and one part-time staff persons, and had a total sales volume of $343,032 during the last fiscal year.

The company's major clients are Air Logistics Centers (ALC's), such as the ALC at Robbins Air Force Base. Other clients to whom it supplies surplus parts include the U.S. Army Troop Support (DoD), the Navy (including individual bases), the Navy Aviation Units, and the Coast Guard. The share of the sales volume represented by government contracting has shifted only slightly in the past several years: from 99% two years ago, to 80% of the total sales volume during the current fiscal year.

The average size of contracts won by Air and Land is approximately $15,000-$20,000, although recently the amount has been increasing. The smallest contract ever received was approximately $100; the largest was $170,000. Ms. Appel noted that recently her firm has been bidding and winning fewer contracts, but receiving a better profit margin. Early in the company's history, it bid a great many contracts, but maintained a low profit margin in order to be competitive.

Air and Land bids on both formal and negotiated procurement contracts, as well as on small business and labor surplus area set asides. Non-competitive and unsolicited proposals are also used to obtain work.

Difficulties sometimes encountered in marketing the type of product Air and Land supplies include negative experience agencies have had in the past with surplus materials. For example, Betty Appel noted that because of this attitude, it took approximately 1½ years and "hundreds" of bids before acquiring the Army as a client.

Ms. Appel feels that she is very knowledgeable about the procurement process in her industry and can carry it out expeditiously. She has been helped in particular by her associate in the firm, a man who has been "dealing with the Federal government for 30 years." Her own experiences in learning about the procurement process have constituted what she calls "on-the-job training." She has learned about procurement by actually working on all parts of the process. In addition to regularly reading the Commerce Business Daily and information service documents, she claims to find no source of information -- however small -- a waste of time. She has been especially helped by her government Quality Control Inspector, assigned through the local office of her Defense Contractor Administrative Services Region (DCASR). In particular, DCASR has aided the company by teaching Ms. Appel the proper ways of completing the myriad of bid forms and bid sets that require careful paperwork.

Both Ms. Appel and her associate are responsible for marketing activities. There is no formal "marketing plan" which allocates specific time or financial resources to the marketing function. The budget is spent "as needed," although a close watch on company finances is maintained by the corporate accountant.
The marketing strategy is guided by Ms. Appel's belief that the most important principle is to "stay in front of the government," that is, to maximize visibility at the buyer's level. Currently, this is done in several ways:

- The firm constantly files and updates forms S129* in order to be placed on bidders' lists.
- Advertisements, including mail brochures, are distributed among such Federal offices as the Navy Aviation Supply Office and various Air Logistics Centers around the nation. Some advertising is bought annually in specialty or trade publications such as the Thomas Register.
- Registration with the Payne Enterprise Service, which provides the company with a representative at chosen air bases, and provides a daily information service for the industry, has been extremely helpful. The Payne Aircraft Procurement Publication announces and summarizes every procurement opportunity, both over and under $10,000. The service also provides abstracts listing all bidders on a given bid, the contract award price, and the firm to which each job was awarded.
- Follow-up phone calls on submitted bids are consistently made to keep the firm's name "out in front". Ms. Appel places great stock in personal rapport with all buyers, as well as careful introduction of the company to new buyers by herself or her associate.

Specific decisions to bid on a contract are based on whether the company has the requested materials on hand, and whether Ms. Appel is relatively sure that available materials will meet the technical review standards for surplus parts. Since technical standards vary among buyers, the company sometimes bids regardless of information about acceptable technical quality of the parts. A second criterion for bidding involves knowledge of the past "buy price" and determination of the company's ability to be cost competitive.

The marketing function has, in four years, become more settled in the main office. Although both senior staff make it a point to visit air bases or Air Logistics Centers whenever and wherever possible, actual visits are now less central to the marketing function than in the prior three years. For example, in the first two years of the company's history, the staff (and their children) literally drove and camped across the country, visiting all major Air Logistics Centers and introducing themselves to buyers. During the third year, they also traveled extensively, using the half-fare air coupons which were common at that time. During this fourth year, they are unable to be away for extensive periods of time, and therefore have invested in the Payne Service Representatives mentioned above to be their contacts at major Air Logistics Centers.

Betty Appel attributes her marketing success primarily to the development and maintenance of personal relationships with buyers through personal visits and telephone follow-up. She noted that recognition of the company's name and knowledge of its reputation give it an advantage, particularly in sole source work.

*Company and staff capability statements for placing firms on "source" or "bid" lists.
She also noted that maintaining current knowledge of her own industry (knowledge which was acquired by trial and error to begin with) has helped her to target her marketing efforts and establish a solid reputation for quality performance.

Ms. Appel had at least one suggestion for improving the procurement process: she suggested that formal notification of changes in procurement regulations by the government to the sellers would enhance the ease of, and success in, bidding.
NAME: CERTCOM PARTS, INCORPORATED

Industry: Manufacturing

Product: Communication Devices

Service: 

Years in operation: 10 Years

Business Acquisition: Founded [ ] Purchased [ ] Inherited [ ]

Current number of employees: 12

Background on Annual Sales: $800,000 this fiscal year; $600,000 last year; $500,000 two years ago.

Background on Federal Share: 95%-98% consistently over three years
Certcom, Inc. manufactures communications parts. Jane Drummond, who responded to the interview, started the company herself ten years ago and has owned and operated it throughout that time. The company employs twelve people full-time, and had a sales volume of $800,000 this fiscal year.

Ms. Drummond has found that the information she needs to acquire the 95% Federal share of her sales volume is relatively easy to obtain. Although she is the person primarily responsible within the company for carrying out marketing activities to obtain Federal work, she thinks the process is uncomplicated enough so that any number of individuals within the firm could market to her clients.

Certcom's clients are primarily the Department of Defense, and within DoD, the Department of the Army. The average contract is worth about $50,000, although the firm has obtained contracts for as little as $500 and as much as $219,000. All work is done as a prime contractor, and a majority of it — 75% — is obtained under the small business set aside program. The smaller contracts are obtained as purchase orders -- the firm prepares no bid, but based on prior work, Certcom is requested by a Federal agency to supply a small order of units. The larger contracts, on the other hand, require the preparation and submission of bids in response to notices in the Commerce Business Daily.

Jame Drummond has had little apparent difficulty learning her way around the procurement process and locating sources of information which are useful in obtaining work. Originally, she attended at least one government sponsored seminar conducted by Department of Defense personnel who administer contracts. She found that to be useful (and would like to see more such conferences held). She also used the Federal Procurement Regulations at the start, to assist her in establishing a cost accounting system and to familiarize her with Federal terminology.

However, now ten years into the business, she feels that the most useful — indeed, the only consistently useful — source of up-to-date information is the Commerce Business Daily. For the portion of the firm's work that is competitive — rather than sole source purchase order — Ms. Drummond combs the CBD daily, looking for opportunities to bid.

After locating the bid opportunities in the Commerce Business Daily, certain criteria are applied to determine which bids to submit. The criteria Ms. Drummond outlined include: determining that all necessary parts can be purchased; knowing that the firm has or can obtain the required equipment to test the unit; and determining whether there is adequate time to prepare the bid — with "adequate" usually considered to be 30 days. Ms. Drummond explained that knowledge of the competition is not considered when making a bid decision. She used to try to factor that information into a bid decision, but found it was usually an unproductive use of time. Although she could often find out about companies she knew were bidding, frequently, a new, unknown firm emerged as additional competition. Similarly, the price quoted by the firm is based on the internal cost of parts and labor, rather than on the basis of another firm's price. She quotes what it will cost
Certcom to actually perform the job -- and though she has lost bids on the basis of price, and knows that she needs to try to sustain an adequate capture rate, she feels that good business sense dictates quoting the real cost of doing the job.

Jane Drummond's observations about her own successfulness, and her advice to other owners, are comprised to a large degree of common sense. She thinks she has been successful in the Federal marketplace because that marketplace is less sophisticated and complex than the commercial sector -- in a sense, more adapted to the capabilities of small businesses. She is very supportive of the small business set-aside program for that reason, and said that set-aside contracts have been extremely useful in enabling her firm to obtain work. For example, in her industry, many of the units which the government is requesting were previously manufactured by larger companies, but, through the small business set-aside program, have recently been "put out for replacement." This has created exclusive work for small companies that they can do efficiently and well.

Drummond has both specific and general advice for other owners. Specifically, she knows small businesses often have problems with cash flow and inflation. She gave an example, as a form of advice, about how such problems can be handled in a manufacturing and supply business. First, she said, companies should request that suppliers hold for sixty days the price they quote (and which is in turn quoted by the contractor to the government). Suppliers who want to uphold business with that contractor are usually willing to cooperate. Then, in response to suppliers' willingness to hold a price -- contractors should buy from suppliers the parts they said they wanted immediately following contract award. This arrangement not only reinforces the supplier, but enables contractors to live with the prices they have quoted to their Federal buyers.

This owner has not experienced any unique problems as a woman business-owner. Rather, she thinks that her difficulties are the same as those faced by all small businesses. Her advice to other owners is based on what she views as the elements of Certcom's success. In her own words, that advice is: "play by the rules, deal with suppliers honestly and fairly, make bid decisions with full knowledge of the cost (of performing the work)."
NAME: BARSAM AND COMPANY, INCORPORATED

Industry: Transportation
Product: Aircraft Parts
Service: 

Years in operation: 40 Years; owned 8 years by current owner

Business Acquisition: Founded □ Purchased ☑ Inherited □

Current number of employees: 58

Background on Annual Sales: $4.2 million this fiscal year; $3.9 million last year; $3.8 million two years ago.

Background on Federal Share: 12½% this fiscal year; 15% the prior two years.
Barsam and Company performs a variety of activities in manufacture, sales, and distribution of reciprocal aircraft parts. Much of their Federal procurement work is in the manufacturing area, but the firm also maintains distributorships and "deals through the market," that is, they buy titles to goods and sell them.

The business has been in operation for 40 years, and was purchased eight years ago by Melanie Barsam. Her daughter, Frances, who responded to this interview, is Director of Marketing and has been working with the company for six years. The total sales volume of the business this fiscal year was $4,200,000. Barsam and Company employs fifty-eight people full-time.

The marketing effort at Barsam has become increasingly complex in recent years. The firm has been successful in Federal marketing for many years, working under a strategy of extremely aggressive bidding. Frances Barsam stated that the company is not afraid to take on jobs that might be considered too small by other companies, and especially is not afraid to take on "an odd contract -- one with exotic or strange requirements" -- which might be rejected by other bidders. Roughly 12½% of all the firm's work comes from the Federal sector -- Barsam's major Federal client is the Department of Defense, including its various subparts such as the Air Force, Navy, the Tank Command -- "all facets," Frances Barsam explained. Contracts vary in size, with the majority "at the small end," approximately under $50,000. The smallest contract the company has received is $10,000, and the largest have ranged from $150,000 to $200,000.

Frances Barsam feels that her company is extremely knowledgeable about Federal procurement. She attributes this to several factors: the woman who is the firm's contracts administrator has been with the company for twenty years, has been active in procurement marketing for at least fifteen years, and plays a major role in the marketing function. However, the most important source of information for this company has been personal interaction in the marketplace. Visits to agency personnel and buyers, in order to research the marketplace, have been extremely fruitful. The kind of information sought includes who has decision-making power in the department or agency and what goods are needed in the marketplace. Frances Barsam stressed that her company's sales representatives don't get "inside information" and they don't seek "illegal routes." She feels that although large companies might function that way -- and she believes that they do -- she would rather go out of business than to do business illegally or unfairly.

The least useful sources of marketing information for the firm are the lower-echelon buyers in the procurement offices. Ms. Barsam feels that too often they are not familiar enough with the industry and that they are uneconomical in their procuring practices.

The actual process of making bid decisions is quite formal. The contracts administrator is responsible for assembling the array of bid opportunities which the company may compete for. This involves compilation of notices in the Commerce Business Daily, formal invitations to bid, information supplied as a result of being on bidders' lists, and "word of mouth" marketplace information.
The contracts administrator presents the various opportunities to the Director of Engineering. Frances Barsam and the engineering director, together with the contracts administrator, determine what the company is equipped to produce or distribute. Once a bid decision is made, the required parts are priced and the bid is submitted. The company is careful to keep abreast of all procurement regulations so that all bids are prepared correctly (and so that work, if awarded, is correctly carried out).

The company keeps a running awards log on all bids which are submitted. If Barsam is not awarded the contract, they record who won it and at what price. Then the award and pricing information is taken into account in future bid decisions.

The company's success in marketing was attributed in part to what Ms. Barsam described as a company-wide attitude, "that everyone involved feels personally committed to each bid and contract." In addition, there is an effort to be aggressive and innovative in marketing, in making many products which other companies don't or can't make, and in finding a "unique niche" in the marketplace.

However, this small business is feeling increasingly squeezed out of the market by larger firms. Original manufacturers, or other very large firms with extensive resources, are, according to this respondent, "closing out small businesses so that large companies can produce the goods at excess cost." One way of doing this is for large firms to file "proprietary item" suits, even on parts that may have been made by a variety of companies for many years. A proprietary item suit may have a number of repercussions, all of them devastating to a small firm. Government clients get nervous -- or uncertain of the situation -- and may, for example, withhold copies of blueprints which the smaller firms need in preparing bids and doing work.

Frances Barsam explained that it is nearly impossible for small firms to fight large companies when court action is threatened. Small companies don't have the funds to support long and complicated proprietary item suits or to engage in anti-trust actions which might halt such litigation.

Frances Barsam has decidedly mixed feelings about special programs or set-asides for small businesses and women. She feels that the small business set-aside program may sometimes make a contribution by allowing small companies "a first shot." However, she said that does not preclude, in her industry, at least, subsequent "interference" from original manufacturers -- usually large companies -- that may ruin the solicitation. She views current efforts to increase business opportunities for women as "pieces of paper" with no impact; her company has never been contacted to be a subcontractor as a result of being owned by a woman. When asked about the Executive Order, she commented that she is quite aware of it, but "What about it? Tell me once if anything has ever happened?"

Ms. Barsam frequently mentioned her strong feelings about the importance of small businesses and their contribution to the economy. She believes that fair competition is a part of the small businessperson's "rights", and that the government is not supporting those rights. Her advice to other women in the business of marketing to the Federal government is: "Don't do it."
Especially, she warns women against moving into military procurement, where she feels women are unfairly and unprofessionally treated.

She acknowledges that her attitude is bitter, that she would like to do more Federal procurement work, but realistically, cannot. When asked why, her response was: "It's unfair and it's unrewarding. (The government) ties my hands and then tells me it's a privilege to serve them." In another part of the conversation, she explained that, in her opinion, Federal work "is no favor. They put you through hell and then don't help you."
NAME: OPTICAL INSTRUMENTS CORPORATION

Industry: Manufacturing
Product: Optical Instruments and Accessories
Service: 

Years in operation: 30 Years; owned 15 years by current owner

Business Acquisition: Founded [ ] Purchased [ ] Inherited [ ]
*with spouse, now deceased

Current number of employees: 25

Background on Annual Sales: $2.5 million this fiscal year; $1.9 million last year; $1.5 million 2 years ago.

Background on Federal Share: 6% this fiscal year; 5% last year; 10% two years ago.
This manufacturing business makes optical instruments and accessories. The woman who co-founded the company with her husband assumed principal ownership following his death, and remains Chairman of the Board and controlling stockholder. (Her sales manager, Mr. Glen Cain, responded to the interview, at the owner's request). The company's total sales volume has risen by a million dollars in the last three fiscal years: from approximately $1.5 to $2.5 million. Twenty-five employees work for the firm full-time; two additional staff persons work part-time.

This fiscal year, Federal contracts comprised six percent of Optical Instruments' total sales volume. Current Federal clients of the firm include the General Services Administration, the Customs Department, the Federal Bureau of Investigation, and ten to fifteen armed forces facilities. The average size of a contract is $5,000-$10,000; the largest the firm has procured was approximately $35,000. However, none of the firm's contracts are small business set-asides. All contracts are fixed price -- a situation that Mr. Cain views both as "unsafe" and "a fair way to do business." He explained that despite the cost fluctuations of producing his products, he should know his business well enough to quote correct prices. He considers fixed price contracts a commitment that works for both parties: the government knows that he will deliver his product, and he knows that the government is contractually committed to paying him for the product.

Mr. Cain considers Optical Instruments to be "as well informed as any small company in the United States." His major sources of information are government engineers in the agencies where the company does most of its business. The company does not subscribe to the Commerce Business Daily, and does not depend on any formal information service, government procurement regulations, or other government publications. In general, there is no formal marketing plan. The informal rule of thumb is that no more than 10% of a salesperson's time "on the road" should be spent with Federal clients. Since the majority of Optical Instruments' work is done on a sole source or unsolicited proposal basis, the major strategy is continuous contact with government engineers, who are themselves constantly in contact with procurement offices for the purpose of requesting orders for parts.

Criteria for bidding are also somewhat informal, according to Glen Cain. Optical Instruments bids only on parts which it makes: "If it is a lens or application we can fill, we bid it," Cain said. The capture rate was approximated at three contracts won out of every five bid. He considers this to be higher than is generally the case for the industry, a situation Cain attributes to the fact that the company makes very specific items in a very specific product line. Its products have been tested and highly rated by independent testing firms. This has increased the reputation of the company, and government specifications or advertisements to bid sometimes specifically request items with the Optical Instrument imprint.

Even so, Mr. Cain estimated that the company probably loses a bid a year in agencies where it is well-known, due to the highly price competitive nature of the business. In his view, government buyers sometimes choose to sacrifice
quality to save money. Cain would like access to more information on awards in order to help him prepare cost-competitive bids. He feels that his company does not know often enough who in the industry has received a contract, and why the award was made to a given firm.

The most crucial component of Optical Instrument's success in marketing to the government was attributed by Mr. Cain to its well-known, high quality product line. Although it was initially difficult to "get in the door," the company has now firmly established itself with its clients. Although Mr. Cain was not aware of formal efforts to increase the participation of woman-owned businesses in Federal procurement, he was aware of an increasingly welcome attitude. He remarked that the government engineers he works with welcome the firm's status as woman-owned, as it gives them additional bargaining power with their procurement offices to obtain parts they want when they name a woman-owned firm which can expeditiously supply those parts.

Mr. Cain sees a need for his company's equipment by Federal agencies, and feels that if agency budgets were not so lean, the firm could triple its Federal business. In fact, the percent of O pticals' sales volume which is represented by Federal work has dropped slightly from 10% to 6%, in three years. He views Optical's products as safety-enhancing, in particular, which he strongly feels is crucial to such agencies as Customs and the FBI. In order to go about tripling its share of government procurement work, the company has expanded its product line, has added products that will complement current optical equipment, and is displaying products more frequently at trade shows attended by government buyers.
NAME: ENVIRONMENTAL ANALYSIS ASSOCIATES, INCORPORATED

Industry: Research & Development

Product: Environmental Analytic Testing

Service: Environmental Analytic Testing

Years in operation: 12 Years

Business Acquisition: Founded

Current number of employees: 24

Background on Annual Sales: $886,000 this fiscal year; $741,000 last year; $705,000 two years ago.

Background on Federal Share: 22% this fiscal year; 15% last year; 13% two years ago.
Dr. Mary Ellen Roth, owner/president, describes her company as a "versatile" environmental analytical testing laboratory. The company is twelve years old, has twenty-four full-time employees, and has a current sales volume of $886,000. Dr. Roth started the business with another woman.

This fiscal year, approximately 22% of the company's sales volume comes from Federal contracts with such agencies as the Environmental Protection Agency, including its various research arms around the country; the Tennessee Valley Authority; and the Waterways Division of the Army. Relatively speaking, Dr. Roth has been least successful with the Army. She thinks she has lost on cost, not on technical merit; the Department of the Army usually bases choices primarily on price and her firm has not always provided the necessary low bid.

Contracts have ranged in size from $6,000 to $678,000. Dr. Roth prefers prime contracts to subcontracts, based on a bad experience or two. However, she is wary of being a prime contractor on a job that is really too big for EAA. In these instances, she would like to be able to locate suitable primes for which she could be the appropriate subcontractor, but she finds this information difficult to obtain.

A very small percentage of Dr. Roth's contracts have been small business set-asides. She has no sense that the program is really working. She also thinks that small businesses are being squeezed from several directions. The insufficient numbers of procurement personnel in the government has meant that contracts cannot be monitored as well as is desirable. Consequently, many agencies are not designating contracts for small business set-asides. Instead, they are combining small amounts of work into large single contracts to make monitoring easier. As a result, the set-aside program may not be developmentally useful to small businesses. Dr. Roth is well aware of the Executive Order, but the lab business has not picked up on it. She has never been contacted to be a subcontractor on the basis of woman ownership.

Half of EAA's contracts are cost-plus-fixed fee; the rest are fixed price. CPFF contracts are costly and the paperwork is ridiculous, says Dr. Roth, but they are a better arrangement for the contractor. She has had some trouble with fixed price contracts, but she was able to renegotiate in special circumstances.

The capture rate that she expects is 75%, which is definitely higher than the average rate for the industry. For sure, she says, there is much work available for qualified contractors in her field.

Dr. Roth was very candid about her learning experiences in Federal procurement. About twelve years ago, she went to a local seminar that was sponsored by several Federal agencies. At the seminar (which by itself she did not consider useful), she met someone who mentioned the Commerce Business Daily to her. A colleague who had his own firm introduced her to Federal contracting by teaching her to read the CBD and respond to Requests for Proposals. Dr. Roth and her partner won the first contract the firm ever proposed to do -- thus beginning a long and prosperous relationship with EPA. Now she subscribes to the CBD and attends many seminars. She feels quite secure in her knowledge of the procurement process.
Environmental Analysis Associates is now concentrating on establishing a base income that is fairly reliable. The strategy Dr. Roth uses is selective bidding: she only bids those contracts which she is very confident of EAA's ability to win. She invests a great deal of time and energy in producing top-notch proposals -- in fact, many firms have requested copies of her proposals.

Dr. Roth offered a number of observations about small and women-owned businesses in Federal contracting. For example she feels that minorities have been helped tremendously by the government. Industry cooperation has helped minorities obtain business and acquire contracts. She has notified her clients that EAA is woman-owned, but she hasn't received any return on this yet. It appears to her that in contracts related to social services (as opposed to the sciences) being woman-owned has become an advantage, but she is not sure why.

Having experienced serious difficulties with universities which set up commercial-type laboratories with non-profit status, Dr. Roth believes that such arrangements cause independent laboratories to lose business. For various reasons, her professional organization, the Association of Independent Labs, is trying to discourage the government from giving money to universities for this purpose. Although there is nothing illegal about what the universities have been doing, the staff in these laboratories tend to be graduate students, thus permitting serious cost competition. Dr. Roth claims this competition is unfair and inappropriate.

Attempts made by EAA to use the PASS system have been largely a disappointment to Dr. Roth. EAA was miscatalogued by PASS, and after that was corrected, when she requested access to the system to find other suitable firms for joint bidding or to use as subcontractors, SBA told Dr. Roth she could not use PASS that way. Finally, she obtained the PASSWORDS she needed, but the search she conducted wasn't fruitful. Regardless, Dr. Roth feels that PASS could be useful and should be accessible to those who are registered with it; it should not be restricted for use only by Federal agencies or large firms looking for women- or minority-owned firms. Small businesses should also have greater access to the system.

In Dr. Roth's opinion, women business owners have financial problems. For example, she had a great deal of trouble getting $20,000 from a local bank even with two major purchase orders from private firms in hand. Today, she sits on the Board of Directors of that bank, but it was a long, uphill battle to establish credibility with them.

Her biggest piece of advice to new firms which are unfamiliar with Federal contracting is to find people who are experienced in the process and who can help the small firm start up. Because she was helped in this way, Dr. Roth is even considering holding seminars for people in her industry who want or need to learn more about contracting.
NAME: PUBLIC RELATIONS ASSOCIATES, INCORPORATED

Industry: Business Service

Product: Public Relations/Public Affairs

Years in operation: 6 Years

Business Acquisition: Founded [x] Purchased [ ] Inherited [ ]

Current number of employees: 25

Background on Annual Sales: $1.5 million this fiscal year; $1 million last year; $750,000 two years ago.

Background on Federal Share: 5% this year; 2% prior two years.
Public Relations Associates, Inc. is a six year old public affairs/public relations firm with a current annual sales volume of approximately $1,500,000. The firm employs twenty-five full-time and five part-time staff. Patrick Sakow, a marketing specialist for the firm, responded to the interview.

Major clients of the firm include the Departments of Labor, Commerce, and Energy, and the Food and Drug Administration. Of the sales volume, the Federal share represents 5%, an increase from 2% during the past two years. Because the company pursues and receives purchase orders as a major source of contracts, the average contract size does not exceed $10,000. The smallest contract awarded to the firm was for $4,600, and the largest was for $109,000. None of the contracts have been small business set-asides. Less than 1% are subcontracts, although Mr. Sakow prefers them, as he considers subcontracts easier to administer than prime contracts.

All of PR Associates work is done on a fixed price basis. The company prefers fixed price work to cost-reimbursement, and has had no problems with it.

Both Mr. Sakow and the firm's owner were described as extremely knowledgeable about procurement. Both worked for the Federal government directly before becoming involved in Public Relations Associates and together they handle all major marketing efforts for the company. Sakow explained that all staff members update and expand their knowledge constantly, through review of many publications and personal contacts. However, he was able to identify a major information gap for small business owners, regarding the lack of uniform procurement regulations. He finds review of existing regulations to be only moderately useful, because of conflicting requirements and lack of standardized implementation.

Public Relations Associates recently embarked on an annual investment plan and formal marketing strategy, after prior years of "haphazard" marketing functions. The new marketing effort is based on an annual plan for target sales volume expected, investment of staff time, and dollar investment required to procure the target. The firm attempts to keep its investment relatively low, and relies primarily on the submission of unsolicited proposals. Although the Commerce Business Daily is reviewed regularly, it is not considered a strong source of information about opportunities for obtaining work. The firm prefers to target to a Federal agency in which staff members have identified a need that their services can fulfill. They then research the agency and make personal contacts in both the procurement and program offices. Their most successful strategy so far has been to cultivate personal contact within Federal agencies.

In deciding to pursue a contract opportunity, the firm attempts to investigate the agency's needs and requirements for a given job. If the requirements are determined to be clear and the PR Associates marketing staff feel they can be responsive, a positive bid decision is made.
Mr. Sakow estimated that the firm's capture rate -- including unsolicited proposals as well as response to RFPs -- is approximately 60% of all bids made. This was perceived as higher, on the average, than that for the industry as a whole.

Unsuccessful bids have been made both to the firm's regular clients and to agencies in which it is attempting to break new ground (such as the Environmental Protection Agency and Department of Defense). Lack of success was perceived to occur more often when the company attempted to respond to RFPs (as opposed to creating its own work via unsolicited proposals). RFPs which the company lost were thought, by Mr. Sakow, frequently to be "wired." Formal and informal debriefings on bids not awarded to the company are pursued, and are considered helpful in preparing other bids.

Although no small business set-aside work is done by this company, the staff views the set-aside program favorably. Mr. Sakow suggested that it may not be a clearly understood program by some small business owners, and that the size standards gear the program toward industries that are more labor-intensive than Public Relations Associates.

The company was satisfactorily contacted one time to be a subcontractor because of its woman-owned status; however, Mr. Sakow feels that the current Federal posture regarding voluntary use of women-owned businesses "lacks teeth." He has talked with the Office of Federal Procurement Policy about implementation and has provided its staff with formal testimony regarding use of women-owned firms. However, he feels that the current Executive Order regarding subcontracting requirements, as well as other initiatives to encourage the use of women-owned business, will remain tied up in "bureaucratic snafus.'"

The company's high capture rate has not been affected by the difficulties of competing against larger firms. Mr. Sakow described PRA as at a disadvantage only in that it does not have the same level of resources for marketing and administration that large firms have, nor can it offer the same sort of "national presence." However, by being selective about what is bid, the firm has been successful in obtaining work with a relatively low investment.

PRA has decided to target less Federal work this year than last year, and expects to continue to cut back the target. Federal contracts are considered by this firm to be administratively burdensome and not highly profitable.
NAME: INTERPLAN CORPORATION*

Industry: Research & Development
Product: Analytic Assessment
Service: Urban Transportation System, Naval R & D Planning

Years in operation: 12 Years

Business Acquisition: Founded X Purchased □ Inherited □

Current number of employees: 6

Background on Annual Sales: $190,000 this fiscal year; $280,000 last year; $280,000 two years ago

Background on Federal Share: 100% consistently for three years

* This owner and firm requested the use of real names; thus the owner and firm in this case are not fictitious.
This consulting firm does analytic studies contracts on Naval R & D planning, energy, and urban transportation. Evelyn Putnam, the owner and respondent for this interview, described the company's products as "paper studies": for example, Interplan might assess and write up the current and/or projected future need of a particular type of transportation in a certain geographic area.

The company is twelve years old and employs an average of about fifteen people. (Due to a recent downturn in business, the company currently employs six people.) The sales volume of the firm this fiscal year was $190,000—a drop from $280,000 for each of the two preceding years.

All of Interplan's work is in the Federal sector. Ms. Putnam is a chemist whose 12 years' experience in Federal procurement have earned her such clients as the Department of Transportation, the Department of Energy, the Department of Defense (Navy) and the Department of Health and Human Services. The average size of her contracts with these agencies is $150,000 annually, on a single or multi-year basis. However, Interplan obtained contracts within a broad size range: from $25,000 to $200,000. Almost all the firm's current work is done under subcontract to research and development labs; none of the work is small business set-aside.

Evelyn Putnam and Interplan Corporation now have an established reputation and well-established personal contacts which bring the company many sole source and unsolicited contracts. When Ms. Putnam first began the business, her marketing activities were conducted on a "trial and error" basis. Although located on the West Coast, she could depend on a colleague in Washington, D.C. to make some personal contacts on behalf of the firm. This personal "door-knocking" was helpful in the process of beginning to obtain Federal work, and was augmented by the placement of the firm on various bidders' lists.

The marketing strategies Evelyn Putnam now uses are expansions of the groundwork which was laid ten to twelve years ago. She maintains that it was the high level of quality which won Interplan its reputation and suggests that formal and informal methods of communicating the company's abilities should be exploited. For example, she supports the idea that word-of-mouth exchanges within the marketplace bring news about possible opportunities to the contractor as well as passing along to agency personnel recommendations about company capabilities. However, Interplan is also careful to submit samples of its work with proposals, to support its competitive position. In addition, Ms. Putnam chooses her bids carefully, considering the price of the job, and the firm's ability to demonstrate specifically relevant experience and expertise. As far as Ms. Putnam is concerned, quality work and the ability to compete under legitimate conditions have been the major contributors to her success.

The procurement experience has been a mixed one for Ms. Putnam. She was able to identify some problems general to the business of procuring Federal work, as well as problems that seem to be affecting the research and development small business world of which she is a part.
In the first case, she thinks the overall procurement process would benefit by a few "rule changes." For example, it is becoming increasingly common in some agencies for "contractual red tape" to delay the start date of a contract as much as a year following the date of award. Small businesses do not have sufficient cost resources to operate under such conditions, Ms. Putnam commented.

She has also experienced cash flow problems with various contracts for which the procuring agency withholds some portion of payment (such as 15% of every invoice or 15% of fee) until they get verification that the project was completed satisfactorily. It has taken her--literally--years to recover some of the money owed to the firm.

She also noted that the advertising and response cycle often established between the date an agency advertizes in the Commerce Business Daily and the due date for a proposal often mitigates against firms located at a distance from Washington, D.C. Although she used to subscribe air mail to the CBD, she found that she still had only an average of two weeks to consider to bid and write a proposal for anything advertised there. Since overnight delivery is far too costly for small firms, Ms. Putnam recommends that postmarks from the originating city should be sufficient proof that the proposal was completed by the closing date.

About the research and development industry in particular, Ms. Putnam had misgivings about the way the procurement scene has changed over the past few years. She feels that it is increasingly difficult to develop a competitive marketing strategy, because competitive RFPs in the $50,000 to $200,000 range appropriate for small consulting firms have virtually disappeared. In her view, this is unfortunate in two respects: first, lack of competition adversely affects the overall quality of work performed for the government. Second, from the firm's point of view, the lack of competitive opportunity affects the ability to develop new contacts, and to develop work among new clients in different offices and agencies.

Finally, Ms. Putnam commented that for a firm her size, the small business set-aside program does not constitute an advantage: because of the broad size standards, any research and development firm with 500 employees is not a small business in comparison with Interplan Corporation.
NAME: SPEC/TECH, INCORPORATED

Industry: Manufacturing
Product: Communication Systems
Service: 

Years in operation: 15 Years

Business Acquisition: Founded [✓] Purchased [ ] Inherited [ ]

Current number of employees: 35

Background on Annual Sales: $2 million this fiscal year; $1 million last year; $400,000 two years ago

Background on Federal Share: 28% this fiscal year; 5% last year; 0% two years ago
SPEC/TECH, INCORPORATED

SPEC/TECH is a high technology firm that manufactures two major products: a micro-computer communication system which is used for air traffic control; and voice frequency/special services phone line amplifiers. Maria Thomas, the owner and respondent for the interview, started the business herself fifteen years ago. SPEC/TECH has experienced rapid growth in the last three years, both in number of employees and in sales volume: from four full-time employees two years ago to thirty-five this fiscal year; and from $400,000 total sales volume two years ago to $2,000,000 this fiscal year.

For Maria Thomas, knowing the capability of her products has been the key to marketing them, although she found that the Federal procurement system itself presented some obstacles. Her major clients, who account for 28% of this year's total sales volume, are the Department of Defense and the Federal Aviation Administration. The average size of the contracts held with these clients is $12,000 to $15,000, although some contracts have been obtained in the $100,000 to $140,000 range. None of SPEC/TECH's work is done under sub-contract or as small business set-aside.

Maria Thomas does most of the marketing for the firm herself, and in doing so, spends a great deal of her time on the telephone, writing letters, and using all possible avenues to make contacts. She feels knowledgeable about the procurement process now, and can locate contract opportunities by telephone or in the Commerce Business Daily with relative ease. She pointed out that the communications industry is somewhat "free-flowing" in terms of the extent to which competitors talk with one another and compare notes. This allows Ms. Thomas and SPEC/TECH to stay abreast of the state-of-the-art and price levels of competitors.

Bid decisions within the company are made very selectively. Ms. Thomas realizes that her products are highly specialized and that to be successful she must target them to appropriate buyers. Part of the consideration of who is appropriate involves whether the products would have to be modified in any particular way to suit the client—Ms. Thomas doesn't want to be involved in any costly adaptations on a client-by-client basis. Also, there exists already a solid market for the products as they stand. Location of the job is another consideration; and, finally, the period of performance is scrutinized to see how a new contract would fit in with work already scheduled.

Ms. Thomas expects that in the near future, her capture rate will be 50% for one of her products, and 90% for the other. This is definitely higher than the average for her industry. She feels, without a doubt, that there are plenty of contracts available that are appropriate for her firm.

However, in reflecting on her experiences as an entrepreneur in the Federal marketplace, she knows that her successful position was hard-won. Marketing to the Federal government was extremely difficult at first because SPEC/TECH was unable to compete against sole source awards. Therefore, the first—and most difficult—barrier she had to overcome was the sole source mechanism. It took her two years to convince the FAA to let her compete for the business they were procuring. Ms. Thomas maintained that the FAA had, for years, purchased through sole source from one company all the equipment.
they needed for air traffic control. In her opinion, SPEC/TECH's product was better and significantly cheaper than what the FAA was used to buying, yet the agency wouldn't consider her product because they were already contracting with another company.

Finally, the FAA realized that the equipment they were leasing was becoming more and more obsolete and, with the help of an SBA advocate, SPEC/TECH won the opportunity to submit a proposal. The FAA liked what SPEC/TECH had to offer—and Thomas said that, once in the door, working for the FAA "has been duck soup ever since."

Now that she has gained the opportunity to competitively market her products to the FAA, Thomas wants that competitive opportunity in other agencies as well. She needs information to help her make in-roads into the sole source market. For example, the Commerce Business Daily advertises sole source awards and contracts in her field, but also notes parenthetically that the government's specifications for the product or service are "unavailable." Without knowing the specifications which the government wants filled, Ms. Thomas cannot compare her products to others which the government is buying. She feels that the "unavailable" tag is being used to protect agencies who want to continue to procure via sole source. (Ms. Thomas said that she has come to the conclusion that it's unrealistic to expect to win this "battle" alone, but she won't stop fighting now.)

This owner sees no particular virtues inherent for her in the small business set-aside program. In fact, she thrives on competition with large firms because the best selling points of her products are revealed by comparison: her products are infinitely better and cheaper than those of most large companies, and in head-to-head battle she can win on price alone and still make a profit. Even so, Ms. Thomas acknowledges the business advantages which large companies have in competition with small firms. She perceives these advantages as: political clout, lobbying power and relationships with procurement personnel who feel more comfortable contracting with a large and reputable firm they know about, rather than taking a risk with a smaller and less familiar firm. In Maria Thomas' opinion, when it comes to technical work, procurement officers who aren't technically expert can't judge proposals against one another on merit, so there is a tendency to award the job to a familiar name as a sort of safety margin.

Thomas' feelings about woman-ownership in business are straight-forward: either a person has a good product or service, or they don't. In any event, being a woman should not entitle anyone to obtain business. She was aware of the Executive Order regarding subcontracting—and also raised P.L. 95-507 in the conversation—but she feels that although laws and executive orders may help women through the Federal door, once they are in they have to compete and win on the merits. That's how Maria Thomas became successful—and that's how she'd like to see other women become successful.
NAME: VAN der VALK SECURITY, INCORPORATED

Industry: Business Service

Product: Electronic Security Systems

Service: 

Years in operation: 10 Years

Business Acquisition: Founded [X] Purchased [ ] Inherited [ ]

Current number of employees: 12 full-time; 12 part-time

Background on Annual Sales: $1 million this fiscal year; $600,000 last year; $300,000 two years ago

Background on Federal Share: 60% this fiscal year; 50% last year;
40% two years ago
Van Der Valk Security, Inc. provides and custom tailors for clients various types of security device systems. These include: electronic systems, FM two-way radios, closed-circuit television, and warning systems such as smoke and fire alarms. Ms. Kelly Ferris started the business herself ten years ago and has owned and managed it throughout that time.* The firm employs twelve full-time and twelve part-time people; its annual sales volume this fiscal year was approximately $1,000,000 (an increase from $600,000 the previous year).

An example of type of work the firm does illustrates the highly unique niche they have created which enables them to draw 60% of their work from the Federal marketplace: The Bureau of Mines needed a way to monitor cranes that were excavating in certain places. The drivers couldn't see whether the teeth of the crane were broken (information which is needed to prevent unnecessary problems down in the mines. Van der Valk staff studied the problem and found a way to install a closed circuit TV in the crane's cab, and place the camera on the crane itself. Van der Valk Security was so successful with this contract that the Bureau of Mines told them about other problems, and this in turn led to more business.

However, the Bureau of Mines is by no means the firm's only client--others include: additional branches of the Department of the Interior; the Department of Defense (primarily the Army and Navy); the General Services Administration; and the Department of the Treasury/Division of Internal Revenue Service. Ninety-five percent of the work Van der Valk Security does for those agencies is small business set-aside, and all the firm's work is done as prime contractor. The average size of contracts is likely to be $150,000, according to Ms. Ferris, although the size range varies from a low of $30,000 to a high of $350,000.

Although Ms. Ferris remarked that Van der Valk does not have a defined marketing strategy, she was able to articulate specific avenues the company uses for obtaining work. First of all, the company is careful to bid very selectively: she is sure she knows the agency before she bids, and will not make "blind" bids. If she is interested in breaking into a new agency, she researches it by reading the RFP's being put out, by talking with contract officers, and generally making direct contact with the agency to let people there know about her firm.

The determination of whether Van der Valk has an edge in the competitive bid process is directly related to the cost incurred by marketing such custom services. In preparing bids, all sites must be visited to judge cost factors, technology, and particular problems. The probable return on the marketing investment must be well-calculated to justify a bid decision; usually, this careful technique has been worthwhile, and Van der Valk can sustain a steady 60%-75% capture rate of all bids made. The cost of competitive bidding may also be offset by the substantial amount of sole source and unsolicited work awarded to the company (although it is difficult to judge, as no proportional figures or costs were directly offered.)

*Ms. Ferris's husband is involved in technical production and participates in the management of the business as well.
Ms. Ferris stated that the quality of the work which Van der Valk Security does is the crucial element in their ability to obtain work and maintain themselves as a successful small business. Competition with large firms is generally not a problem for her company, because their service is relatively unique. She suspects that size works both ways for large companies— that their higher overhead may put them at a disadvantage, but their ability to underbid a project and thereby break into a new agency is probably an advantage.

Kelly Ferris gave an impression of being both knowledgeable and secure in her ability to obtain Federal work. However, she pointed out two problems that continue to frustrate her, even in the face of success. The first, and most significant problem is cash flow. Though she doesn't want "to bite the hand that feeds her," she is very frustrated that the government does not pay in a reasonable amount of time. She says that her profits lessen when she has to spend time locating invoices and fighting for payment. She finally had to invest in a SPRINT phone system to help cover her telephone costs to Washington, D.C.

Second, she has concerns about the time frame of the government's advertising process through the Commerce Business Daily. She finds that the time required to obtain the RFP by mail, visit a site, and prepare a bid is often insufficient. This makes her suspect that advertisement is "pro forma," and that many of the fast turnaround RFP's which are announced are "wired" to begin with. She would like better—and faster—information on work the government needs done.
NAME: R & R ELECTRONICS

Industry: Wholesale
Product: Electrical Supply
Service: 

Years in operation: 2 Years

Business Acquisition: Founded [ ] Purchased [ ] Inherited [X]

Current number of employees: 2

Background on Annual Sales: not provided by owner

Background on Federal Share: not provided by owner
R & R Electronics is a wholesale electrical supply firm operated by Renee Bartlett, the owner and respondent for the interview, and by one other partner. The firm is two years old -- Ms. Bartlett has owned it for the same amount of time -- and employs one part-time person in addition to the two partners. She preferred not to disclose the sales volume of the company.

Ms. Bartlett takes a watchful, reactive posture toward Federal work. Although she feels that her knowledge of the procurement process is "average", she could not estimate an expected capture rate, for example, as she "hasn't bid on that many." However, she figured that from about ten bids submitted in two years, she has won six contracts.

The majority of R & R's clients are Defense Contract Supply Centers, who buy, on the average, $1,000 worth of electrical supplies at a time from R & R. The largest contract R & R has had at any one time is $10,000 -- and the $1,000 to $10,000 range is where Ms. Bartlett feels comfortable, given the size of her firm. She definitely prefers prime contracts, as they provide her with a more consolidated piece of work and more profit -- thus, only a minute portion of her work is done under subcontract. On the other hand, five percent of her work is small business set-aside.

R & R has never formalized a marketing strategy or plan, and to some extent, Ms. Bartlett considers marketing to the government as a series of "shots in the dark." She and her colleagues wait for Requests for Quotations (RFQ's) to be sent to them; they try to stay up to date on source lists and bidders lists; they obtain whatever written documents or brochures the government publishes related to procurement; and they contact groups related to the Small Business Administration (she gave as an example the Urban Coalition) or any other groups interested in small businesses. She has heard that she should subscribe to the Commerce Business Daily, but has not yet done so. Ms. Bartlett wishes she had more time to carry out marketing activities as she thinks that, to do marketing well, "is a 24 hour a day job." As it is, she or her partner (or sometimes both) spend about half of every day on marketing activities. The time spent is partly taken up with reviewing bid opportunities. The criteria are relatively straightforward: if she is sure that R & R can obtain the electrical supplies from a manufacturer she goes ahead and bids as the supplier. If the company does not usually handle the item, and thus would have to find an appropriate manufacturer, she tends not to bid.

Although R & R Electronics seems to be obtaining steady amounts of Federal work, Renee Bartlett considers her current marketing strategy to be only moderately successful, and expressed various frustrations -- and some perplexity -- about gaining business through Federal procurement.

For example, she expressed frustration at government buyers who do not send out RFQ's consistently unless she makes repeated phone calls and requests. She was perplexed as to why the government sends her RFQ's for jobs as large as $500,000 -- she knows she is too small to handle such jobs -- and thinks that although she's categorized as a small business on source lists, the
small business size standards do not accurately partition small businesses. The breadth of the size standards lead her to feel that, in the end, the small business set-aside program is not particularly useful to her. Too many relatively large electrical supply firms who still fit within the size standards knock her out of competition completely. She cannot purchase supplies in the amounts and in the price ranges that a large company can.

Ms. Bartlett had never heard of the Executive Order regarding subcontracting to women-owned businesses, and to her knowledge has never been contacted to subcontract on the basis of ownership. She has tried to make her ownership status known, in case it would help (for example, she lists herself as woman-owned in a trade magazine advertising section) but commented that she thinks women still have to work very hard to win Federal work. Ms. Bartlett also thinks that minority owned firms may have gained some competitive advantage not yet extended to women.
At a glance

NAME: CARPENTRY CONTRACTS, INCORPORATED

Industry: Construction

Product: 
Service: General Contracting

Years in operation: 2 Years

Business Acquisition: Founded [X] Purchased [ ] Inherited [ ]

Current number of employees: 2

Background on Annual Sales: $24,000 this fiscal year; other figures not provided.

Background on Federal Share: 90% this year and last year.
CARPENTRY CONTRACTS, INC.

Sharon Provost and her husband own and run this small general contracting firm. They are the firm's only employees, so they divide the marketing work, and Mr. Provost does himself the carpentry work the firm is contracted to do. The business is two years old and has a sales volume of approximately $25,000.

For the last two fiscal years, approximately 90% of Carpentry Contracts' work has come from Federal procurement contracts obtained from such clients as the General Services Administration, and the Departments of the Navy, Air Force and Army. The average size of contracts awarded to Carpentry Contracts, Inc. is $7,000. However, contracts have been awarded that were as small as three or four hundred dollars, or as large as $23,000.

The Provosts prefer prime contracts because they are sure they will get paid. All of their contracts are small business set-asides, and they consider the set-aside program useful for eliminating unfair competition by larger businesses.

Sharon Provost considers herself to be reasonably knowledgeable about the procurement process. When starting the company, the Provosts subscribed to the Commerce Business Daily and made efforts to solicit business by personally visiting Federal agencies. Once agency contacts were established, the firm was solicited more frequently for quotations and bids. Ms. Provost described the marketing strategy as "trial and error," and indicated that it had not been particularly successful in her view.

She continues to read the Commerce Business Daily, and maintains contact with people in agencies where the company works or wants to work. Both she and her husband will "walk right into offices" from which they are seeking business. Overall, this owner considers information on the procurement process itself easy to acquire; what she needs now is information from the Small Business Administration about loans.

In making bid decisions, the significant criteria are the company's overall ability to successfully complete the work, and price competition. The firm bids mainly on set-asides, and limits its bidding to contracts under $25,000 because it would need to meet bonding requirements for anything larger. If the Provosts don't think they can come in with the low bid, they don't bid the job. They maintain this posture because they have found that when they have lost contracts, it is due to lack of price competitiveness. In their field, the lowest bid always wins.

Ms. Provost offered several comments about the procurement process as she perceives and practices it. She feels that the best way to receive business from the government is to "knock on doors". The bid forms aren't difficult, but bonding and size standards -- bonding as a particular facet of her industry -- are real obstacles to growth.

Despite problems, including the significant one that the small contracts which have been good for the company in the past seem to be drying up, this owner wants to continue to market to the Federal government because the firm
always gets paid (even if not on time). Cash flow is a serious obstacle, and Ms. Provost observed that a firm as small as hers has trouble getting loans to tide it through cash flow snags.

Marketing is not a real cost to this firm, in the sense that the Provosts don't budget for it. The investment is their own time. Ms. Provost doesn't believe that being a woman-owned business is an advantage yet, as few solicitations ask if she is woman-owned. She intends to write letters to Federal agencies in her field, announcing the ownership status of the company.
NAME: SHP, INCORPORATED

Industry: Research & Development

Product:

Service: Social Science/Management

Years in operation: 8 Years

Business Acquisition: Founded ☐ Purchased ☐ Inherited ☐

Current number of employees: 35 full-time; 15 part-time

Background on Annual Sales: $1.5 million this fiscal year; $1.2 million last year; $750,000 two years ago.

Background on Federal Share: 100% consistently for three years.
SHP, INCORPORATED

SHP, Inc. conducts social science and systems planning research for various Federal agencies. The firm is classified both as an 8(a) and a small firm. Dr. Kimberly Lewis, the owner of the firm, believes that SHP is one of only three woman-owned, non-minority 8(a) firms in the country. SHP's business is exclusively Federal and has been increasingly successful. The firm is eight years old, with thirty-five full-time employees and fifteen part-time staff. In the past fiscal year, the total sales volume reached $1.5 million.

The agencies and departments SHP works with include the Agency for International Development (AID), and the Departments of Health and Human Services, Labor, and Transportation. SHP has not been successful in securing work from the Environmental Protection Agency, which tends, in Dr. Lewis' view, to use its own pool of consultants. The firm's contracts range in size from $30,000 to $650,000.

SHP works only as a prime contractor. Dr. Lewis has been asked to be on lists of subcontractors in relation to the Executive Order, but she has turned down several offers that she felt were inappropriate matches for her firm.

Ms. Lewis prefers fixed price contracts to cost-plus-fixed fee because, in her view, the former encourage efficiency, while the latter foster "scheming" to spend all of the available money. However, most of her contracts are CPFF. Currently, she has no small business set-aside contracts, although she has recently submitted proposals for several.

The marketing responsibilities in the company are shared by Dr. Lewis and other staff. The key features of her strategy have long been:

- marketing must follow the abundance of money;
- marketing must utilize past track record; and
- marketing must accurately reflect the skills of the employees who will do the work.

In addition, Dr. Lewis said it is wise to use information on agencies that respect woman-owned and operated businesses, in order to target marketing efforts. Conversely, she thinks it is a waste of time and money to market to agencies or offices that are hostile to women. Dr. Lewis has also benefitted by using the grapevine in her field; she has found that women like to recommend other women and firms with good reputations. Dr. Lewis has also observed that men are more receptive to doing business with those women-owned firms which come recommended.

In order to discover the agencies where women might be welcome, Dr. Lewis scanned the Federal phone book for women's names, and walked into contract offices to meet the women specialists there. She also tracked certain batches of RFPs, to see which agencies buy the services of woman-owned firms.
SHP has taken advantage of all possible avenues to obtain exposure for the firm. For example, the Department of Transportation hosts opportunities for presentations by small businesses seeking procurements. This is a chance to tell the agency that she knows what they are about, and for them to hear what she's about. Also, every year she holds a party in her office for about 200 people from various Federal agencies. She claims that this has been a very successful marketing tool. She says that the first presentation to a potential client and subsequent exposure are the two key features of gaining recognition and success.

As a result of her marketing strategies, Dr. Lewis expects to win 75% of her bids. She considers this to be higher than the capture rate for other firms in her industry.

Her advice to other women and small business owners is: listen carefully, remember everything you're told, and evaluate your performance regularly. When asked about sources she would recommend for learning about the procurement process, she says experience and doing are the key elements.
NAME: DAVIDSON SUPPLIERS, INCORPORATED

Industry: Manufacturing

Product: Marine Refrigeration and Air Conditioning

Service: 

Years in operation: 10 Years

Business Acquisition: Founded

Current number of employees: 10

Background on Annual Sales: $750,000 this fiscal year; $630,000 last fiscal year; $570,000 2 years ago.

Background on Federal Share: 50% - 55% consistently for three years.
Michelle Davidson's firm supplies refrigeration and air conditioning units to marine facilities. She began the business ten years ago with a relatively small capital investment. Davidson's annual sales volume is currently $750,000 and the company maintains ten employees (one of whom is Roger Davidson, President of Davidson Suppliers and Michelle Davidson's husband). Mrs. Davidson is the company's Treasurer.

The company's major Federal client is the Department of the Navy, with a few additional contracts held with Defense Supply Agencies. The Federal share of Davidson's overall sales volume is about 50%, mostly comprised of relatively small contracts: Michelle Davidson estimated the range to be from $15 to $75,000.

Both Michelle and Roger Davidson are knowledgeable about the basics of procurement in their own specialized sphere. Michelle Davidson explained that "on the job" experience in carrying out procurement activities has taught them what they need to know. For example, they found out about the papers they need for getting on bidders' lists because of contacts her husband had from previous work experience. Other than that, they took the initiative to gain new clients through personal contact or, "door knocking." Now that the company is known to Federal agencies, little time is spent on this activity.

Currently, Federal marketing requires only about 15 hours a week of corporate staff time, mostly carried out by Roger Davidson, according to Ms. Davidson's estimate. The major portion of the work results from a Blanket Purchase Order (BPO) awarded to the firm by the Navy; when the Navy needs anything that this company sells, Naval procurement personnel order it without requiring a proposal.

The firm does not use the Commerce Business Daily for finding new business. They have about as much Federal work as they can handle right now through the Department of the Navy.

Ms. Davidson was aware of the Executive Order regarding subcontracting but to her knowledge, Davidson Suppliers has never been asked to subcontract on the basis of ownership. Even so, she reacted favorably to the idea of the Executive Order.

Approximately half of this company's contracts have been small business set-asides. They like the set aside program and like to bid such contracts because it eliminates the problem of competing with larger firms. However, Mrs. Davidson added that her firm rarely has problems competing anyway: "We get our fair share."

Mrs. Davidson's advice to other women owners was: "Read a lot and work hard."
**NAME:** GRADY BUSINESS SERVICES, INCORPORATED

<table>
<thead>
<tr>
<th>Industry:</th>
<th>Business Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product:</td>
<td></td>
</tr>
<tr>
<td>Service:</td>
<td>Transcription Services</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Years in operation:</th>
<th>8 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Acquisition:</td>
<td>Founded [x]  Purchased [ ]  Inherited [ ]</td>
</tr>
<tr>
<td>Current number of employees:</td>
<td>13</td>
</tr>
</tbody>
</table>

**Background on Annual Sales:**
- $200,000 this fiscal year;
- $100,000 last year; $75,000 two years ago.

**Background on Federal Share:**
Estimated by owner at 30% in telephone interview.
Jessica Grady owns and manages a court reporting firm which provides stenographic services for testimony, conferences, and hearings. The firm is eight years old, has an annual sales volume of $200,000 and employs thirteen full-time people. Approximately a third of Grady's current annual sales volume is represented by Federal work.

Agencies for which the company has worked include the Department of Health and Human Services, the Treasury, the Environmental Protection Agency, and the General Services Administration. The size of Ms. Grady's contracts varies immensely: from $15.00 to $150,000; all are fixed price. The agency or department insists on a fixed quote based on the agency's own estimate of how long stenographer will be working; if the conference (or job) lasts half as long as anticipated, the government still pays the full amount. Although the owner is uncomfortable with profits made this way, the departments she works with insist on fixed price work.

Approximately 80% of the company's work is done under subcontract. However, Ms. Grady was not aware of the Executive Order on use of women-owned businesses in subcontracting, and is equally unfamiliar with the small business set-aside program.

Regarding competition and capture rate, Grady feels that Grady Business Services does better than similar firms in her industry, and that there are plenty of contracts available for her to bid. She thinks that the large firms in her field have more experience and knowledge of procurement practices than she has, which is a disadvantage for her and makes her less competitive if she has to compete with them. She has only recently begun to examine why she loses certain bids, although she expects that lack of award is usually the result of being underbid.

The office manager of the company has attended SBA seminars on behalf of Grady Business Services, and has found them to be quite useful. Jessica Grady herself feels that people in the procurement offices could be more helpful than they are in terms of helping contractors understand the system and the paperwork. She does read the Commerce Business Daily, but feels that many of the jobs announced there are already "stitched up." She remarked that she wishes she had more time to learn about procurement and to become involved in SBA seminars.

Jessica Grady's philosophy about marketing is to be the best at what she does, and to let her clients know that. She will not compromise quality for anything -- including new business. She said that as far as a marketing strategy goes, she tries to be at the right place at the right time, to make personal visits to potential clients, and generally to keep the company visible in the marketplace. She lets her clients and potential clients know that she will go out of her way for them. This strategy has allowed the firm to obtain numerous contracts by word-of-mouth, and has also helped in the establishment of new business relationships with Federal departments and potential clients.
Ms. Grady continues to seek two kinds of information to help her in marketing. First, she would like to know more about how to advertise her services actively to Federal agencies. Second, she needs additional information about prime contractors who require the services her firm offers. Because subcontracting has become an important and fruitful market for her, she would like to see it continue along with an increased amount of prime contracting.

It was unusual for owners involved in the case study effort to articulate client-employee problems. However, Ms. Grady said that her employees are sometimes expected to accept or agree to social or sexual favors with clients. While socializing with clients is not prohibited by the owner, she detests the idea that continued business with certain clients may depend on how "obliging" her employees may be. In such circumstances, she prefers to lose business rather than get it this way.

Grady had mixed feelings about taking advantage of her woman-owned status, although she was pleased to hear that in fact, some such advantages might exist which would not compromise the quality of her work.
NAME: ABF PRODUCTS, INCORPORATED

Industry: Manufacturing

Product: Anti-Bacterial Draperies

Service: 

Years in operation: 15 Years

Business Acquisition: Founded

Current number of employees: 50

Annual Sales: $2 million this fiscal year and last: $3 million two years ago.

Background on Federal Share: 60% consistently for three years.
ABF PRODUCTS, INCORPORATED

ABF Products, Inc. manufactures antibacterial fabrics which are made into such products as shower curtains, drapes, and hospital intensive care curtains. Aron and Lisa Tolpin own and run the business; Mr. Tolpin was interviewed. The company is fifteen years old, and was started by the owners. It has an annual sales volume of $2 million and a staff of fifty full-time employees.

Major Federal clients of the firm include the General Services Administration, as well as Veterans' Administration Hospitals, the Air Force, and several Congressmen's offices. Approximately 50-60% of ABF's total sales volume is Federal, and the contracts range in size from $2,500 to $100,000. The typical Federal contract falls in the $30,000-$60,000 range.

Mr. Tolpin claims to know little about the procurement process, which makes it difficult for him to identify gaps in his knowledge. On the other hand, he thought that acquiring information is rather easy. He gave an impression of depending on relationships he has cultivated over the years to help in marketing his products. In addition, because his product line is very specialized, he has few competitors.

Mr. Tolpin felt that service and quality bring in the business, not necessarily just low bids. He sends out extensive mailings to various Federal agencies, and he reads the Commerce Business Daily. However, he holds a special contract with GSA so that when GSA or a related agency requires draperies of the type ABF produces, the agency is authorized to purchase directly from ABF. There is a $100,000 per order limit on this type of contract.

When bidding, Mr. Tolpin considers only the technical aspects of a job. He ignores potential competition and any other factors. Bid decisions are made only on whether ABF can manufacture the product. Accordingly, he has not thought about what percentage of bids made he expects to win, but he does feel that he does better than the average capture rate in his industry. He feels that there is plenty of work for ABF to compete for.

Mr. Tolpin did not think that ABF experienced any problems in competing with larger firms. The company has an adequate financial base, and Tolpin has no difficulty investing in marketing and preparing bids.

However, Mr. Tolpin did raise the issue of not being allowed to charge the government interest on outstanding receivables, which he considers to be unfair. He says that cash flow is a big problem: while he gives other clients a 2% discount if they pay him within twenty days, he cannot apply that to Federal clients; his suppliers expect payment regardless of how long ABF Products has to wait for Federal reimbursement.

In Mr. Tolpin's opinion, women-owned small businesses face the same problems of all small businesses in general. The most significant of these is cash flow, and paying vendors on time. With high interest rates charged on bank loans and by suppliers, the ultimate costs of cash flow problems are too great for any small business to bear.
Mr. Tolpin is aware of the Executive Order but has never been contacted to be a subcontractor as a result of it. The firm did, however, receive a letter from a nearby Defense Logistics Supply Center which announced that his business is considered underprivileged because it is woman-owned and managed. He has never heard another word from this agency, but he thought the letter was quite amusing.
NAME: PRECISION TESTING, INCORPORATED

Industry: Research & Development

Product: Model Planes for Testing

Service: Aircraft Testing In Wind Tunnels

Years in operation: 22 Years; 12 years owned by current owner

Business Acquisition: Founded □ Purchased □ Inherited □

Current number of employees: 60

Background on Annual Sales: $2 - $2.3 million consistently over three years.

Background on Federal Share: 90% consistently for three years.
PRECISION TESTING, INCORPORATED

Precision Testing manufactures model planes for testing in wind tunnels. The company was started in 1958 by the late husband of the current owner and President. The founder was involved in making and testing model planes for the agency which preceded NASA, and 90% of Precision Testing's business comes out of a five-year renewable contract with a specific research center at NASA. The company does bid on other Federal work occasionally, but usually remains within one of the diverse NASA research arms. Precision Testing's work is so specialized that few agencies require its work. The total sales volume of the company is $2.3 million; 60 persons are employed full-time. The respondent for the interview was Bill Craeger, the Administrative Assistant to the President. Mr. Craeger is knowledgeable about the workings of the firm and does most of the marketing.

The primary contract which Precision Testing holds with NASA is worth approximately $2 million a year, and comprises 90% of the firm's annual revenue. A small amount of work is carried out under subcontract to large aircraft firms, but in general, Mr. Craeger explained, the company's work is too specialized even for subcontracting. The NASA contract is renewable, and is anticipated to continue for some time. Mr. Craeger does not feel the company is in any way endangered by dependence on a single primary client. In addition, all of Precision Testing's work originated from the small business set-aside program and Mr. Craeger thinks the program has definitely given the firm its competitive edge.

Mr. Craeger was aware of the President's Executive Order, but Precision Testing has never been contacted as a result of it. This business was established before it became woman-owned, and again, Mr. Craeger pointed out that the service is so specialized that agencies don't have many companies - woman-owned or otherwise - that they can choose to purchase from.

Mr. Craeger considers himself very knowledgeable about the type of contracts the company has been dealing with, and particularly expert in Cost-Plus-Fixed-Fee "wheelings and dealings." He reads the Commerce Business Daily "religiously" to keep abreast of things, and occasionally will bid solicitations that are deemed uniquely appropriate for Precision Testing. Other work comes from "word of mouth" personal contact.

The criteria Precision Testing uses for bidding are all technical. However, above all, the firm must consider the period of performance schedule compared to the existing workload to see if it is reasonable to expect delivery on time. The firm is very selective in bidding, and expects to win one out of three bids. Mr. Craeger considers this average for his industry. He says that Precision Testing has all the Federal business it can handle right now, and in that sense, there are plenty of contracts available. When the firm loses, it's always due to price. To make certain, Craeger obtains an agency debriefing in person or by phone.

Precision Testing has experienced cash flow problems over the years, but a staff member can usually pick up the phone to urge expedition of invoice payment. All in all, the company enjoys good relationships with Federal clients and is interested in doing more Federal work. Notably, the firm received the "Prime Contractor of the Year Award" from the SBA a few years ago.
**NAME:** TEMP & TECH (T & T) SERVICES, INCORPORATED

**Industry:** Business Services

**Product:**

**Service:** Library Cataloguing/Temporary Clerical Staff

**Years in operation:** 32 Years

**Business Acquisition:** Founded ☑  Purchased □  Inherited □

**Current number of employees:** over 100*

**Background on Annual Sales:** over one million*

**Background on Federal Share:** 12% this fiscal year; 10% last year; 8% two years ago.

(*estimated by owner; exact figures not disclosed for proprietary reasons.*)
TEMP & TECH (T&T) SERVICES, INCORPORATED

This company provides two major services: one is a temporary clerical staff service, and the other is a repertoire of technical library services which includes cataloguing, and organizing data bases for libraries. Rachel Jones, T&T's owner and President, began the company thirty-two years ago. The sales volume of the firm is over $1 million annually, although specific figures were not provided. The Federal share is about 10-12% of the annual sales volume.*

Major clients of the firm, including both past and current clients, are: the former DHEW, the U.S. Postal Service, the Department of Interior, the National Science Foundation, and the National Library of Medicine. T&T's average contract with the government is worth up to $200,000 annually. However, the contract size ranges from very small to very large: from $2,500 to $900,000. Ms. Jones prefers prime contracts, as she has found that appropriate subcontracting opportunities are difficult to locate.

Because of conflicting size standards, none of her current contracts are small business set-asides. Sales volume restrictions have made T&T ineligible for several years.

Rachel Jones feels that she is quite knowledgeable about the procurement process, although she can identify some gaps. For example, she has recently been discovering that many contracts over $10,000 are being let without being advertised in the Commerce Business Daily, and she is not sure either how this is occurring or how to compete in these circumstances.

Typically, Ms. Jones requests RFPs from the agencies with which she is familiar. In addition, she relies on the Commerce Business Daily. However, she is beginning to question this strategy, because she's been "burned" - as she put it - too often. She did not articulate any intention or consideration of changing her strategy, but she did imply that she has to discover how to get information on solicitations before they are advertised in (or should be advertised) in the CBD.

The difficulty that T&T has had competing with larger firms stems from Ms. Jones belief that she can take at face value the RFPs she receives. This means that when the evaluation criteria say that technical merit is primary, and cost secondary, she believes it. She has learned that cost is often the primary award factor, regardless of what is stated.

When she loses a contract, she will usually request a debriefing. Although the information she receives at debriefings has been only marginally useful, it is useful enough that she keeps requesting them.

*Specific figures on sales volume and numbers of employees were not disclosed in the original questionnaire, in accordance with this company's standard policy. Ms. Jones commented during the personal interview that although she is a small business by some standards, the variation in size standards - particularly regarding volume - would cause her to be considered "large" in other cases.
Because Ms. Jones definitely wants to do more Federal contracting, she has recently assigned an in-house person to monitor and obtain Federal business for T&T. Results on the success of that position are not yet available.

However, Ms. Jones also communicated the impression that she is becoming frustrated with the procurement process, because it doesn't always work as it might theoretically suggest. In one instance, for example, her knowledge of the process told her that incumbent contractors with a good track record have an edge for the continuation (or follow-up) of current work. However, despite what the client told her about her work being outstanding, the continuation to a job she had been doing was awarded to a lower bidder - a very large firm. Her experience and track record in the area did not help her, nor did being relatively small and woman-owned.

She is aware of the Executive Order on voluntary use of women-owned firms as subcontractors. She was contacted once to be such a subcontractor, but the offer was not appropriate. She does not think that PASS is capable, as it stands, of connecting large firms with small ones effectively.

The one piece of advice that she had for women, or other small business owners, is that very new and small businesses shouldn't deal with Federal government consulting because they can't imagine the complexities and problems that can result. Getting money up front is very tough, she remarked, and fixed price contracts are hard to conduct profitably. On the other hand, CPFF contracts involve extensive paperwork. Also, the Federal government is variable, in her opinion, and thus not stable enough for small and vulnerable businesses. In a phrase, she added, "Beware of government contracts."
### At-a-glance

<table>
<thead>
<tr>
<th>NAME:</th>
<th>MIDDLETOWN LOCK COMPANY, INCORPORATED</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Industry:</th>
<th>Wholesale</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Product:</th>
<th>Locks and Security Hardware</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Service:</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Years in operation:</th>
<th>6 Years</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Business Acquisition:</th>
<th>Founded ☐</th>
<th>Purchased ☑</th>
<th>Inherited ☐</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Current number of employees:</th>
<th>13</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Background on Annual Sales:</th>
<th>$1.3 million this fiscal year; $1.2 million last year; $1.1 million two years ago.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Background on Federal Share:</th>
<th>30% consistently for three years.</th>
</tr>
</thead>
</table>
MIDDLETOWN LOCK COMPANY, INCORPORATED

Middletown Lock Company, Inc. is a wholesale supplier of locks and other high and low security hardware. Sheila and Chuck Westman own the company* and Chuck Westman, who is primarily responsible for marketing, answered the interview questions.

The business was bought by the Westmans six years ago, but apparently had a track record in government contract work before they bought the firm and incorporated it as Middletown Lock Co. It employs thirteen people full-time and had a sales volume this fiscal year of $1,350,000.

Although Chuck Westman commented that becoming knowledgeable about procurement takes quite a bit of time and effort, he feels his knowledge -- much of it gained through the experience of trying and doing -- is at least average or above average. He has been helped by agency purchasing agents, and because of the precursor firm's reputation, easily acquired as clients such agencies as the State Department, the Department of Defense, NATO, and various shipyards. Federal contracting with these clients represents 30% of the total sales volume; contracts range in size from $15 to $100,000, although most contracts tend to be several hundred dollars. (Mr. Westman added that he has set a minimum of $15 for acceptable orders; otherwise, just the cost of doing the paperwork outweighs the value of the jobs.) Five percent of Middletown's contracts are subcontracts; the firm has found little or no small business set-aside work that is appropriate for them, although Westman "likes the concept."

The strategy which Mr. Westman outlined involves using several different kinds of information: knowing those agencies or Federal buyers which like Middletown's work enables Westman to work at becoming a "repeat" vendor; he keeps the firm's profile on bidder's lists up-to-date; he pays attention to word-of-mouth information from the marketplace; and he reads Invitation to Bid (ITB) specifications to determine bid possibilities. The Commerce Business Daily is one source of information which is not useful to him because there are not enough announcements for his product line to make it worthwhile. He also likes his business to stay relatively local, and finds that contracts advertised in the CBD are often at an undesirable geographical distance from Middletown Lock Company.

Like the marketing strategy, Westman's criteria for making bid decisions are relatively undefined. He looks over the field of bid opportunities, and based on past experience and armed with a strong sense of his company's solid reputation, makes his choices.

Middletown's relative success has been the result of sufficient listing on agency source lists, the firm's track record (which brought some Federal agencies unsolicited to Middletown), as well as the fact that sales representatives

*Proportional share of ownership was not requested in any set of interviews.
from the manufacturers of different lines have sent some Federal buyers to Westman. He doesn't think that success or problems can be attributed to the company's ownership status. Although he thinks the idea of a set-aside program for woman-owned businesses would be helpful, he knows that such a program would not eliminate Middletown's typical small business cash flow problem. Because the government as a whole pays too slowly, Mr. Westman recommends that the Small Business Administration somehow guarantee prompt payment to small businesses who need the cash to remain in good standing with their own vendors and creditors.

Cash flow problems are discouraging these owners from Federal work -- although Chuck Westman says he won't turn down business opportunities for this reason alone.
NAME: ELLEN VAUGHN AND ASSOCIATES, INCORPORATED

Industry: Business Service

Product: Service: Energy Consulting

Years in operation: 12 Years

Business Acquisition: Founded [x] Purchased [ ] Inherited [ ]

Current number of employees: 1

Background on Annual Sales: $62,000 last fiscal year; $30,000 4 months into current fiscal year.

Background on Federal Share: 30% this year; 25% last year; 33% two years ago.
ELLEN VAUGHN AND ASSOCIATES, INCORPORATED

Ellen Vaughn founded this firm two years ago and is its only employee. She is an energy consultant, primarily for the U.S. Department of Energy, but also acts as a consultant to various offices of her state's government.

The company's sales volume has risen in the past two years by approximately $20,000, although total sales remain under $75,000. Ms. Vaughn estimates that Federal contracting represents an average of 30% of her total annual sales volume.

All of her Federal contracts thus far have been with the Department of Energy. Most concern writing, editing or documenting -- such as a current project to rewrite energy audit documents used by DOE. No bids have been submitted to other agencies. The average size of contracts won is $20,000. The smallest (which was also the first) was $5,000, and the largest was $25,000. Because Ms. Vaughn does all the work herself, she prefers to keep her contracts relatively small: "between $20,000 and $25,000." None of her work has been small business set aside; rather, work has been obtained through unsolicited or sole source awards. Ms. Vaughn does not feel she has the capability to respond to RFPs.

All of the company's contracts are fixed price. The only problems Ms. Vaughn has consistently encountered with the fixed price nature of contracts is the difficulty of realistically costing ever-increasing travel prices. Realistic costing of her own time and effort was mentioned as a problem with "the first couple" of jobs she performed, but experience has eliminated that as a troublesome factor in doing fixed price work.

Ms. Vaughn feels that she is reasonably knowledgeable about Federal procurement of unsolicited work, but is not fluent with the Request for Proposal process. Her sources of information and assistance tend to be former colleagues and friends. She is also a member of the National Association of Women Business Owners. The Commerce Business Daily is a source of information, particularly regarding awards, although she does not depend on it for obtaining new work.

The marketing effort for this firm has always been casual. No particular plan or target is set out, and Ms. Vaughn stated that she "mostly doesn't market, really. Work never seems to have been a problem."

However, when starting the business, Ms. Vaughn recollected all possible friends and contacts in Federal and state governments, announced her new business and began "calling in favors." She has maintained her business by continuing to rely on personal contacts. She believes that her track record is now established to the point where people call her to ask if she's interested in doing some work for them.

Bid decisions are made largely on the basis of content of the work. She "doesn't like to do the same thing twice," and is primarily interested in policy-directed work with implications for effecting change, or work which she believes will be particularly informative to people interested in her field
She also feels that there is more than enough Federal work available to her, and perhaps more than is necessary. When she exchanges her "owner's perspective" for her "taxpayer's perspective" she sometimes thinks she may be doing work that she's not sure needs to be done.

Ellen Vaughn feels that her current strategies work well for her. She has not been involved in the small business set aside program at the Federal level, and sees no advantages in it for her firm. (At the state level, she knows that a similar program is reputed to be usable to procure high quality work.) She feels she has had no special problems as a woman business owner, and suggests to other women business owners that they "deal with people as people." She suggested that women owners should be sensitive to clients' problems and help solve these problems. In addition, she cautions against "jumping to conclusions" that any difficulties which may arise are related to discrimination.

In the future, this owner would prefer to do less Federal work than she has been doing. She believes that in her field, "the government has had its decade" and that the money now is going to come from the private sector.
**NAME:** HEATCON, INCORPORATED

**Industry:** Manufacturing

**Product:** Welding Products

**Service:**

**Years in operation:** 11 Years; purchased by current owner 2 years ago.

**Business Acquisition:** Founded [ ] Purchased [X] Inherited [ ]

**Current number of employees:** 7

**Background on Annual Sales:** not provided

**Background on Federal Share:** 15% this fiscal year; 5% last year.
Heatcon, Inc. manufactures welding products for national and international distribution. It is eleven years old, although the current owner/president of the firm has owned it for only two years. The company does private sector and international work as well as Federal procurement bidding. Eric Thrasher, the respondent for the interview, is responsible for Federal procurement marketing. The company employs seven full-time staff, and three part-time staff.*

Contracts have been successfully obtained from General Services Administration, Department of Defense, individual Army depots and Naval bases. The average size of contracts won is $50,000; the smallest in the past three years was $14,000, and the largest was $168,000. Mr. Thrasher stated that he wants to maintain Federal procurement-generated business at its current ratio of not more than 20% of the company's total volume. All contracts won in the Federal sector have been small business set asides and all but one have been as prime contractor. Subcontracting is viewed by Mr. Thrasher as less desirable than prime contracting. He feels that the firm has more control over the work when in the position of prime contractor.

The company's owner deferred the interview to Mr. Thrasher, in part citing his high degree of knowledge about Federal procurement processes. Although one or more staff are responsible for the company's overall marketing, Mr. Thrasher is in charge of the Federal sector effort. He is an engineer who has been working with the government in various capacities for 15 years. He joined the firm in 1977, with a background in the technical (manufacturing/engineering) area, as well as in the routine of strategizing and preparing bids, and in the research he feels is necessary for successful bidding. His knowledge of procurement is maintained by constant -- almost daily -- contact with current and prospective clients, and reading of all trade journals, periodicals, and the Commerce Business Daily. He claims that no source of information is useless.

At the moment, Heatcon maintains no formal marketing plans regarding staff time or financial resources -- whether marketing in the Federal or private sectors. Staff and finances are allocated on an as-needed basis. (The company's owner anticipates that after additional growth, formal plans and allocation of resources will be implemented in Heatcon's various departments.)

In describing his method of operating in the Federal sector, Eric Thrasher claims to have "reorganized a great deal" when he came to the company, in order to enhance the firm's already established and well-cultivated reputation for delivering high quality of products at lowest cost. He indicated that he had made some production innovations, but his major example of a change in marketing strategy involved changes in the firm's advertising budget considering the company's size. He has re-allocated advertising resources somewhat to provide frequent and regular visibility of

*Information on total sales volume was withheld.
the company's name in trade journals and periodicals instead of using the advertising budget for occasional "big splashes." He views this as an inexpensive and effective replacement for putting sales or marketing personnel directly "on the street."

Other general marketing strategies cited by Thrasher involve contact with clients who know the company's track record, and who are interested in discussing the firm's ability to improve on products and items which are out for bid. Clients' perception of Heatcon as an innovative and creative company has been helpful in generating sole source work.

The normal marketing process preceding a decision to bid involves scrutinizing the solicitation announcement and if Mr. Thrasher feels the company has a "better than 50% chance" of winning, he requests the formal IFB and specifications. The bid decision is then made according to whether the item is clearly within the company's product line and whether Heatcon has the ability to be cost-competitive. Costing information, such as past bid price, is obtained from private firms which provide read-outs on similar prior bids, contractors, and bid prices. Thrasher figures into his projection what the market will bear in terms of cost. Decisions regarding whether to bid as a manufacturer or distributor involve the company's ability to locate a manufacturer who will subcontract so that this company can remain the prime contractor.

Mr. Thrasher finds that determinations about return on investment are the most difficult to make. Although Heatcon tries to stay away from low return situations, price fluctuations in manufacturing are particularly hard to anticipate and control.

Mr. Thrasher considers Heatcon's marketing strengths to be: its track record among its clients, its proven ability to deliver high quality/low cost products, and the very high level of research that he puts into considering and preparing all Federal bids. He considers his company to be a "star" in the Federal procurement arena, and expects an average capture rate of 70% of all Federal bids made. He did add that although most, if not all, the procurements have been small business set-asides, Thrasher considers the small business set-aside program ineffective in many respects because he considers the size standards to be inaccurate.*

*The owner and marketing spokesman provided conflicting information on the amount of small business set aside work the company does.
NAME: Action Machine and Manufacturing Co., Inc.*

Industry: Manufacturing

Product: Defense Products

Service: 

Years in operation: 18 Years

Business Acquisition: Founded □  Purchased □  Inherited □

Current number of employees: 26

Background on Annual Sales: $650,000 last fiscal year; $500,000 two years ago. (Figures for current year were incomplete.)

Background on Federal Share: 35% expected this fiscal year; 2% last fiscal year; 0% two years ago.

* The owner of this firm has authorized identification; thus the names used in this case are not fictitious.
ACTION MACHINE AND MANUFACTURING COMPANY, INC.

Action Machine and Manufacturing Company, Inc. makes all kinds of parts for defense industry machinery. In addition to being woman-owned, it is also currently expecting to be awarded 8(a) status. The company was founded by its current owner, Nadine Hartmann, 18 years ago, and had a total sales volume of $650,000 for the last fiscal year. Action Machine employs twenty-six people.

Contracts are almost solely obtained from Defense Construction Supply Centers (DCSC's), although Action Machine recently procured a contract from the NASA Research Center in Cleveland. The NASA contract represents the company's first opportunity in the Federal sector to work outside the DCSC's.

Of the company's total sales volume, Federal contracts account for approximately 2%. Contracts vary greatly in size (from $88 to $100,000) although the typical contract is under $5,000. All of Action Machine's work is procured through the small business set-aside program.

Nadine Hartmann feels that she is only "half" as knowledgeable about procurement as she could be or would like to be. She also commented that it has taken her seven years to reach the half-way point. She explained that she uses all possible avenues for learning and studying about procurement, and that even the smallest pieces of information are helpful.

Small business mini-fairs held by the government have been extremely helpful in expanding Ms. Hartmann's ability to market to the Federal government. One mini-fair in particular put her into contact with a DCSC representative who has become an advisor and advocate for her firm. It was through him that she learned about PASS and on his recommendation that she registered with the PASS system. She can call on him regularly for advice and technical assistance, and he has also functioned as a valuable link to other sources within the government.

Ms. Hartmann and her oldest son perform all marketing functions in the company. This includes mailing out lists of Action Machine's facilities and capabilities to prospective buyers (including large companies who might need subcontractors) and on-the-road visits to present and prospective clients. The firm is also registered on a number of bidders' lists, and receives solicitations regularly.

The firm has always conducted marketing at the central level -- as Ms. Hartmann explained, the company has "never been able to afford anyone special" to take over marketing functions. Her college-age son has only recently begun to help her out, primarily by doing the road work -- personally visiting buyers.

Nadine Hartmann believes that centralized marketing has been a successful strategy, although she would like to have more time to devote to it. Currently, she remains involved in almost all operational aspects of the business.

Bid decisions are made primarily according to technical capacity to manufacture parts which the government had specified. Cost is a factor in two ways: First, the flucting cost of certain materials can eliminate a bid.
from consideration (anything that requires use of silver or gold, for example, is too risky in terms of price change). Second, past award and pricing information, mostly gathered from the Commerce Business Daily, is used to determine Action Machine's ability to be competitive.

Although Ms. Hartmann has not computed a capture rate, she feels that she has been successful in marketing to the government by proceeding slowly but carefully. She suspects her capture rate might be slightly lower than that of her colleagues in similar manufacturing industries. Her feeling that she is less knowledgeable than other owners about the details of the procurement process suggests to her that she might be able to obtain more work if she were somewhat more secure in her knowledge.

Believing that the small business set-aside program has been very useful to her in facilitating the procurement of Federal work, Ms. Hartmann is eager for her application for 8(a) status to be approved. The small business set-aside program has enabled her to remain in competition with her peers and has protected her from having to compete with firms much larger than she is. Even so, she noted that the broad size standards for the industry put her in competition with some firms still considered to be small businesses, but which have much larger staffs and capabilities.

Ms. Hartmann's perception of the crucial elements in her own marketing strategy to the government are personal contact with the DCSC's -- contact which has been expanded by her "advocate." She feels that she has taken strong steps to overcome the dual barriers of lack of knowledge about procurement and uneasiness among buyers about women business owners.

The latter point has not prevented her from obtaining business, but she is perplexed at some of the attitudes she encounters. As she put it, "There are men who object to buying from women. Who knows what the reason is? There's plenty of room for everyone. On the other hand, sometimes buyers are pleased, and consider women in the marketplace 'gutsy.'" Ms. Hartmann overcomes ambivalent attitudes among male buyers by being persistent and by convincing them that she does quality work.

This owner's greatest fear about Federal procurement work is the danger of default on a contract. She feels vulnerable to the fluctuating cost of materials, which can cause loss of revenue or possible default. Despite this, Ms. Hartmann continues to bid ever-increasing numbers of Federal contracts and, despite any risks, wants to expand the share of Federal contracting she presently does. Hoping to expand from her present 2% Federal share, Ms. Hartmann's strategy for doing so rests with the ability to bid 8(a) work when her status comes through.
NAME: POOLE BUSINESS OPERATIONS, INCORPORATED

Industry: Business Service
Product: Medical Record-Keeping Systems
Service: 

Years in operation: 5 Years; owned 3 years by current owner

Business Acquisition: Founded □ Purchased □ Inherited □

Current number of employees: 2 full-time, 17 part-time

Background on Annual Sales: $250,000 (rounded off consistently for three years)

Background on Federal Share: 2-3% consistently for three years.
POOLE BUSINESS OPERATIONS, INCORPORATED

Poole Business Operations, Inc. is a business service that provides both consultation and supplies for setting up specialized office filing systems. Although applicable to many types of businesses, it is currently directed at the medical profession.

Martha Poole gained ownership of the firm when her ex-husband, with whom she started it, started another business. The business has been in existence for five years; she has owned it for three years. Currently, the sales volume of the business is $265,000. The company employs two people full-time, and seventeen people part-time.

Federal contracting represents 2-3% of the total sales volume, with all work obtained from the Veterans' Administration. The average size of Poole's Federal contracts is roughly $6,000, but may range from $600 to $8,000. All of her contracts are prime contracts, and only very rarely have any of her contracts been small business set-asides. She was not familiar with the Executive Order and has never been asked to subcontract on the basis of ownership.

Ms. Poole is not familiar enough with the procurement system to sufficiently conduct active marketing. In fact, she stumbled on the Federal government as a customer when she blindly called on the VA hospital in her area to inquire whether her services were needed. Because she has since been contacted by VA hospitals to do work, Ms. Poole claims that general advertising and word-of-mouth have been her best marketing tools.

When she submits bids in response to a hospital's request, she wins 50% of the time and she's fairly pleased with this rate. When she needs any assistance, either on bids or contracts, she feels that government personnel themselves are her best source of information. "They know how to help contractors," she says. She feels that the least useful source of information to her are the seminars sponsored by SBA, and perhaps jointly with other agencies, which "don't get to the heart of the problems" faced by small business owners interested in learning about procurement. She recalls that seminars have concentrated on ethnic groups and the loans available to them. She wishes that seminars would be focused on particular industries and taught by agency personnel who do the contracting.

The difficulty she has competing with large firms relates only to the supplies she provides her customers. (The consulting service is fairly unique, and therefore, provides her more of an edge among competitors of all sizes.) She charges her customers a fixed fee for an agreed-upon period of time, such as nine months or one year. Because profits come from mark-up on supplies -- she doesn't charge specifically for her consulting service -- price changes in supplies can really be detrimental.

She claims that she has been able to attract and retain customers by using a "small company approach -- very personal." She spends time learning about her clients, calls them frequently, and does such things as send birthday cards to them. She feels that this approach is greatly appreciated, and it gives her, and her clients, satisfaction.
Whatever problems this business may have, Ms. Poole attributes to being a small business, rather than to being woman-owned. She knows that some men "strenuously" object to women in business, but this, she has found, is truer in private industry than in her work with the Veterans' Administration. Without identifying the client, Ms. Poole recounted the following anecdote: One time she walked into a potential client's office, and when the man behind the desk saw she was a woman, he spewed out a "string of four-letter words." In response, she put a bar of soap on his desk and said, "When you're ready to speak to me respectfully, I'll do business with you," and walked out. The next day, he called, apologized, and she's had him as a client ever since.

Cash flow and small business taxes are her biggest problems. She has been able to deal with the former because she found an advocate in the government (she wasn't sure whether he was located at SBA or at the VA) who called all the VA clients she had and told them to pay her -- and it worked. She hasn't had nearly the same level of cash flow problems since.

This owner enjoys her business, and her clients. As she said: She "loves the challenge" -- that's why she runs a business.
NAME: THE INTER-SYSTEMS COMPANY, INCORPORATED

Industry: Research & Development

Product: 

Service: Human Factors Studies

Years in operation: 2½ Years; owned by current owner 1 year

Business Acquisition: Founded □ Purchased √ Inherited □

Current number of employees: 3 full-time; 3 part-time

Background on Annual Sales: $700,000 plus, estimated for this fiscal year (fiscal year not yet closed);
$50,000 last fiscal year.

Background on Federal Share: 85% expected this year; 50% last fiscal year.
The Inter-Systems Company, Inc. produces "human factors" systems for government and industry. It is a unique variety of computer company that integrates hardware and software in macro and micro computers. Half of the six-person staff are professionally trained (PhD) in cognitive psychology and the other half are computer specialists. Barbara Locke, the owner, explained that Inter-Systems human factor systems are designed to help people make best use of computer technology, and this "best use" is defined in terms of human cognitive facilities.

The firm is two and one half years old and has been woman-owned for one year. The current sales volume is $700,000 for the first half of the current fiscal year. Federal contracts account for 85% of that volume.

The Department of Defense is Inter-Systems' major client,* and the firm holds contracts with DOD of varying sizes from $3,000 to $250,000. None of the firm's contracts are small business set-asides. Although Inter-Systems has bid some set-asides, Locke feels she has been at a disadvantage considering the size standards. In her view, the size standards are still so broad that they do not adequately partition small and large firms.

Approximately 33% of the firm's work is carried out under subcontract. Ms. Locke prefers subcontracts to primes, because the company learns about the award more rapidly and tends to be paid more quickly as a subcontractor. She thinks Inter-Systems may have been contacted to subcontract because of its woman-ownership status -- but if so, it has never been stated straight out.

Ms. Locke feels that Inter-Systems is operating with a high level of knowledge about Federal contracting. One of the major partners in the firm had been in government for five years and he "knows all the ins and outs" of procurement. He has taught the company how to market to the government, and how to deal with clients. The staff follows the Commerce Business Daily carefully and respond to all RFP's that appear appropriate for them. "Sheer energy" and "being smart" are the factors that have helped them succeed. They are very proud of the fact that they won 15% of the 30 proposals that they submitted last summer. In general, the firm expects to win 10% of all bids made, and find that there are plenty of solicitations available. After failing to be awarded a contract, Inter-Systems generally requests a debriefing, which they have found to be useful.

The information most needed is on cash flow resolution. The cash flow problems experienced with the government are encouraging the firm to do more private sector work. Banks won't lend Inter-Systems money -- even with

*The firm was unsuccessful in a bid to Education Department in what Barbara Locke considers a very manipulative circumstance. They were called to DC from the West Coast and told that they should raise their price for a given line item; the other finalist was told to lower their price and was awarded the contract. They felt quite duped by this obvious "wire", and would have stuck to their original bid if they could have anticipated what was happening.
$700,000 worth of signed contracts -- because the contracts are Federal. Inter-Systems has recently obtained clearance for an SBA loan, but much paperwork remains to be done. SBA was helpful, although Locke thinks the agency may initially have been hesitant to deal with her as a woman owner. (Ms. Locke remarked that she thought she might have been the first female PhD that SBA had seen.) However, eventually, SBA personnel matched her up with a minority banker who was amenable to helping her obtain a loan.

In general, Locke thinks that the problems her business faces are those of all small businesses, rather than being in any way peculiar to woman-owned small businesses. She recommends a set-aside or 8(a) type program for woman-owned small businesses, and encourages the idea of an established network for woman business owners.
NAME: WEBER SERVICES, INCORPORATED

Industry: Research & Development

Product:  
Service: Management Consulting

Years in operation: 6 Years

Business Acquisition: Founded ☑ Purchased □ Inherited □

Current number of employees: 1 full-time; 1 part-time

Background on Annual Sales: $68,000 this fiscal year; $154,000 last fiscal year; $48,000 two years ago.

Background on Federal Share: 30% this fiscal year; 15% last year.
WEBER SERVICES, INCORPORATED

Weber Services, Inc. is a one-woman management consulting firm. Beverley Weber examines subsystems in organizations, identifies management needs, and defines management positions that would assist the company to achieve its goals. The company is six years old and has a sales volume of approximately $68,000 (a decrease of $86,000 since last year). The owner remains the only full-time employee (as she has been for the past three years) and she hires consultants part-time as needed.

Weber Services has obtained contracts from the Departments of the Army and Air Force, Department of Energy, and the U.S. Forest Service. This year, 20% of her sales volume consisted of Federal contracts, ranging in size from $1,000 to $11,000.

Sixty percent of her contracts are subcontracts; she has no particular preference between prime contracts or subcontracts. She has a vague familiarity with the Executive Order, but noted that the types of subcontracts suggested by the idea of the Executive Order are more applicable to construction or manufacturing than to her business. She has never thought that being woman-owned is an advantage in the Federal sector. She also noted that the small business set-aside program is not pertinent to her, as she rarely bids competitively.

The marketing function in the company is informally organized. Ms. Weber does not subscribe to the Commerce Business Daily and doesn't usually submit competitive proposals. She depends on personal contact and referrals from friends. She has been unsuccessful when she has tried to submit formal proposals to government agencies; she said that she really doesn't know how to submit a good proposal. She expected that PASS would open up some opportunities for her -- but a year ago, she submitted a revised description of her company and recently received a copy for approval of the description she had sent three years ago. She is concerned about the effectiveness of PASS, as this recent experience led her to believe that the system may be running several years behind in its information.

To facilitate marketing, she has attended seminars on procurement run by the Department of Commerce, to try to learn more about the formal processes involved in obtaining government work; however, these seminars were not helpful. The trainers seemed to be more interested in talking to women about construction and SBA loans than about the details of procurement and contract practice.

In Ms. Weber's opinion, part of her recent "marketing strategy" has been to begin completion of her doctoral dissertation. She firmly believes that contracting in her field is more difficult for a woman, and she thinks she has lost contracts because she doesn't have a PhD. Because of her relative success in private industry, she senses that the government is more degree conscious than her private clients are. She noted that her professional strength stems from her years as a manager both in government and private industry, and she feels "backed into" getting the PhD for credibility. Her comment was: "Federal people look at facade much more than industry people."
The agencies in which Ms. Weber has had the least success are research arms of military departments or their sub-agencies. She attributes her lack of success to not having a PhD and, partially, to being a woman. She made a point in the interview of describing instances of perceived discrimination she has observed and experienced in Federal circles. In addition, she feels that women in government are "blatantly discriminatory" to other women, and that men, especially those in male-dominated agencies, are "oblivious" to discrimination. At one of the bases she has worked with, sex discrimination continues despite the fact that the government recently paid a large sum of money to women from the base who filed a class action suit on the basis of discriminatory practices. Attitudes that are discriminatory are also noticeable among procurement staff as well, this owner believes.

Ms. Weber advocates that consultants get together on their own to share their experiences and knowledge of procurement, and she believes that Federal personnel need to be "turned around" with respect to their attitudes to women. While she would definitely support programs that "mainstreamed" women into more procurement work, she is very firm about desiring to be considered for her competence rather than as a woman-owner.
NAME: FOUR SEASONS CONTRACTING, INCORPORATED

Industry: Construction
Product: 
Service: General Contracting

Years in operation: 6 Years

Business Acquisition: Founded [x] Purchased [ ] Inherited [ ]

Current number of employees: 10 full-time
60 seasonal part-time

Background on Annual Sales: $3 million this fiscal year; $1.5 million last fiscal year; $500,000 three years ago

Background on Federal Share: 90% steady over three years
FOUR SEASONS CONTRACTING

Four Seasons does general contracting and is an 8(a) certified firm as well as being women-owned. Elizabeth Bellan started the firm herself six years ago. The current sales volume is $3 million—an increase from $500,000 two years ago. The company employs 10 full-time persons and up to 60 seasonal workers. Ninety percent of the sales volume represents Federal work.

Four Seasons has contracted with numerous agencies, including the Federal Aviation Administration, the Water and Power Resources Administration, the Veterans' Administration, the National Park Service and the National Weather Service. Ms. Bellan estimated that Four Seasons' range of contracts is $22,000 to $1,600,000.*

Very few jobs are subcontracts. Four Seasons, as a general contractor, prefers prime contracts because the nature of general contract work is more appropriate for prime contractors. Approximately 75% of Four Seasons' business is set aside for 8(a) firms and small businesses, although Ms. Bellan pointed out that the firm must still prove their capabilities and track record to get the work.

Ms. Bellan feels that she and her principal partner are quite knowledgeable, within the type of work they do. Reading the Federal Procurement Regulations has proved to be useful in terms of procedures. Four Seasons acquired most of its knowledge from local and regional SBA offices; the firm did subscribe to the Federal Register for a while, but found that less useful than current use of a local builder's exchange publication for information and bid prospects.

Both principals in the company are involved in marketing, and according to Ms. Bellan, they have not needed to invest large amounts of resources on marketing. In general, Ms. Bellan's procedure has been to fill out forms to get on bidders' lists, and then respond with a bid to announced upcoming work. They have found this process to be successful.

The main criteria for choosing to bid on a job is Four Seasons' current work load and its bonding limitations. Ms. Bellan explained that the firm is not limited in capability to do any job, but bonding poses limitations on the size of a job it might otherwise bid. In any event, she feels that there are enough jobs of appropriate size for the company to bid on.

Ms. Bellan offered several observations about small businesses and Federal procurement. She pointed out first that for any small business, the difficulty in competing with large firms is that large firms can absorb a certain amount of loss. Small companies, on the other hand, are dependent on the profits made on each job.

*The only agency in which she has been consistently unsuccessful is the Indian Health Service with HEW. She feels that this is mostly a problem of attitude towards small and minority businesses.
Her recommendation to other owners is to acquire a strong background--she believes that a strong background is necessary to make a business successful. Her advice to SBA is to offer more technical assistance, both in general business practice and in the specifics of preparing bids for Federal agencies.
At a glance

NAME: STEELSON MANUFACTURING, INCORPORATED

Industry: Manufacturing
Product: Steel Forged Products
Service: 

Years in operation: 44 Years

Business Acquisition: Founded [x] Purchased [ ] Inherited [ ]

Current number of employees: 20

Background on Annual Sales:
$1.5 million this year and last; $1.3 million 2 years ago

Background on Federal Share: 50% (rounded) consistently for three years
This manufacturing firm forges steel into various types of marine equipment and tools. Lucy Strunk and her husband formed the business forty-four years ago. Ms. Strunk, president of the firm, and Mr. Daniel Kronell, her associate and aide in Federal marketing, responded to this interview. Steelson employs twenty full-time people. The total sales volume for this fiscal year was $1,500,000.

Over the years, Steelson has become very familiar with the marine equipment that the government needs and buys. Fifty percent of the company's work is for Federal agencies or departments, including Defense Industry Supply Centers, Departments of the Navy and Coast Guard, and the Army Tank Command. Part of the company's "knowledge acquisition" has been a formal record-keeping system in which they log the Federal stock numbers and specifications of all items they have provided to the government. The average size of the orders which they fill is $5,000 to $8,000; however, they have filled government orders for as little as $50 and for as much as $150,000 to $200,000. They do all their work as a prime contractor, since their specialized marine products are unique enough so that they can bid--and win--independently. About half their work has been small business set-aside. This has been particularly significant for helping them to obtain contracts at the higher end of the range since the set-aside program has helped to contain or restrict the competition of larger firms.

The log system which maintains specifications from past orders has been an important tool in Steelson's approach to obtaining government work. Although Ms. Strunk felt that general knowledge of the procurement process is difficult to acquire, she pointed out that experience teaches one a great deal, and knowing one's own industry and products well--and what the government trends are in buying from one's industry--is a central task of an effective marketing effort. Thus, the past orders log documents both trends and products the government tends to buy.

In addition, the firm has listed itself on several bidders lists, and company staff regularly update Steelson's profile with these agencies. Steelson also sends product catalogs to the buyers at agencies where they are on source lists, but they do not do any face-to-face marketing. The firm subscribes to the Commerce Business Daily, but most of the bids Steelson makes are the result of Request for Quotations they receive from being on source lists. All of Steelson's contracts have been won competitively; the firm does not receive any sole source or unsolicited business from the government. The basic criteria for positive bid decisions rests on whether the requested product is one Steelson can manufacture. Ms. Strunk estimates that she expects to win a third of all bids Steelson submits.

Steelson's success in marketing its products to the government is perceived to be the result of producing a reasonably specialized product which has enabled the company to create a particular "territory" within the larger marine manufacturing industry. In addition, Ms. Strunk thinks that some business opportunities may have opened to her as a result of her ownership status--although she does not recall being contacted to subcontract under the Executive Order. She is pleased that the government seems to be noticing the potential contributions of women to business. (However, she insisted that
it is not appropriate to designate special set-asides for women-owned firms, and said that the Executive Order should be enough of a stimulus.

Regarding present and future contracting work, Ms. Strunk had several observations. Steelson's present work is slightly complicated by inflating costs, which can squeeze the company's resources on fixed price contracts. Although Steelson's government buyers pay them within 30 days, cash flow remains a problem, and Ms. Strunk considers the recent costs of borrowing money to be prohibitive. She has observed a lessening of contracts appropriate to Steelson, but expects that in the future the Reagan Administration's policies will stimulate the defense industry--and her company will benefit as a result.
At a glance

NAME: THE TRI-COMMUNICATIONS COMPANY

Industry: Retail

Product: Electronic Communications Systems

Service: 

Years in operation: 40 Years

Business Acquisition: Founded ☑ Purchased ☐ Inherited ☐

Current number of employees: 35

Background on Annual Sales: $2.5 million this fiscal year; $2.1 million last year; $1.8 million two years ago

Background on Federal Share: 5% this year; 4% prior two years
The Tri-Communications Company

Tri-Communications is a communications electronics firm organized into three divisions: electrical contracting, retail, and video sales. Jeffrey and Ainslee Allen started the business themselves forty years ago, and continue to own and manage it.* Mr. Allen answered the interview. Tri-Communications currently employs thirty-five people, and brought in a total sales volume this fiscal year of $2.5 million dollars.

Mr. and Mrs. Allen conducted their marketing efforts somewhat informally "in the early days," but with increased knowledge and reputation, now plan more carefully the activities which yield the Federal 5% share of the total sales volume. The firm works or has worked for a wide array of Federal clients: the General Services Administration, the Department of Defense, the Department of Housing and Urban Development, the Department of the Navy, the United States Postal Service, the Bureau of Indian Affairs, and the Federal Bureau of Investigation. The average size of a contract is between $5,000 and $10,000; however, the range of Tri-Communications' work extends from $1,200 to $50,000 or $100,000. Mr. Allen prefers subcontracts, and three-quarters of the company's work is carried out on a subcontracting basis. Allen explained that subcontracts cut the paperwork required by Federal agencies in half—a significant cut for him, as he finds the volume and cost of paperwork required for Federal work to be "ridiculous." Mr. Allen pointed out that for some bids, the paperwork costs more than the item Tri-Communications would supply.

Referring back to Tri-Communications' "early days" in Federal procurement, Mr. Allen explained that at first the company obtained its contracts simply by having staff visit buyers at nearby military bases and establishing who they were and what they could provide. Now, the company has designated sales personnel who maintain relationships with present clients and scout out and explore possible new Federal business opportunities. With the exception of the retail ("over the counter") division, most of Tri-Communications' Federal contracts are either sole source or negotiated on an unsolicited basis. For example, in the contracting division, 70% of the Allens' work is sole source or unsolicited, and in the video division, 50% of the Federal work is sole source.

For competitive bidding opportunities, in addition to having sales personnel explore possibilities, Tri-Communications carries out a routine of updating the company's description on bidders' lists and staying abreast of staff changes in procurement departments for whom they work. Allen has also found it useful to stay informed of small business set-aside solicitations. The set-aside program has been helpful to him in consistently obtaining a good many smaller jobs.

Among the considerations in making bid decisions are whether the proposed job is a set-aside, whether Tri-Communications is already the exclusive vendor of the product locally, and how clear the government's specifications are. Engineering considerations are also taken into account in making a bid decision. Over the years, Mr. Allen remarked, he has become much more selective in his bid decisions.

*Proportion or division of ownership was not requested.
The portion of Tri-Communications' work which is Federal has crept up slowly in the past several years, and the Allens would definitely like to see the proportion increase. However, Mr. Allen suggested that he has as many reasons to be interested in more Federal work as he does to be uninterested. There are enough contracts for Tri-Communications to bid on, and Mr. Allen feels that they can continue to increase their track record. He thinks opportunities for his firm may have been enhanced in the past twelve months because it is woman-owned (although he was not sure of any concrete instances) and he would like to capitalize on the ownership status. However, Allen sees two significant disadvantages facing him in the Federal sector: the first is the paperwork problem which increases the time, effort and cost of bidding. The second is an industry-specific problem resulting from the Davis-Bacon Act.* For Allen, the problem is two-fold: first, he runs a non-union company, mostly because there is no organized union in his industry in his part of the country. Second, he believes he is being misclassified as an electrician—and thus would be forced to pay high electricians' union wages—when his business is really in the communications industry. He is currently contesting with his Federal clients the applicability of the union wage system to his firm.

*The David-Bacon Act states that the Federal agencies can only use contractors who pay union wages.
<table>
<thead>
<tr>
<th><strong>NAME:</strong></th>
<th>SUNDOWN ELECTRIC, INCORPORATED</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Industry:</strong></td>
<td>Construction</td>
</tr>
<tr>
<td><strong>Product:</strong></td>
<td>Electrical</td>
</tr>
<tr>
<td><strong>Service:</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Years in operation:</strong></td>
<td>10 Years</td>
</tr>
<tr>
<td><strong>Business Acquisition:</strong></td>
<td>Founded □ Purchased □ Inherited □</td>
</tr>
<tr>
<td><strong>Current number of employees:</strong></td>
<td>17</td>
</tr>
<tr>
<td><strong>Background on Annual Sales:</strong></td>
<td>$448,000 this fiscal year; $340,000 last fiscal year; $277,000 two years ago</td>
</tr>
<tr>
<td><strong>Background on Federal Share:</strong></td>
<td>Less than 2% this year; 0% prior two years</td>
</tr>
</tbody>
</table>
SUNDOWN ELECTRICAL, INCORPORATED

Sundown Electrical, Inc. is an electrical contracting and construction firm owned by Paula Jefferson, who started the company with her husband eleven years ago. Ms. Jefferson assumed total ownership five and one half years ago following the death of her husband. The company employs seventeen people full-time as well as three part-time people, and has a total sales volume of $450,000 this fiscal year.

Ms. Jefferson does not consider herself to be particularly knowledgeable about the Federal procurement process and has pursued only small amounts of Federal work. The current proportion of her sales volume represented by government contracts is about 2%. However, she has acquired several Army and Air Force bases as major clients, and obtains contracts from them of an average size of $1,200 - $5,000. All her work is done as a prime contractor on a fixed price basis; no work has been secured under the small business set-aside program.

Ms. Jefferson has no particular strategy for obtaining Federal work, but as part of her plans for the future marketing, she is hoping to learn more about the Federal procurement process. She anticipates that much of the future business in her region of the country will become Federal, mostly from military agencies. She would like to find a comprehensive training course in procurement processes but has not yet found one that seems to meet her needs, either through the SBA or other agencies.

Ms. Jefferson's eagerness to expand her work in the Federal marketplace is tempered by her prior experiences carrying out the Federal contracts that Sundown has won. She is concerned that the paperwork involved in preparing a Federal bid is excessive. She is also in a difficult position with respect to the Davis-Bacon Act, because she does not want to unionize her company. Even so, she senses that these are problems which all small businesses face. Ms. Jefferson has already fought—and to a large degree won—the battle she perceives as being inherent to women in her industry. She feels she has had to fight harder for work and for recognition than do the men in her field. On at least one occasion, she even has had to fight for the chance to stay in business and compete on her own merits: following her husband's death, creditors denied her credit and customers wanted to cancel their orders. She had to battle to have her credit restored and rebuild relationships with customers, but has accomplished both tasks, while steadily increasing Sundown's overall sales volume.
**NAME:** CASE ENTERPRISES, COMPANY  

**Industry:** Manufacturing  

**Product:** Steel Firings, Tanks, Troughs  

**Service:**  

**Years in operation:** 32 years; owned by current owner 20 years  

**Business Acquisition:** Founded [ ] Purchased [ ] Inherited [x]  

**Current number of employees:** 15 (decreased from 52 last year)  

**Background on Annual Sales:** $300,000 this fiscal year; $800,000 last year; $600,000 two years ago.  

**Background on Federal Share:** Figures were discrepant; see case study
Case Enterprises manufactures steel linings, tanks, troughs, and gas and water holding tanks. Sarah Juster is a sole proprietor who inherited the thirty-two year old business from her husband twenty years ago. The company employs fifteen people full-time (a decrease from fifty-two employees last year) and has experienced a slight drop in sales from $800,000 to $500,000 between the last two fiscal years.

The Department of Agriculture is Case Enterprises' major Federal client, accounting for 75% of the firm's procurement contracts.* Ms. Juster explained that in the early years of the firm's history, much of the marketing was done in person, or—as she says—"on foot." Now that Case Enterprises is well known by the USDA, the firm does less personal marketing, but sends letters describing the company to every USDA service center, the Forest Service, Parks and Recreation Departments, and the Fish and Wildlife Centers. Often, these departments will forward to other buyers information on the company's capabilities; sometimes the letters generate orders—and then unsolicited reorders. Contracts with this clientele average $25,000 to $30,000 each, a few of which are small business set-asides.

Ms. Juster considers herself to be very knowledgeable about Federal contracting, and feels that trial and error experiences have taught her well. The most fruitful source of information she has found are the government's purchasing agents, with whom she has cultivated secure business relationships. She feels that these relationships are the cornerstone of her successful marketing strategy—that her instincts about the people she is dealing with are what guide her marketing strategy most. In return for her efforts to establish solid working relationships with clients and buyers, she says that Case Enterprises, Co. attracts work because "people trust us."

Ms. Juster reviews bid opportunities with an eye toward several factors: she prefers prime contracts, because she wants responsibility for the job and wants to be paid directly by the client. She also insists on having in-house all necessary resources required to do the job. This includes financing, as she does not want to borrow money for up-front work, since high interest rates on borrowed money virtually preclude her from making a profit.

Although Case Enterprises has found the small business set aside program useful for obtaining contracts, Sarah Juster does not feel a similar program should be instituted for women business owners. If she occasionally has problems as the result of owning a small business, she does not feel at a disadvantage as a woman business owner. She has heard of the Executive Order about subcontracting, but doesn't understand why women owners should be singled out.

*Widely discrepant figures about the amount of Federal work done by the company were presented: 2% of total sales volume on one occasion; 70% on the second occasion.
NAME: ENERGY RESEARCH & DEVELOPMENT INTERNATIONAL, INC. (ERDI)*

Industry: Research & Development

Product:

Service: Energy Research

Years in operation: 2 Years

Business Acquisition: Founded □ Purchased □ Inherited □

Current number of employees: 5

Background on Annual Sales: $240,000 this fiscal year; $70,000 last fiscal year

Background on Federal Share: 100% both years

* The owner and company in this case requested identification with actual names; therefore, names used in this case are not fictitious.
ERDI, Inc. focuses on energy consulting, using specialized high technology methods and applications. Gay Heit Lavi started the firm herself two years ago. The company employs five full-time people and has more than tripled its sales volume in two years, from $70,000 for the last fiscal year to $240,000 this fiscal year. To date, ERDI's only Federal client has been the Department of Energy and contracts from that client have accounted for 100% of the company's work.

Gay Heit Lavi feels that she is exactly where she wants to be in the Federal market: she has created a "high-tech" firm with a slightly different twist, and with great potential. Her strategy for moving into the energy business was somewhat unusual--she carried out a three-year self-directed study on energy technology (specifically ocean energy thermal conversion) focusing upon commercialization in the field, and determining what would be required to bring technology into the energy market place. As Ms. Lavi completed the study, she began delivering papers at international energy conferences, and as a result of such free-lance exposure, the Department of Energy invited her to formally consult under contract. In addition to her pursuits in the field of energy, Ms. Lavi acquired a Master's in Business Administration (to augment her Ph.D. in English), and she began organizing the structure for ERDI in 1979.

Ms. Lavi handles all marketing activities herself, although she is considering hiring a marketing director as soon as the company obtains more contracts. In the meantime, she has been diligent about learning the details of the procurement process. She has talked with contracting officers, she reads the Commerce Business Daily, and scans lists of other bidders receiving contracts so that she can notify them of her interest in subcontracting. Ms. Lavi has also attended conferences on women in business, including an entrepreneurship conference run by the Department of Health and Human Services.

Ms. Lavi attributes her success with ERDI to a well-plotted, carefully directed strategy of building a knowledge base both in a substantive area and in business. She emphasizes, to other owners, the importance of having a product worth selling, learning about the procurement market and doing the necessary "homework" on all aspects of the business. She also stresses that firms must identify agency needs and, then, work out a strategy for filling those needs. For this owner, running a business has meant some personal sacrifice, long hours, frustratingly slow payment by the government, and plenty of risks. However, Ms. Lavi finds it intriguing and plans to continue doing more Federal work in the future.
NAME: MARINE SERVICES CORPORATION

Industry: General Services
Product: Service: Ship Repair

Years in operation: 17 Years

Business Acquisition: Founded [x] Purchased [ ] Inherited [ ]

Current number of employees: 8 full-time; 15 part-time

Background on Annual Sales: Not given

Background on Federal Share: 100% this year; 90% last year
Marine Services, Inc. is in the ship repair business, and was started seventeen years ago by its current owner, Anita Rittenberg. The company employs eight people full-time and fifteen people part-time.

One hundred percent of Marine Services' business is done under Federal contract* to such agencies as the Maritime Administration, the Army Corps of Engineers, and the Coast Guard. Ms. Rittenberg remarked that she would like to work for the Department of the Navy, but feels that their jobs are so big that only large shipyards can handle them. The major portion of the company's work is represented by small business set-asides through the Army Corps of Engineers. The size of contracts held with client agencies has ranged from $50,000 to $300,000.

Ms. Rittenberg remarked that she has been in business so long that she could not isolate the specific ways in which she learned the procurement process or how she began to obtain Federal work. She suggested that the most important knowledge she possesses is how to run a good business--and, she applies that framework to all activities she carries out in her position as marketing director for the company. In general, she noted, she has found Federal agency personnel to be helpful and supportive of her efforts. She visits agency offices and applies to be placed on source lists, at the same time encouraging personal contact and leaving business cards to pave the way for future calls. She visits agency offices frequently and routinely, and attends all available pre-bid conferences on prospective solicitations. In many cases, Ms. Rittenberg said, it takes six months to a year for anything to come of her visits, but persistence seems to pay off for her. She has found that once Marine Services has established that they perform work competently, the agencies are glad to give the company new work.

Ms. Rittenberg also stays abreast of solicitations published in the Commerce Business Daily, and reviews updated or revised procurement regulations. In reviewing the contracting opportunities available to the firm, she makes bid decisions by assessing the size of the job and how well it fits into Marine Services' current workload.

In general, Anita Rittenberg thinks the problems she has are the same as those faced by other small businesses, regardless of ownership status. However, she also feels that small, woman-owned businesses are not necessarily gaining much from the Executive Order requesting voluntary use of woman-owned businesses as subcontractors. Marine Services does not currently have any subcontracts, but would like to obtain some in order to increase their business in a manageable way. Although Ms. Rittenberg has met with large firms who are prime contractors, she feels that they have not made a genuine attempt to work with her firm. For example, she said, a large company may approach her for a bid, and then have its own subsidiaries underbid her. In her opinion, prime contractors are not doing all they can to support the initiative started by the Executive Order.

*The owner preferred not to provide information on her total annual sales volume for any year.
In addition, Anita Rittenberg is concerned about the currently used definitions of "small businesses." For her industry, the standards are too broad, and include businesses much larger than hers. She also faces some unique, industry-specific, problems as a small business in the marine services field. Bonding and insurance requirements on Federal work can restrict her ability to financially support some jobs even though the company is technically capable of performing the work.
NAME: CONSTRUCTION DATA CONTROL, INCORPORATED*

Industry: Business Services

Product: 
Service: Automated Construction Consulting

Years in operation: 2 Years

Business Acquisition: Founded ☑ Purchased □ Inherited □

Current number of employees: 10

Background on Annual Sales: $450,000 this fiscal year; $375,000 last fiscal year

Federal Share: 100% both years

* The owner and firm in this case are identified by the use of actual names at their request; thus, the names used are not fictitious.
Consortium Data Control, Inc.

CDC does construction consulting, including critical path scheduling, using automated data processing and computer analysis. Ester Geoffroy and a partner started the company themselves two years ago. They employ eight to ten full-time people, and have a total sales volume of $450,000 this fiscal year.

Both partners had previously worked in consulting firms, and had learned the procurement process thoroughly in their prior jobs. They were able, relatively quickly, to secure contracts with the General Services Administration, the National Park Service, and the Small Business Administration. (They have also begun to bid on Department of Defense contracts, but have not yet had any positive results.

The contracts which Construction Data Control has obtained in their two-year history range in size from $1,500 to $200,000. Ms. Geoffroy pointed out that there seem to be few small business set-aside procurements in her field, so CDC has competed mostly in the open market. In making bid decisions, various staff in addition to the partners are involved, and the decisions focus on the job’s scope of work. They look primarily at prime contracting opportunities, which they prefer because of the direct client contact, and then consider the appropriateness of content and the match to technical skills. Size is not an issue because CDC feels they can handle almost any size job in their field. Ms. Geoffroy commented that CDC can also afford to bid on a great many solicitations because they use rapid-production automated procedures and systems for preparation of bids.

Consequently, in Geoffroy’s opinion, CDC tends to submit more proposals than other companies in the same field. Their capture rate is roughly one out of 20---a slightly lower ratio than that of the industry as a whole, but, Geoffroy thinks, CDC is winning high quality work.

Ester Geoffroy thinks that it is hard to obtain information without some prior experience in procurement work. Her experience has helped her design an aggressive marketing strategy that ranges from review of the Commerce Business Daily and trade magazines to sending letters (prepared on their own word processing equipment) to potential clients. She also stressed the importance of meeting people in the agencies and departments--especially contract officers--in order to introduce the company to those who have decision-making power.

Because Ms. Geoffroy feels that it can be difficult to obtain Federal work without prior experience, she has made an extra effort to assist small disadvantaged firms with contracting--particularly negotiation--and has been active in the Women’s Business Enterprise program. The firm is very familiar with the Executive Order and P.L. 95-507 and for firms new to Federal work, Geoffroy suggests subcontracting as a good way to gain experience, become known to an agency and develop a track record.
Ms. Geoffroy discussed several ways in which the government could help small businesses help themselves. One recommendation was that small business set-aside solicitations be published in a separate section of the Commerce Business Daily, so that they would be easily identifiable.

In addition, Ms. Geoffroy suggested that SBA consider focusing their technical assistance on specific issues rather than on providing information of a general nature. For example, SBA might use sample situations of how the Federal procurement process affects different industries. She also noted that the funding level of SBA assistance centers is unrealistically low, and the staff are often not well-qualified.
NAME: SHAPIRO AND ASSOCIATES, INC.*

<table>
<thead>
<tr>
<th>Industry:</th>
<th>Research &amp; Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product:</td>
<td>______________________</td>
</tr>
<tr>
<td>Service:</td>
<td>Environmental Consulting</td>
</tr>
</tbody>
</table>

| Years in operation: | 6 Years |

| Business Acquisition: | Founded ☑ | Purchased ☐ | Inherited ☐ |

| Current number of employees: | 10 |

| Background on Annual Sales: | $285,000 this fiscal year |

| Background on Federal Share: | 40-50% steadily for three years |

* The owner of this company has authorized use of her name and the name of her company; thus, names are not fictitious.
Shapiro and Associates specializes in environmental consulting. Jill Shapiro started the company six years ago with a partner, but is now the sole owner. Shapiro employs ten people full-time and one part-time, and the total sales volume for this fiscal year was $285,000.

Shapiro and Associates' first Federal job was done under subcontract to a larger firm that had extensive experience in government contracting. Jill Shapiro considered this "hands-on" way of gaining experience extremely useful for learning the ropes of Federal marketing and contracting. Ms. Shapiro subsequently began marketing her firm to the Army Corps of Engineers--maintaining her work by marketing from one Corps district to another. By securing steady work through the Corps districts, 40-50% of her sales volume is in Federal sector work. Her contracts vary in size from $10,000 to $200,000 and although Ms. Shapiro started out in business as a subcontractor, only 10% of her current work is done under subcontract. She moved as quickly as possible into prime contracting, as she feels she has more control over contracts when she is in the prime position. In addition, Shapiro has occasionally bid small business set-asides (but is not sure whether current in-house contracts include any set-asides) and believes that she has obtained some work because of her ownership status. The jobs that seem to have been directed her way as a woman owner are frequently quite small, but even so she feels that the agencies are showing support for small and woman-owned businesses.

However, Jill Shapiro pointed out, despite agency support, work doesn't just fall into her hands magically. She and one of her vice presidents bring to bear their two, slightly different, specialty areas in locating bid opportunities and bid decisions. They read the Commerce Business Daily each day--with mixed results, sometimes finding something attractive, sometimes not--though one of their best and largest contracts was obtained through response to a CBD announcement. Ms. Shapiro and her colleague also talk frequently with other consultants, to exchange opportunities or to consider joint efforts. Most recently, Ms. Shapiro has visited some agency offices in an attempt to obtain work in the state units of the Federal agencies for whom she works.

This owner remarked that the best method for marketing--and the one that has helped her to stay successful--is that aside from reviewing the CBD, she pinpoints a Federal client and learns as much as she can about that client's division or agency. She talks to and gets to know the people there, so that Shapiro and Associates is visible and well-known when there is work to be done.

Ms. Shapiro feels that her success has also been the result of doing repeat work with the same agency, and consistency in the type and quality of the work the firm performs. The company manages projects well, meets schedules, and is well-received--in fact, sought after--as a result.
This owner had one particular recommendation for opening up the procurement process. She noted the lack of specified effort levels on most solicitations, and thinks it would be to the benefit of the government and contractors alike to provide specific information on the expected level of effort for a given RFP.
NAME: ISC CORPORATION

Industry: BUSINESS SERVICES

Product: Service: Instructional Systems Development

Years in operation: 2½ Years

Business Acquisition: Founded □ Purchased □ Inherited □

Current number of employees: 5

Background on Annual Sales: $497,000 this fiscal year; $190,000 last year; $89,000 two years ago

Background on Federal Share: 100% this year and last year, 0% two years ago
ISC CORPORATION

The ISC Corporation develops instructional systems, including operations and maintenance training, for military and industrial clients. Deborah Vogt started the business two and a half years ago, with two partners. The company has five full-time (and one part-time) employees and a total sales volume this fiscal year of $497,000*

Ms. Vogt feels that the company possesses unique skills and has targeted a highly specific market. All of the company's work is Federal contracting for Department of Defense sub-agencies, such as the Navy, Air Force, and Army. All three principals in the firm had long-term prior experience in Federal procurement, and extensive knowledge of the field. This enabled them to locate a need in the marketplace and structure a company to meet that need. In its two-year history, the company has obtained Federal work worth between $30,000 and $500,000. Most of that work is purposely done under subcontract, as the systems training which ISC does is usually linked to hardware systems in larger firms. In addition, Ms. Vogt thinks that subcontracts are better for small, new businesses--in this owner's opinion, subcontracts provide exposure and experience in the field, work of a manageable size, and the preferred position of being accountable to another firm rather than directly to the government.

ISC has obtained work both through the small business set-aside program and as a result of the Executive Order on voluntary use of women-owned businesses as subcontractors. On the whole, Vogt thinks, the quality of the firm's work, and their visibility as woman-owned, has attracted prime contractors to them.

The routine marketing activities which comprise the company's overall strategy include locating not only the set-aside and subcontracting opportunities referred to above, but review of the Commerce Business Daily for bid possibilities (and awards information that would be useful in preparing bids, or finding subcontracting work) as well as tracking potential jobs directly through the agencies so the ISC knows about upcoming jobs before they are advertised in the CBD. Ms. Vogt and her partners use many criteria in deciding whether to bid. The most important factors are whether the proposed work fits the company's capabilities and its business plan. They look at information about the prime contractor or the agency which is procuring the work to determine whether procurement personnel would be responsive to a bid from ISC. Finally, the size of each job is considered, as Vogt does not want her firm to be forced to grow too rapidly.

Vogt has established a practice of requesting debriefings on lost bids (unless the reason is obvious, such as losing on price) for several reasons. She thinks that debriefings are good marketing tools--they allow a chance for direct personal contract with the agency, and thus enable insight into the agency's agenda. She has also found that debriefings are a useful way of finding out how other companies operate and what their bids are like.

*The sales volume of the firm appears to have risen fairly dramatically to its current level: from $89,000 two years ago, and $190,000 for the last fiscal year.
Ms. Vogt's comments about the procurement process, and her advice to other owners, stem from long experience both in prior jobs and in running her own company. She thinks that procurement contracting is a difficult field, because the knowledge required is not only technical, but "subtle and political." Capitalization and cash flow can present problems to the small business owner, and she feels that there is an approximate three year lead time before contract work becomes profitable. In addition, track record and personal credentials are crucial to getting government work, and without these it is hard to be successful "no matter how good you are."

Vogt recommended that new businesses interested in defense work contact their local Defense Contracts Audit Agency (DCAA), which she found to be extremely helpful. She also found that the Small Business Administration, especially the local contracts offices, can be extremely knowledgeable and helpful. She remarked that "the government will go out of its way to help—although it can only go so far."

She stressed that woman-owned businesses, like all businesses, must have a quality product to sell and must be reliable about performing work well and on time. Deborah Vogt suggested that women emphasize their credentials first, and their ownership status second.
NAME: INDUSTRIAL METAL, INCORPORATED (IMI)

Industry: Wholesale

Product: Metal Cutters

Service: 

Years in operation: 3 Years

Business Acquisition: Founded □ Purchased □ Inherited □

Current number of employees: 12

Background on Annual Sales: $2 million this fiscal year; $1.2 million last year; $850,000 two years ago.

Background on Federal Share: 20% this year; 5% last year; 1% two years ago.
INDUSTRIAL METAL, INC. (IMI)

IMI is a three-year-old small business which distributes industrial metal cutters. Patricia Hasler bought the company two years ago. She currently employs twelve full-time and one part-time staff persons; the sales volume of the firm this fiscal year reached two million dollars.

Two consistent clients of the firm include the Tennessee Valley Authority and a local Air Force Base. (Ms. Hasler also thinks that much of the work IMI does for Union Carbide is Federally-related, but she is not sure.) The average size of current Federal contracts is $2,500. Although the contracts are, on an individual basis, relatively small, Federal contracting represents 20% of the company's overall sales volume.

Ms. Hasler does not consider herself to be particularly knowledgeable about or heavily involved in the procurement process. She has four staff who work for her on marketing and although aware of opportunities to learn about procurement, she has not yet moved to do so. She joined her local area Industrial Distributor's Organization to learn about a variety of business topics, and hopes that the Federal procurement process will be one of them. Although she reads the Commerce Business Daily, she doesn't think that there is enough information contained in that publication alone to help her gain a broader knowledge base.

Ms. Hasler was aware of the Executive Order regarding subcontracting, but has never been contacted to be such a subcontractor. She is a minority business owner, and it was difficult for her to separate, in her experience, the influence of being a woman from being a minority. She has no expectations that either status will be a business advantage. She does think that there may be problems involved in being a woman owner (for example financially). Men in banking and financial planning did not take her seriously at first, she commented, and this can, on occasion, be a problem with potential clients, as well. She thinks in such cases, that a special set-aside for women would be helpful, but pointed out that women must also overcome whatever lack of confidence they have as business owners.

Although she didn't offer precise reasons, Ms. Hasler said that getting on bidders' lists has been a problem for IMI. She considers this lack of listing a real handicap and says there are plenty of contracts for which she is eligible, but if IMI is not on the list, it cannot compete.

In terms of more Federal marketing for the future, she says that time is her most precious commodity, and it is scarce. For this owner, finding the time to market effectively is even harder than finding the money. She does think that a special set aside program for women would aid her marketing efforts, as she feels that women do experience competitive disadvantages in the procurement market.
NAME: CUSTODIAL SUPPLIES COMPANY

Industry: Wholesale
Product: Janitorial Supplies
Service: 

Years in operation: 5 Years; owned by current owner 2 years

Business Acquisition: Founded □ Purchased □ Inherited □

Current number of employees: 4

Background on Annual Sales: $100,000 this fiscal year; $80,000 last year.

Background on Federal Share: 30% this fiscal year; 19% last year.
CUSTODIAL SUPPLIES COMPANY (CSC)

CSC is a five year old company which distributes janitorial supplies. It has been owned by Catherine Perlo for two years, who bought the company when it was losing money. For the last year and a half the business has been financially viable. It currently does $100,000 worth of work annually and employs four full-time people.

The Federal share of work done by CSC this year was 30% -- an increase from last year's 19%. Bids have been submitted to and awarded from the Departments of the Air Force and Navy, with the average size of award approximately $4,500. Criteria for bid decisions are very broad and CSC bids anything it can supply. Because much of CSC's work is done in its own state, the company's geographical location limits the number of Federal contracts that are considered for bidding.

The company's major competitors are the janitorial supply manufacturers themselves, who, whenever they can, will sell directly to the government rather than through a distributor. Despite this, Ms. Perlo estimates her capture rate at 50%.

Ms. Perlo does most of the Federal marketing herself, with some help from colleagues. She has listed herself with PASS, various agency source lists, and state agencies. She waits for quotations to come to her, but visits Federal agencies when possible. In addition, the nearby Small Business Development Center (SBDC) has been useful to this owner, both for learning about procurement and for getting leads on contract opportunities. She subscribes to the Commerce Business Daily and talks to as many procurement officers as will talk to her. She feels she knows about 50-60% of what there is to know about the Federal procurement process.

Specific problems she has encountered include difficulty convincing various agencies that she can handle a $10,000 order. Also, for her to initiate a stronger Federal marketing effort, she would have to obtain more capital. For example, many agencies require $50,000 bonds on orders of $10,000 or more. Ms. Perlo is anxious to expand her Federal marketing, but claims she cannot get the financing or contract work to afford expansion.

Catherine Perlo thinks that being a small business owner presents more problems than being a woman or a minority owner -- although she did remark that her bank still requires her husband to co-sign loans for her.

The information she is desperately seeking, but can't find, is about loans. She wants to expand, but doesn't have quite enough contracts to bid on or enough capital to finance them. She has explored eligibility for 8(a) status, but apparently does not qualify (although neither she, the SBA, nor the SBDC could explain exactly why). She also noted that she would like a complete set of Federal procurement regulations, but doesn't know where to get them. Thus, while Ms. Perlo has successfully participated in the Federal procurement process, she is not completely comfortable with her command of the information and would welcome assistance in becoming more adept at securing information and making the best use of it.
NAME: STRATTON ELECTRICAL SYSTEMS, INCORPORATED

Industry: Construction

Product: 

Service: Electrical Systems

Years in operation: 54 years; owned by current owner 7 years

Business Acquisition: Founded □ Purchased □ Inherited ☒

Current number of employees: 15

Background on Annual Sales: $900,000 last fiscal year; (figures for this fiscal year are not complete.)

Background on Federal Share: 6% last fiscal year

5% expected this fiscal year.
This is a small, 42 year old electrical construction business which Lucy Stratton, the current owner, inherited from her husband seven years ago. The total sales volume of the company was $900,000 during the last fiscal year, of which the Federal share represented 6% of the total.

Although Ms. Stratton indicated that SES has done work for several Federal agencies, including GSA, most of the company's Federal work is apparently done under subcontract to general contractors. Federal clients were not discussed in as much detail.

Ms. Stratton feels she has a "pretty good handle on the basics" of government procurement marketing. The general contractors to whom she subcontracts have confidence in her company's work and have helped her to obtain information and get placed on bidders' lists. Also, at the state and local level, even more so than at the Federal level, these colleagues have kept her abreast of set-aside programs and opportunities.

Stratton Electrical operates with no formal marketing plan, depending to a large degree on the support of the local general contractors in obtaining work. Careful cost estimation, delivery of quality work and always "playing fair" with clients and customers were cited by Lucy Stratton as key elements of marketing and overall operations.

In making a particular bid decision, Stratton considers SES facilities for doing the work to be sure the firm can handle the job, and tries to "stick with our field." Her comment was that in making a bid decision, it is best to remember not to stray too far from what you know you're good at doing. She also takes into account the dollar volume of the job and generally bids contracts in the small-to-medium price range.

Stratton indicated that she is somewhat surprised herself at the company's success, but attributes it to the firm's reputation as one which does good work and is always fair about the work performed. She says that she is particularly careful to follow through on all details -- both in bidding a contract and in carrying it out -- and that she personally covers all loose ends to "take care of things properly."

Probably the most significant barrier Stratton had to overcome was that seven years ago when she took over for her husband, she confronted initial customer fears about a woman in the construction business. "Seven years ago, there weren't any (women)," she remarked. But she was able to sustain her customers' backing by showing them that she's "not a rabble rouser -- I'm just trying to do what they are."

Ms. Stratton stated that she would be pleased to do more Federal procurement work -- that she's glad for SES to do any work it can get. In order to expand the company's work, she is trying to learn about all set-aside solicitations and will pursue them as a major strategy.
At-a-glance

NAME: QUIMBY TECHNICAL SCIENCE SERVICES

Industry: General Services

Product: Service: Technical Science Translation

Years in operation: 16

Business Acquisition: Founded □ Purchased □ Inherited □

Current number of employees: 5 full-time; 200-250 on-call translators

Background on Annual Sales: $260,000 consistently for three years

Background on Federal Share: 60-70% averaged over three years
Quimby Technical Science Services is a sole proprietorship which performs technical and scientific translation services for Federal and private clients. The major focus of the sixteen year old business which was started by its current owner, Emily Quimby, is the translation of engineering and other scientific documents from any of forty languages. Emily Quimby has five full-time staff members working for her as editors, proofreaders or clerical staff, and in addition maintains a roster of between 200-250 translators, including scientists, engineers and physicists who have special language and translation skills in addition to their technical backgrounds. The firm's annual average sales volume has remained consistent at approximately $260,000 over each of the most recent three years.

Ms. Quimby's major Federal clients include the Air Force, NASA, the Defense Supply Service, the former Department of Health, Education and Welfare, and several branches of the Army. She obtained her first contract in 1964, from NASA, and has been active in the Federal marketplace since then. The Federal share of her overall sales volume has averaged from 60-70% (based on an average of the past three years' figures), and that share is comprised of contracts which have ranged in size from $7,000 to $70,000 in competitive procurements, purchase orders, and Basic Ordering Agreements. The largest contract the firm has been awarded was $250,000. All of Ms. Quimby's contracts are small business set-asides, and she feels that the set-aside program has been extremely helpful to her business. She has no subcontracts, and targets only prime contract work, since she feels that the quality of the work is better controlled from the position of prime contractor.

Ms. Quimby feels that despite her sixteen years experience she is still not as knowledgeable about Federal procurement operations and the Federal procurement marketplace as she would like to be. She has constructed no formal marketing plan for her company, and expressed mixed feelings about the actual process of marketing. On one hand, she claims to be less interested in the marketing aspects of her business than in other facets of ownership and operation; on the other hand, she readily said that she probably does not spend enough time on marketing and could be more successful in obtaining Federal work if she spent more time pursuing it. Ms. Quimby also feels that her access to knowledge and information about the procurement industry may be restricted by her location at a distance from Washington, D.C. She suggested that location in Washington, or on the East Coast, would facilitate information gathering relevant to procurement marketing.

Despite the lack of a formal strategy, Ms. Quimby operates her marketing efforts according to various informal principles. She believes that her best marketing strategy is doing good work, and that the greatest impediment to obtaining new business is to complete a product poorly. She has carefully maintained the quality of her firm's work, and this has in turn enabled her to obtain business by recommendation and word-of-mouth.
Ms. Quimby explained the relationship between performing and obtaining work by giving as an example the fact that much of her work is published in books or other documents and is then disseminated by government agencies. Federal staff, including project officers, see the tangible evidence of performance, call her for references about the firm, and then call Ms. Quimby to offer work with their agencies. She has found that project officers recommend her to other project officers, and such word of mouth recommendations are a fruitful source of business for her.

Several years ago Emily Quimby tried using a direct mail campaign as a marketing tool, but found it to be a dismal failure. A consultant was hired for six to seven months, and a brochure was prepared and mailed out. Ms. Quimby felt that the campaign produced very little to almost no return for the investment. In this context, she again reiterated that the most useful tool in marketing is the cultivation of relationships and staying in the grapevine of marketplace information.

Ms. Quimby does read the Commerce Business Daily, though rarely more than once a week. She finds it helpful in providing her with general information and is letting her know what is going on in the translation services field. However, she also finds project officers to be useful and direct sources of such information both informally, and in debriefings she requests on unsuccessful bids. Ms. Quimby does not use the services or publications of the Small Business Administration, nor does she know if registering on bidders' lists has been at all helpful to her in obtaining work.

Quimby's repeated mention of not knowing the procurement process intimately, as well as her perceived need to know more about the workings of the government (including the exact mechanisms for contract award) led her to discuss the usefulness of attending seminars to gain information. Ms. Quimby noted that although she has seen seminars about government work and planning advertised, registration fees are almost universally prohibitive. She gave as an example an upcoming seminar which requires a $300-400 registration fee--Ms. Quimby feels that $150 is about the limit of what her company can afford.

The owner of Quimby Technical Science Services says that work in the field of technical translation is definitely on the increase, and that there is plenty of work available for her firm to bid. She would like to continue in and increase the amount of Federal work she does, and finds that her status as a women owner is no problem whatsoever. In fact, she thinks she may have received better treatment from government clients, rather than the opposite, and finds that people have gone out of their way to help her and to see that the process is appropriately smoothed for her. Ms. Quimby feels that being a woman in the marketplace has been an asset to her, and does not support the idea of a set-aside program--at least, not in her industry. She believes that any woman-owned set-aside program would create "a furor" in the translation industry, as she is the only woman-owned company she knows of among her competitors.

As far as offering advice to other women, Ms. Quimby suggested that she couldn't offer much advice, as the problems of competing are so industry-specific. For herself, she commented only that she really enjoys Federal work and feels that Federal agencies are very good clients. Unlike many
other owners, she does not worry about being paid by them. Although Federal clients may pay late, she said, she operates her business so that she doesn't expect prompt payment. At least she knows for sure that Federal clients will ultimately pay her—as opposed to private clients, who are riskier in their ability to go out of business without paying their bills.
NAME: THE MATERIALS COMPANY

Industry: Wholesale
Product: Draperies
Service: 

Years in operation: 8 Years

Business Acquisition: Founded ✔ Purchased □ Inherited □

Current number of employees: 8

Background on Annual Sales: $100,000 consistently for three years

Background on Federal Share: 2% consistently for three years
The Materials Company

Wendy Felder is the sole proprietor of this wholesale drapery business. She began the business herself eight years ago, with a small amount of personal savings. She currently employs eight full-time people, and three additional part-time staff. The sales volume of The Materials Co., has remained constant at approximately $100,000 during the past five years.

The Materials Company provides draperies to a local air force base, their only current Federal client, representing 2% of the company's overall sales volume. Ms. Felder's knowledge of procurement is limited, and she is not pursuing new Federal business. She knows that the government needs curtains and shades in their offices, but has no strategy for obtaining the business. The contracts she has had in the past have been obtained by "walking in" to the agencies.

Beyond her single current client, she has stopped bidding into other agencies. Her reasons for ceasing to compete for Federal work were stated as: 1) the agencies are too far away; 2) her suppliers are underselling her; 3) it's too time-consuming and frustrating to deal with the paperwork; and 4) poor chances of winning. She realizes that quality will get you in the door, but first, you have to have the chance to show your work. Ms. Felder says she can't compete because no one will let her into the marketplace in the first place. Now, she just "throws in the basket" any mail or RFPs from Federal agencies.