



CRACKING THE GOVERNMENT PROCUREMENT CODE

How Online Marketplaces are Breaking Down the Barriers to Small
Business Growth and Participation in the Government Market Segment



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CONTEXT

Small businesses are a vital part of the United States economy. In 2019, the Small Business Administration (SBA) reported that there were 30.7 million small businesses in the U.S.^{1,2} These small businesses represented 99.9% of all businesses, employed 59.9 million Americans, and were engaged in nearly every major industry. Because of their impact on the U.S. commercial landscape, and their ability to create jobs within their communities, government entities at all levels continually work to ensure that small and diverse businesses have access to the more than \$2 trillion in government procurement opportunities.³

Government procurement leaders throughout the U.S. have established agency or department contracting goals and instituted myriad programs to increase the participation of small and diverse businesses in government procurement. Nevertheless governments and small businesses both struggle to make progress. For example, while the Federal government succeeded in meeting its primary small business contracting goal of awarding 23% of federal contracting dollars to small businesses in fiscal year (FY) 2018, the number of federal contracts awarded to small businesses has been declining.⁴ According to a report by Bloomberg Law, federal agencies awarded 32% fewer contracts to small businesses in 2018 than were awarded in 2009.⁵

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Much of the cost and complexity built into procurement systems was designed to reduce the risk assumed by governments when contracting with vendors ... However, inefficient and opaque procurement processes threaten small business growth, which is a key lever in creating jobs. As the creators of 63 percent of net new jobs in the country, small businesses are the backbone of an inclusive economy that can be addressed and advanced through innovative procurement policy.

Reynoso and Scheyder, “Five Cities that are Buying into Equity”, Governing.com

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Many state, city, and other local governments have also set procurement goals or instituted other means to increase small business participation in procurement. The New York state government has set a target of awarding 30% of contracting dollars to small businesses, while in Boston, Massachusetts, an Economic Development Center was recently established to host workshops for small and diverse vendors, walking them through the certification and bidding process and helping to establish partnerships among small businesses and city departments.^{6,7} These efforts to improve equity are a reflection of the challenges faced by small businesses as they work to overcome the many barriers to participation in government procurement.

¹ United States Small Business Administration Office of Advocacy. “2019 Small Business Profile”. April 24, 2019

² SBA establishes size-standards for each industry based on number of employees and/or annual receipts. United States Small Business Administration. “Table of Small Business Size Standards Matched to North American Industry Classification System Codes”. January 1, 2017

³ Sharma and Morrissey. “The Government Buys \$2 Trillion Worth of Stuff Every Year...”. Government Executive. July 13, 2016

⁴ United States Small Business Administration. “Federal Government Achieves Small Business Contracting Goal...”. June 25, 2019

⁵ Murphy. “Federal Supplier Base Continued to Shrink in Fiscal 2018”. Bloomberg Law. May 23, 2019

⁶ Governor Andrew M. Cuomo Pressroom. “Governor Cuomo Announces Statewide...Increases to Nearly 29 Percent”. October 3, 2018

⁷ City of Boston Economic Development. “Economic Development Center Launched, Expanding Economic Growth”. January 15, 2019

CONTEXT

While government procurement leaders throughout the United States are taking steps to improve the procurement process to reduce barriers to entry and success and increase small business participation, untangling the complexity inherent in government buying and selling will take years to accomplish.

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The current acquisition landscape is challenging. There are daunting regulations and aging IT systems – not to mention the confusion of having the same items sold through multiple contracts. The result is an inconsistent – and sometimes frustrating – buying and selling experience... Buyers want an easier way to buy the products, services, and solutions that meet their mission needs. Suppliers have asked us to reduce barriers, making it easier for everyone to work with government.

General Services Administration, “What is the Federal Marketplace Strategy?”

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To address these challenges more immediately, government buyers and small businesses alike are turning towards online business-to-business (B2B) marketplaces, bringing the familiarity and ease of personal online shopping to the world of government acquisitions. For example, governments at all levels are leveraging Amazon Business, Amazon’s B2B online marketplace, to simplify the procurement process. At the local level, more than 40% of the 100 most populous local governments in the United States are Amazon Business buyers, while Utah, Oklahoma and Connecticut are among those buying through Amazon Business at the state level.⁸

Online Marketplace — a method of sales that connects online buyers with a provider’s proprietary products, third party vendors, or both.⁹

The Federal government has also recognized the potential for online marketplaces in procurement. As part of the FY 2018 “National Defense Authorization Act”, Congress directed the General Services Administration (GSA), in partnership with the Office of Management and Budget, to establish a program to enable federal agencies to procure commercial off-the-shelf items through commercial e-commerce portals (“online marketplaces”). In response, GSA plans to initiate a proof of concept testing the extent to which commercial e-commerce portals can increase the transparency of spending data and drive better buying strategies and decisions.¹⁰

To examine the challenges small businesses face in selling to government customers through traditional procurement channels and the ability of online marketplaces to address these challenges, Censeo Consulting Group (Censeo), a DC-based management consulting group focused on transforming operations and outcomes for mission-driven clients in the public sector, conducted a study of 455 small businesses to answer the following: *what are the primary barriers to entry and success small businesses face in selling to the government, and what role can online marketplaces play in overcoming these barriers and cracking the procurement code?*

⁸ Amazon Business Blog. “The Rise of B2B E-Commerce”. July 1, 2019

⁹ General Services Administration. “Commercial Platforms Initiative: GSA and OMB Phase 2 Deliverable (Attached)”. May 2, 2019

¹⁰ General Services Administration Interact. “Commercial Platforms Initiative: Solicitation Issued...”. October 2, 2019

KEY FINDINGS

Defining Barriers to Entry and Success

The failure of federal, state, and local agencies to meet their small business contracting goals stems not from a lack of participation or interest from small businesses in government procurement but from the systemic barriers these businesses face when attempting to engage with government buyers.

Based on conversations with small business owners and government procurement leaders, as well as extensive experience supporting public sector acquisition strategy and operations, Censeo identified five primary barriers that prevent small businesses from entering or sustaining success in the government market segment.

01. Incumbent Supplier Advantage

Pre-existing buyer relationships and strong knowledge of a customer's business environment, requirements, and pricing structures that give existing suppliers an advantage over new or prospective suppliers

02. Complex and Inefficient Processes

Aspects of the procurement process that make it difficult for small businesses to participate in government procurement, including the duration of the sales cycle, complex documentation requirements, vague and confusing guidance, and inefficient, outdated systems

03. Poor Communication with Buyers

Communication difficulties between buyers and sellers, such as lack of transparency around needs, capabilities, and unclear contracting language and terminology

04. Onerous Legal and Regulatory Requirements

Stringent legal requirements, such as security, reporting, systems, and performance requirements, that are difficult to understand and adhere to without substantial investment in systems and resources

05. Political Uncertainty

Budget, policy, and/or personnel changes that can negatively affect a business' ability to contract with government buyers

KEY FINDINGS

Cracking the Government Procurement Code

Synthesizing survey responses and insights from 455 small businesses and numerous interviews with federal, state, and local government buyers and procurement officials, Censeo Consulting Group identified four key findings regarding the barriers small businesses face selling to government customers and the potential role of online marketplaces in government procurement.

BARRIERS TO ENTRY AND SUCCESS

KEY FINDING 1. Almost all Small Businesses Report Facing Significant Barriers in Doing Business with Government Customers

Across all levels of government, 93% of respondents reported facing significant barriers to selling to the government, demonstrating the need to improve the accessibility of government customers to small businesses.

93%

of respondents report facing significant barriers to selling to the government

KEY FINDING 2. Incumbent Supplier Advantage and Complex, Inefficient Processes are the Highest Impact Barriers of the Traditional Procurement Process

Incumbent supplier advantage posed the most significant barrier to doing business with government customers. Incumbent suppliers have an advantage over potential suppliers because of their existing customer relationships and strong knowledge of the customer's business requirements and pricing structures. Prospective suppliers must overcome that advantage with each new contract they pursue, regardless of whether it is their first government customer or their fifth. Those advantages, along with difficulties in both understanding and navigating the complexity of the government procurement process, were deemed as the most significant barriers by the small businesses surveyed.

#1

most significant barrier to doing business with government customers is incumbent supplier advantage

THE ROLE OF ONLINE MARKETPLACES

KEY FINDING 3. Online Marketplaces Can Expand the Customer Base and Increase Sales for Small Businesses Without Increased Selling Cost

Respondents reported that accessing more customers, expanding to new market segments, and selling a higher volume of products were the primary benefits of using an online marketplace. Additionally, 72% of respondents reported that the cost of sales when using an online marketplace was the same or lower compared to other channels, affirming the value of online marketplaces to small businesses and their potential to support government acquisitions and procurement.

72%

of respondents reported that the cost of sales when using an online marketplace is the same or lower as compared to other channels

KEY FINDING 4. Small Businesses Who Use Online Marketplaces Report that Marketplaces Provide a Larger Share of Revenue than Any Other Channel

Online marketplaces were not widely used as a sales channel by respondents, with only 29% of surveyed product suppliers using them. However, businesses selling through online marketplaces reported receiving 42% of their annual revenue through online marketplaces – more than any other sales channel.

42%

of small businesses' annual revenue comes from sales through online marketplaces

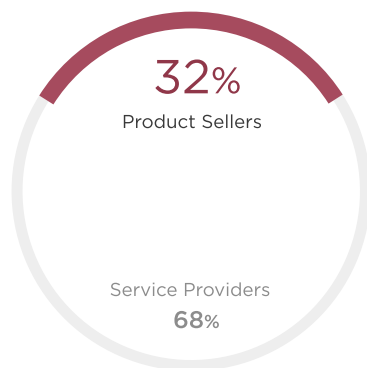
RESEARCH ANALYSIS

Surveying the Small Business Landscape

To achieve the objectives of the study, Censeo conducted an online survey of small businesses registered to do business with federal, state, and local governments from across the United States. Of the 455 responses received, one third were product sellers, and almost 80% reported a total annual revenue of less than \$2 million and employed fewer than ten employees.

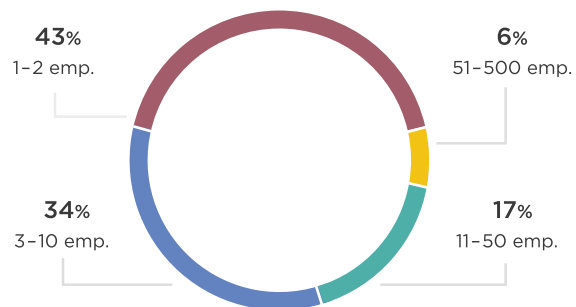
32% of Respondents are Product Sellers

Please select your primary business type



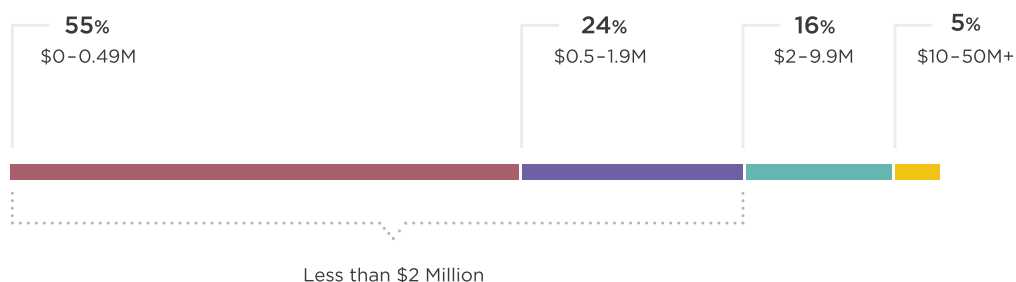
The Majority of Businesses Surveyed Had Fewer than 10 Employees

How many full and part-time staff does your business employ?



Almost 80% of Companies Surveyed Reported Total Annual Revenue of Less than \$2 Million

What is the annual revenue of your business? (% of respondents)

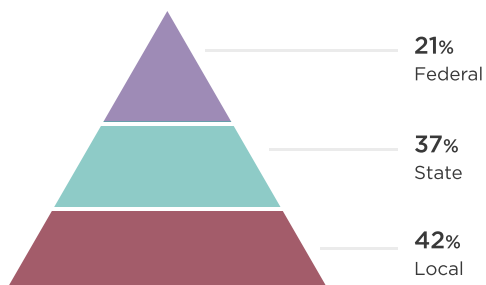


RESEARCH ANALYSIS

Survey respondents represented a cross-section of registered government sellers, including federal, state, and local suppliers, and possessed a diverse array of socioeconomic certifications. The level of experience respondents had actually selling to the government also varied widely. While all businesses surveyed were officially registered as government suppliers, only 40% identified themselves as “Past / Present Suppliers” of government customers. Most of the remaining respondents were either interested or actively trying to enter the government market segment. This disparity in selling experience serves as a strong indicator of the difficulties these business face in selling to government customers. *Simply registering as a government seller is not enough to begin participating in, and winning, government contracts.*

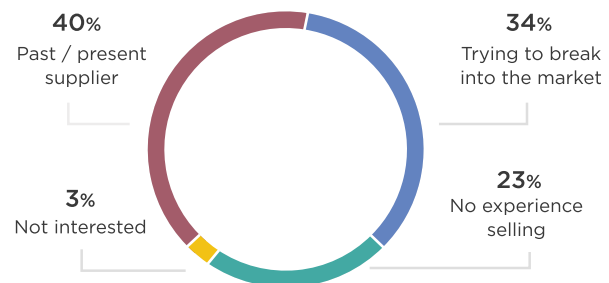
Respondents Have the Greatest Experience Selling to Local Governments

Please indicate your business' experience selling to government customers at each level



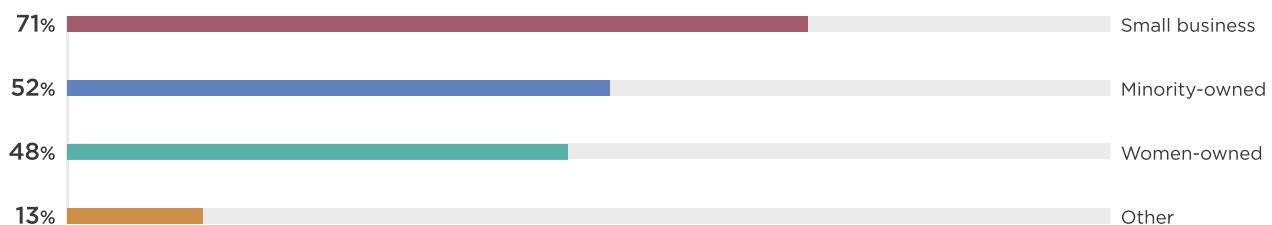
Only 40% of Respondents Have Sold to Government Customers

Please indicate your business' experience selling to government customers



Respondents Possess a Range of Socioeconomic Certifications

Does your business possess any of the following socioeconomic certifications?



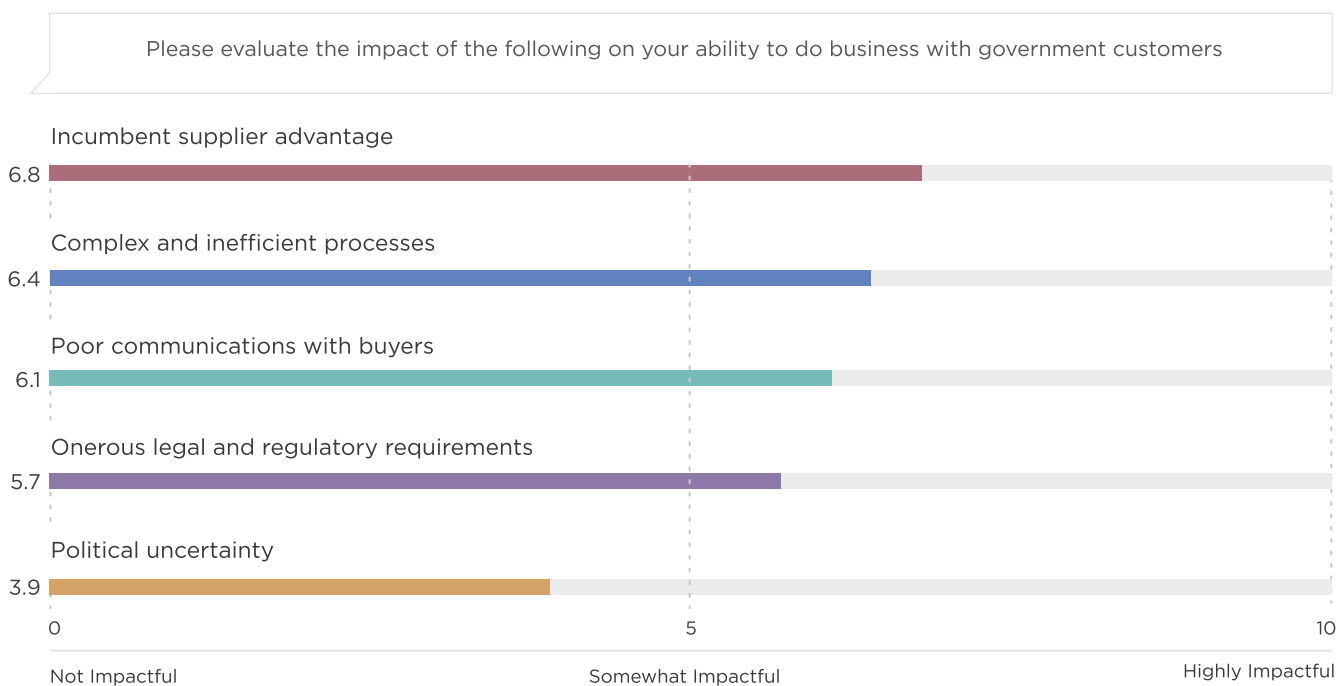
RESEARCH ANALYSIS | BARRIERS TO ENTRY AND SUCCESS

KEY FINDING 1. Almost all Small Businesses Report Facing Significant Barriers in Doing Business with Government Customers

KEY FINDING 2. Incumbent Supplier Advantage and Complex, Inefficient Processes are the Highest Impact Barriers of the Traditional Procurement Process

Across federal, state, and local levels of government, 93% of respondents report facing significant barriers to selling to the government. Incumbent (previous or current) supplier advantage is largely seen as the most impactful barrier to doing business with the government, followed by complex and inefficient processes. Notably, political uncertainty is consistently reported to have the least impact across all three levels of government, demonstrating that the barriers small businesses face emerge from aspects of the traditional procurement process and not from political issues such as changing administrations, budget and policy changes, or government shutdowns.

Incumbent Supplier Advantage is Reported as the Most Impactful Barrier to Doing Business with the Government



For a detailed breakdown of the barriers to selling to the government by level of government, socioeconomic status, and service vs goods providers, read [Appendix page 21](#)

When trying to win a government contract with a new buyer, a business often must unseat an incumbent supplier — that supplier who currently has the contract. Knowledge of a buyer’s environment, a deeper understanding of contract requirements, and insight into the desired pricing structure — all developed from the incumbent’s relationship with the buyer — gives an incumbent a significant advantage over new entrants. All businesses face the barrier of incumbent supplier advantage, but for small businesses, the lack of needed resources, experience, relationships, and expertise increases the impact of this barrier to entry and sustained success in the government market segment.

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It is almost impossible for a small business to participate and win when the biggest players participate at the same level.

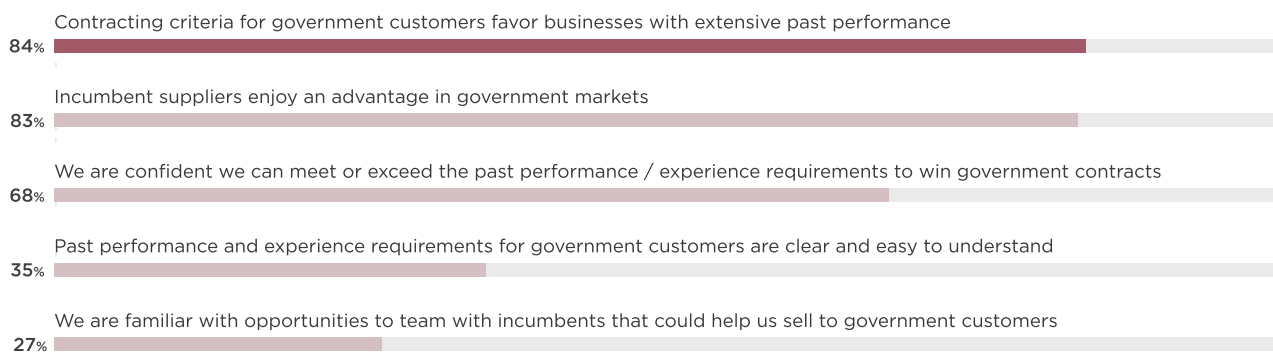
Small Business General Manager, Clothing and Accessories, Pennsylvania

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An analysis of small business respondents’ perception of incumbent supplier advantage further demonstrates the impact of this barrier on the ability of small businesses to sell to government customers. 83% of respondents agreed that incumbent suppliers enjoy an advantage in the government market segment. Furthermore, 84% of respondents agreed that contracting criteria favor businesses with extensive past performance. Past performance and experience requirements are seen as unclear, and few respondents were aware of subcontracting opportunities that could help them to be more competitive on government contracts. These statistics show that experience, knowledge, and relationships count, and are crucial to winning in the government sector. Each new contract brings new incumbent suppliers with pre-existing buyer relationships and familiarity with customer operations; suppliers must overcome this advantage with each new pursuit. *Online marketplaces have the potential to alleviate the impact of incumbent supplier advantage, as they provide a platform on which small businesses can be visible to a wide array of buyers regardless of pre-existing relationships.*

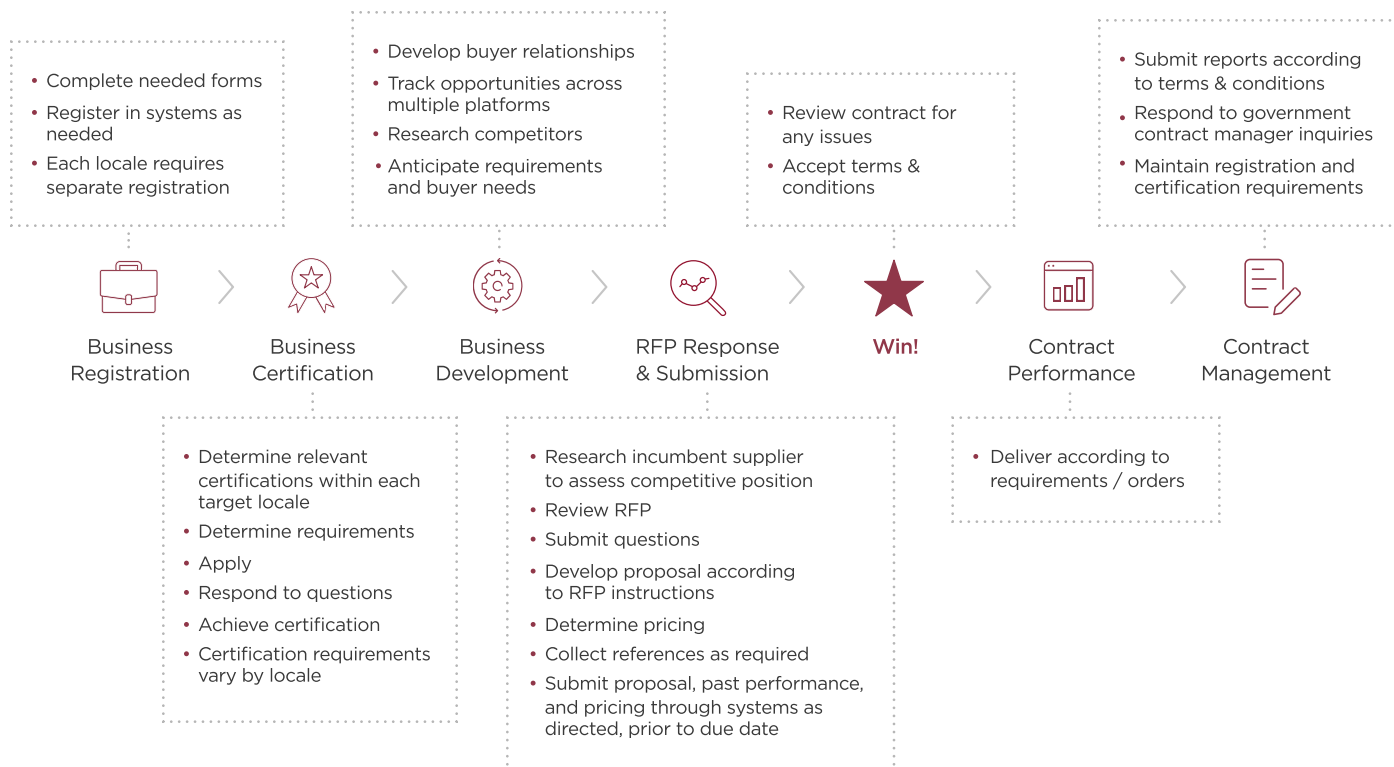
84% of Respondents Agree that Contracting Criteria for Government Customers Favor Businesses with Extensive Past Performance

To what extent do you agree with the following statements about incumbent (previous / current) supplier advantage when selling to government customers?



While incumbent supplier advantage poses a significant barrier to small businesses, the complexities of the procurement process also create challenges for those trying to sell to government customers. In order to become a supplier, most federal, state, and local governments require a business to register with that entity. If a supplier wishes to sell to multiple entities, they must register with each. Once registered, the supplier enters the acquisition process. The Government Supplier Procurement Journey depicted below shows the major steps involved in the traditional government procurement process.

Government Supplier Procurement Journey



The Government Supplier Procurement Journey is cumbersome and complex, presenting a barrier that is especially challenging to new sellers unfamiliar with these processes and systems. Navigating these processes through a typically long sales cycle requires a level of capital, resources, and knowledge that is often beyond the capacity of many small businesses.

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Finding, reviewing, and completing most federal or state contracts requires almost 100% of a typical 40-hour workweek of one employee... Reducing the complexity of working with the government would help reduce costs to businesses.

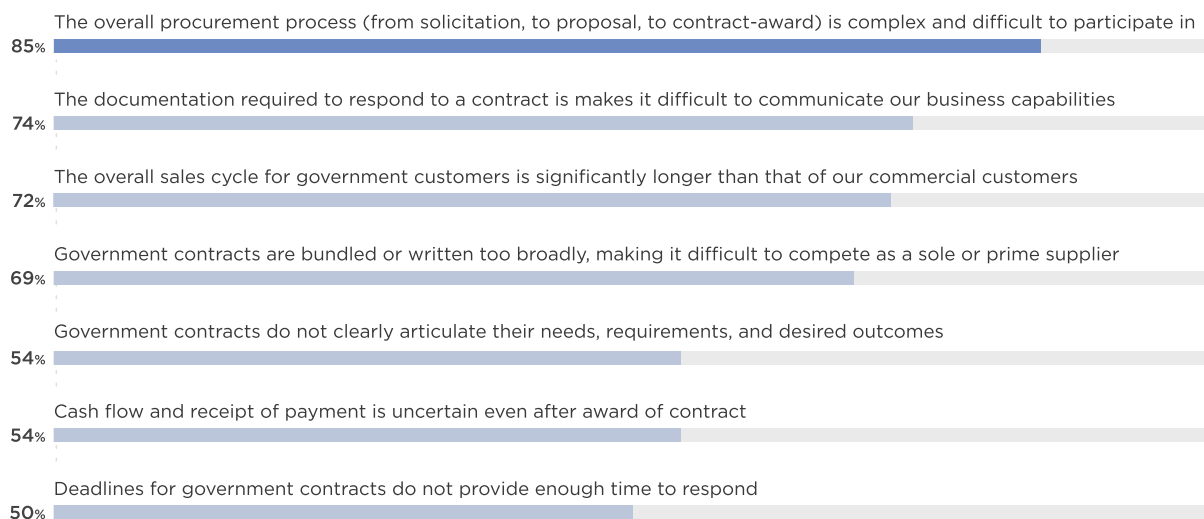
Small Business Owner, Professional Services, Pennsylvania

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In the survey, 85% of respondents agreed that the overall procurement process is complex and difficult to participate in, and 74% agreed that the documentation required to respond to a contract is complex and makes it difficult to communicate their capabilities. Additionally, 54% of respondents agreed that cash flow and receipt of payment is uncertain even after contract award, highlighting the strain the procurement process places on the often limited resources of small businesses.

85% of Respondents Agree that the Overall Procurement Process is Complex and Difficult to Participate in

To what extent do you agree with the following statements about complex and inefficient processes when selling to government customers?



For a detailed breakdown of respondents' evaluation of qualitative statements for each barrier to selling to the government, see [Appendix pages 25-29](#)

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Having to check every box... It makes it very difficult to get things done, and for a company of our size the paperwork can make the transaction unprofitable.

Small Business Owner, Maintenance, Repair and Operations, North Carolina

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RESEARCH ANALYSIS | THE ROLE OF ONLINE MARKETPLACES

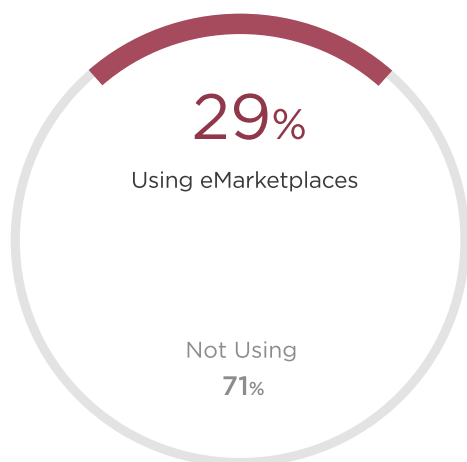
KEY FINDING 3. Online Marketplaces Can Expand the Customer Base and Increase Sales for Small Businesses without Increased Selling Cost

KEY FINDING 4. Small Businesses Who Use Online Marketplaces Report that Marketplaces Provide a Larger Share of Revenue than Any Other Channel

To examine the role of online marketplaces in supporting sales to government customers, the survey asked respondents about their experience using online marketplaces. The analysis focused primarily on product sellers, as their business models are most relevant to online marketplaces. Most product sellers surveyed do not currently sell through online marketplaces, with only 29% reporting online marketplaces as a sales channel. Of those, 64% report using Amazon.com or Amazon Business, Amazon's B2B marketplace. GSA Advantage, the government's online shopping and ordering platform, is the second most used platform with 33% utilization, followed by Ebay with 31% utilization.

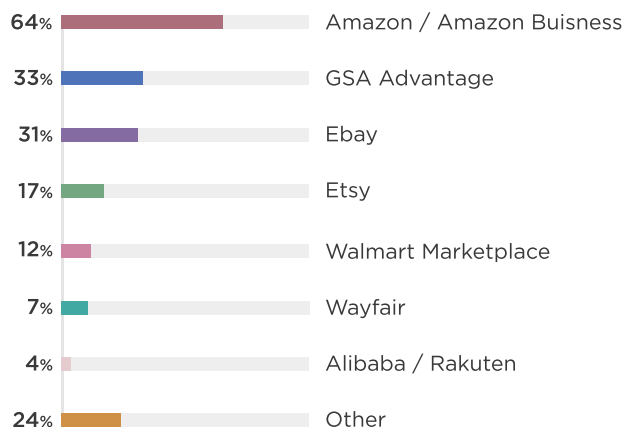
Nearly a Third of Goods Providers Reported Using an Online Marketplace to Sell Their Products

What channels do you use to sell your products?



Amazon is the Most Commonly Used Online Marketplace, Followed by GSA Advantage

What online marketplaces do you regularly sell through?



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Without [online marketplaces] we would not exist. There is no other intelligent way to market.

Small Business Owner, Doll, Toy, and Game Manufacturing, North Carolina

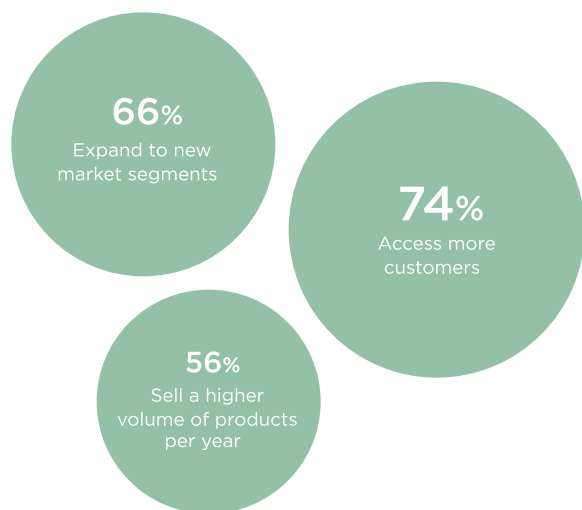
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RESEARCH ANALYSIS | THE ROLE OF ONLINE MARKETPLACES

Surveyed marketplace sellers see access to more customers, expanding to new market segments, and selling a higher volume of products per year as the main benefits of online marketplaces, and *most respondents are able to achieve these benefits with the same or lower cost of sales as compared to other sales channels.*

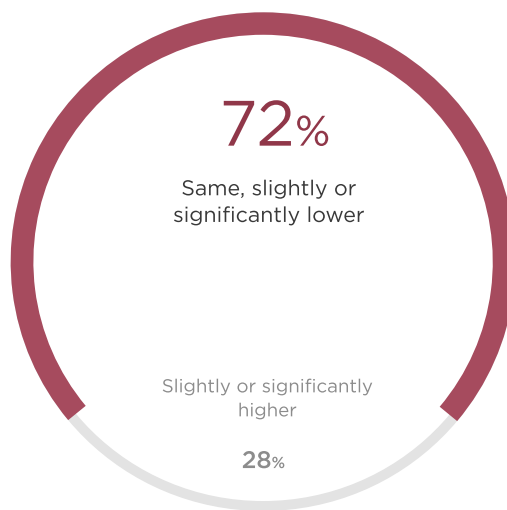
“Accessing More Customers” is Widely Seen as the Top Benefit of Using an Online Marketplace

To what extent do you agree that selling using an online marketplace has enabled you to do the following?



72% of Respondents Report that the Cost of Sales is the Same or Lower When Using an Online Marketplace Compared to Other Channels

Compared to other channels, is the cost of sales (advertising / marketing, fulfillment, customer service, etc.) when using an online marketplace higher, the same or lower?



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While [online marketplaces] pose some challenges, just like any other method of sales, they're simply more efficient because you are able to combine all aspects of your business to one database.

Small Business Owner, Food and Beverages, California

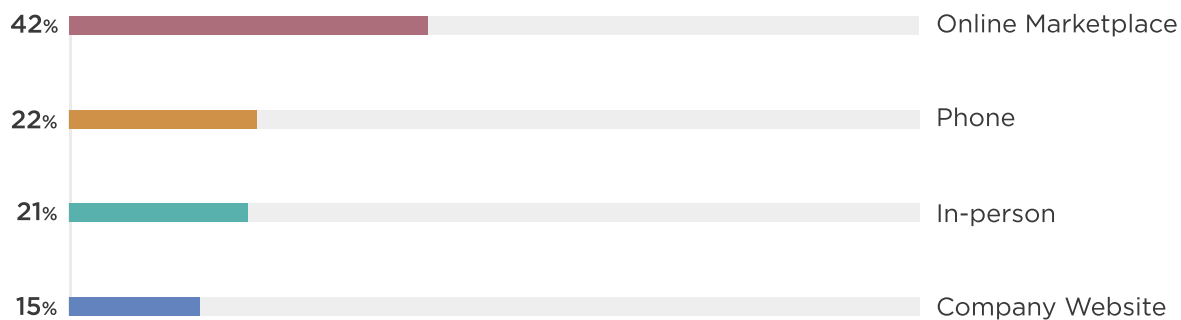
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RESEARCH ANALYSIS | THE ROLE OF ONLINE MARKETPLACES

Businesses selling through online marketplaces report receiving 42% of their annual revenue through this channel – more than through any other single sales channel. This demonstrates the impact online marketplaces have had on the buying and selling landscape and their potential to be leveraged in the government procurement process. Given the benefits of online marketplaces, the fact that 71% of small businesses reported not using an online marketplace may also represent a missed opportunity to improve and expand their business.

Small Businesses Report Receiving 42% of Annual Revenue Through Online Marketplaces

Please estimate what percent of your total sales come from each of the following channels



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With Amazon, we really dictate how we want our dollars spent, and set those strategies ourselves with full reporting on our return on investment.

Matthew Snyder, Varidesk

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RECOMMENDATIONS

The traditional government procurement process poses significant challenges for small businesses. While not insurmountable, these challenges are experienced as barriers to entry for small businesses that are new to the government market segment and as barriers to sustained success for those with experience selling to government customers. The rise of online marketplace use in the public sector presents an opportunity to circumvent many of these barriers while leveraging components of traditional government procurement. *To improve the government procurement process and expand the use of online marketplaces for government sales, all parties — government procurement leaders, small businesses, and online marketplace providers — have a role to play.*



RECOMMENDATIONS

Government Procurement Leaders

Many government agencies and departments have established centralized accounts for purchasing through online marketplaces, which enables procurement oversight and provides access to key purchasing data. In contrast, in those government agencies without centralized accounts, individual buyers make purchases via online marketplaces without these benefits. *By formalizing the use of online marketplaces, government procurement leaders can simplify procurement of commonly purchased goods while maintaining leadership oversight and visibility that ensures competitive pricing, compliance with purchasing regulations, and data to support decision-making.*

Government procurement leaders should assess the volume of purchases through online marketplaces to determine the current spend through these channels. Based on these findings, they should consider creating agency accounts with B2B online marketplaces that provide the level of service, analytic capabilities, and performance metrics necessary to support the agency in fulfilling its mission and goals. Additional benefits available may include:

- Identification of preferred products and vendors;
- Clear designation of vendor certifications and credentials;
- Approval workflows for specific product categories or price limits; and
- Custom messages to a specific buyer community

Agencies may consider a pilot with a subset of buyers as a proof of concept before expanding the account to the full organization. Additionally, federal, state, and local governments that have instituted socioeconomic certification programs and related contracting goals can take the following steps to increase participation by small and diverse sellers:

- **Streamline and support.** The certification process – particularly for small-disadvantaged- and veteran-owned businesses – is often complex and difficult to navigate. Streamlining this process and providing easy access to vendor support will increase the number of small businesses able to effectively participate in government procurement.
- **Increase scale and visibility of contracting goals.** Interviews with government procurement leaders revealed that government buyers are sometimes unaware of their agency's socioeconomic contracting goals. Agencies should work to increase the visibility and awareness of these goals among purchase card holders, expand the number of socioeconomic set aside programs, and incentivize buyers to actively seek out small and diverse businesses when making purchases.
- **Facilitate networking between buyers, incumbents, and small businesses.** Government procurement leaders should expand networking and relationship-building opportunities for buyers, incumbent suppliers, and small businesses. Additionally, procurement leaders should support small businesses as they navigate each stage of the procurement process through outreach and technical support.

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If small businesses don't get a seat at the table...they are going to have no way to get us products that will offer us the same performance at a much better price.

Government Official, Port of Seattle

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RECOMMENDATIONS

Small Businesses

Small businesses that are interested in or are currently engaged in selling to government buyers can improve their access to government buyers and leverage the potential of online marketplaces in several ways:

- **Register.** As a first step, small businesses should register with federal, state, and local governments. This will give them access to participate in government procurement through both traditional and non-traditional channels.
- **Certify.** After registering, small business owners should then certify their business with their local and state governments, as well as the federal government, based on all eligible socioeconomic criteria. This will provide access to set-aside programs available only to businesses with socioeconomic designations.
- **Educate.** To prepare for the challenges of the procurement process, small businesses should learn more about the contracting process and establish clear business goals for selling to government customers. Most regions have small business resources with the specific purpose of supporting and driving opportunities to small businesses. By increasing their fluency with the procurement process and regulations, small business owners will be better positioned to compete on government solicitations and prepare for the complexities of the procurement process.
- **Leverage.** Creating an account to begin selling through one or more B2B online marketplaces will enable small businesses to best reach government buyers that are currently using online marketplaces. Small businesses should ensure that their socioeconomic certifications are clearly noted on their seller profiles, and take advantage of marketplace seller support resources to position their business for success on these platforms.

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If you are looking for a highly responsive and innovative partner with a strong relationship, then you are looking for a small business.

Michael Ervick, Small Business Liaison, Governor's Office for Regulatory Innovation and Assistance, State of Washington

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RECOMMENDATIONS

Online Marketplace Providers

Leading online marketplace providers are actively working to connect government buyers and sellers, providing powerful dashboards that provide detailed spend data and identifying certified businesses to help government buyers reach target sellers. To support small businesses and help government buyers comply with their agency's contracting goals and policies, online marketplace providers should take the following actions:

- **Enhance Reporting and Identification Capabilities.** To empower government procurement leaders and buyers, online marketplace providers should provide specialized reporting and capabilities for government buyers. These capabilities should include identification of specialized or restricted product categories, approval workflows based on procurement regulations and practices, and procurement analytics to support agency goals and decision-making.
- **Improve Support of Contracting Goals.** To support agency contracting goals, online marketplace providers should increase the visibility of socioeconomic certifications on their platforms and encourage registered small businesses to list all certifications on their seller profiles and product pages. Marketplace providers may even collaborate with government procurement leaders to post agency contracting goals on the agency's account home page to further support the agency and its buyers. This will simplify the ability of government buyers to reach qualified and certified sellers while also leveraging the benefits of online marketplaces.
- **Increase Customer Service and Education.** While online marketplaces are rapidly being adopted in both the public and private sector, there is still a learning curve associated with buying and selling through these platforms. Online marketplace providers should increase their customer service and technical support for new buyers by providing account managers dedicated to identifying, enrolling, and supporting government accounts. Similarly, marketplaces seeking to increase adoption by small businesses should provide account managers and other dedicated resources to support and grow these businesses on their platforms.

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Online marketplaces could provide a means for the government to identify very small entities that they could allocate small contracts to — the current pre-solicitation process focuses on very large contracts and is overly burdensome and inefficient.

Small Business Owner, Professional Services, Maine

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CONCLUSION

Small businesses experience significant barriers to entry and sustained success when selling to federal, state, and local government customers. Incumbent supplier advantage and complex and inefficient processes have the highest impact on both new and experienced sellers among the small businesses surveyed. Online marketplaces enable small businesses to expand their customer bases, providing a powerful tool to help reach government buyers without having to navigate the full set of complexities and challenges of traditional government procurement.

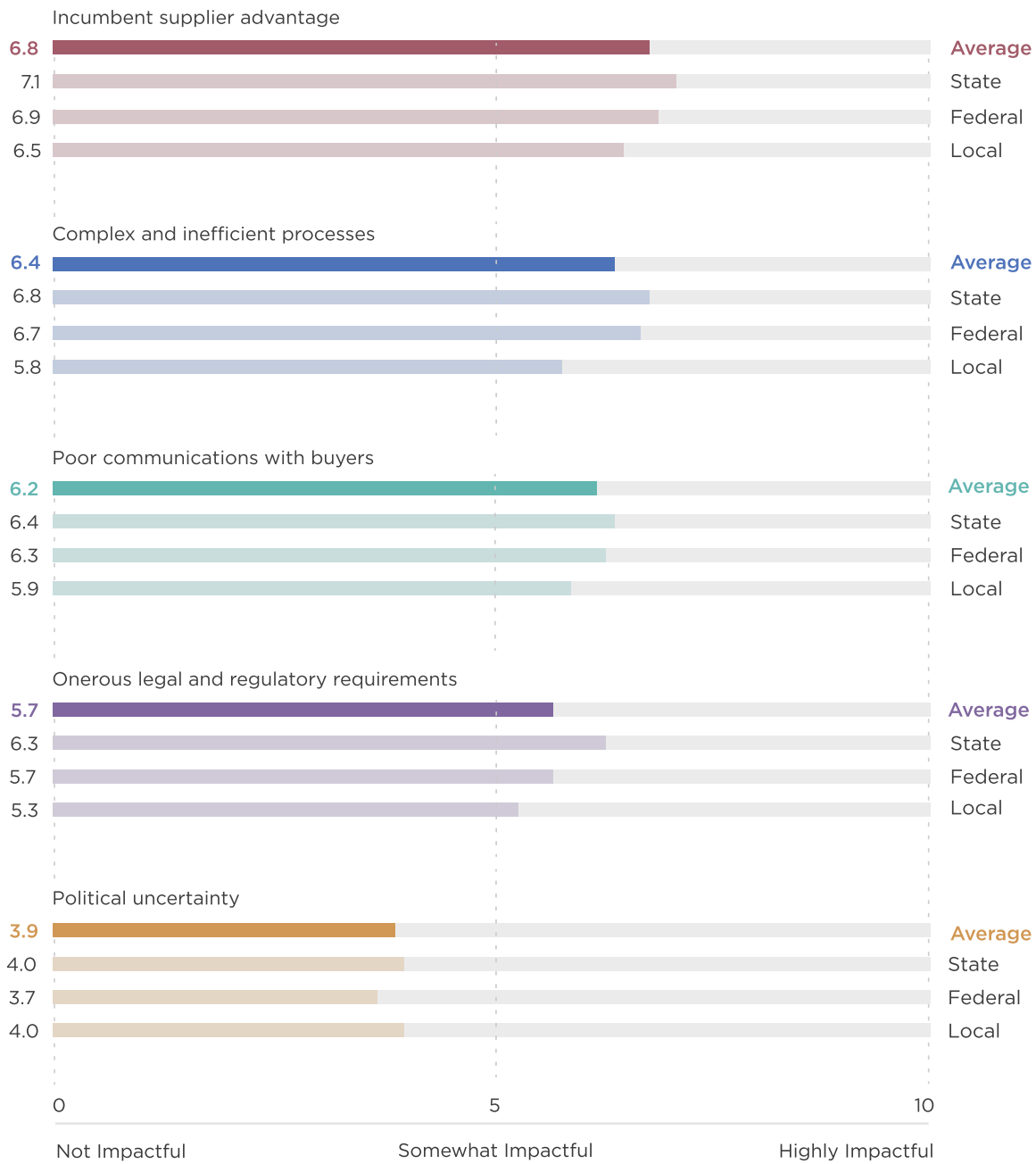
Small businesses may be underutilizing online marketplaces, as less than one-third of surveyed registered government sellers use online marketplaces as a sales channel. Nevertheless, governments are continuing to expand and formalize the use of online marketplaces for procurement of commonly purchased goods.

Working together, government procurement leaders, small businesses, and online marketplace providers can ensure that online marketplaces provide a more level playing field for small businesses while simplifying the government procurement process for buyers and sellers alike.

APPENDICES

1. Barriers to Entry and Success by Level of Government

Please evaluate the impact of the following on your ability to do business with government customers



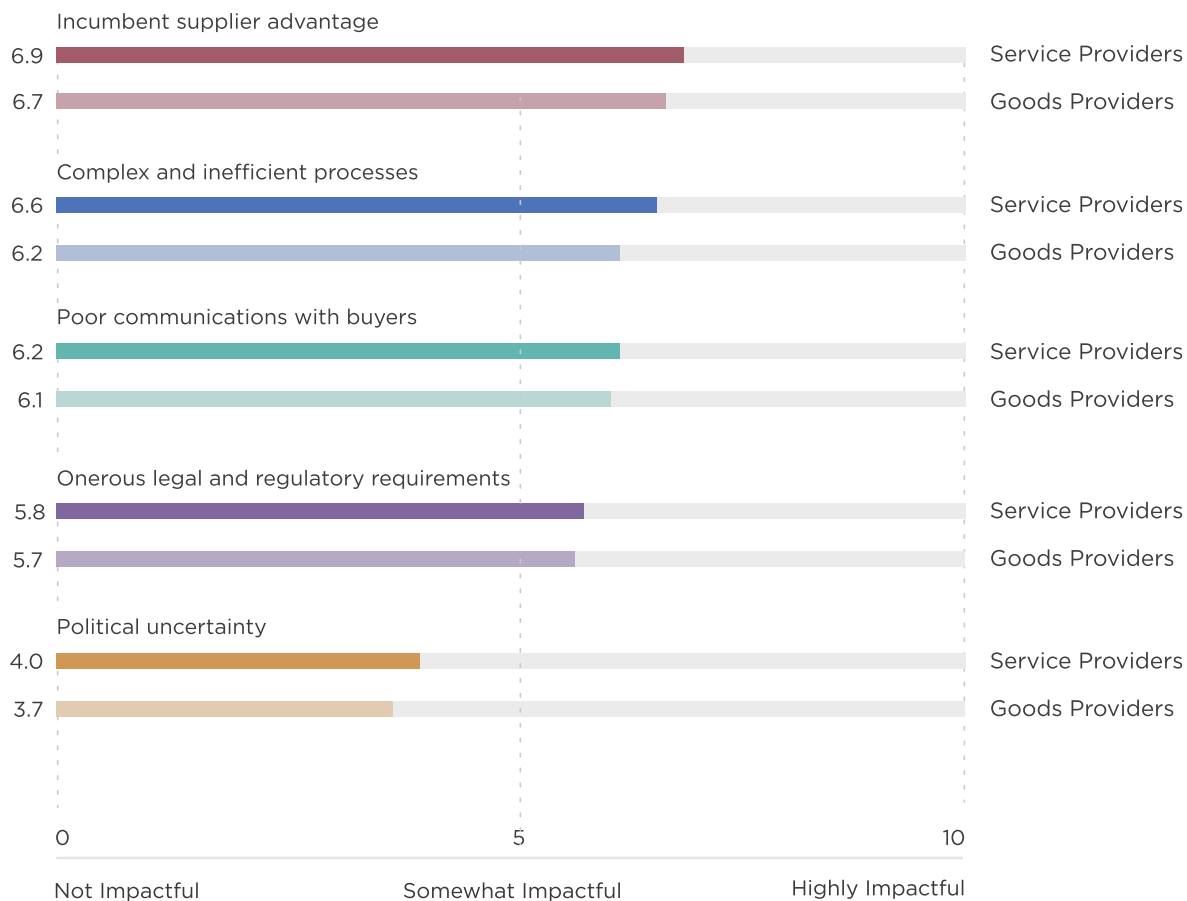
2. Barriers to Entry and Success by Socioeconomic Status

Please evaluate the impact of the following on your ability to do business with government customers



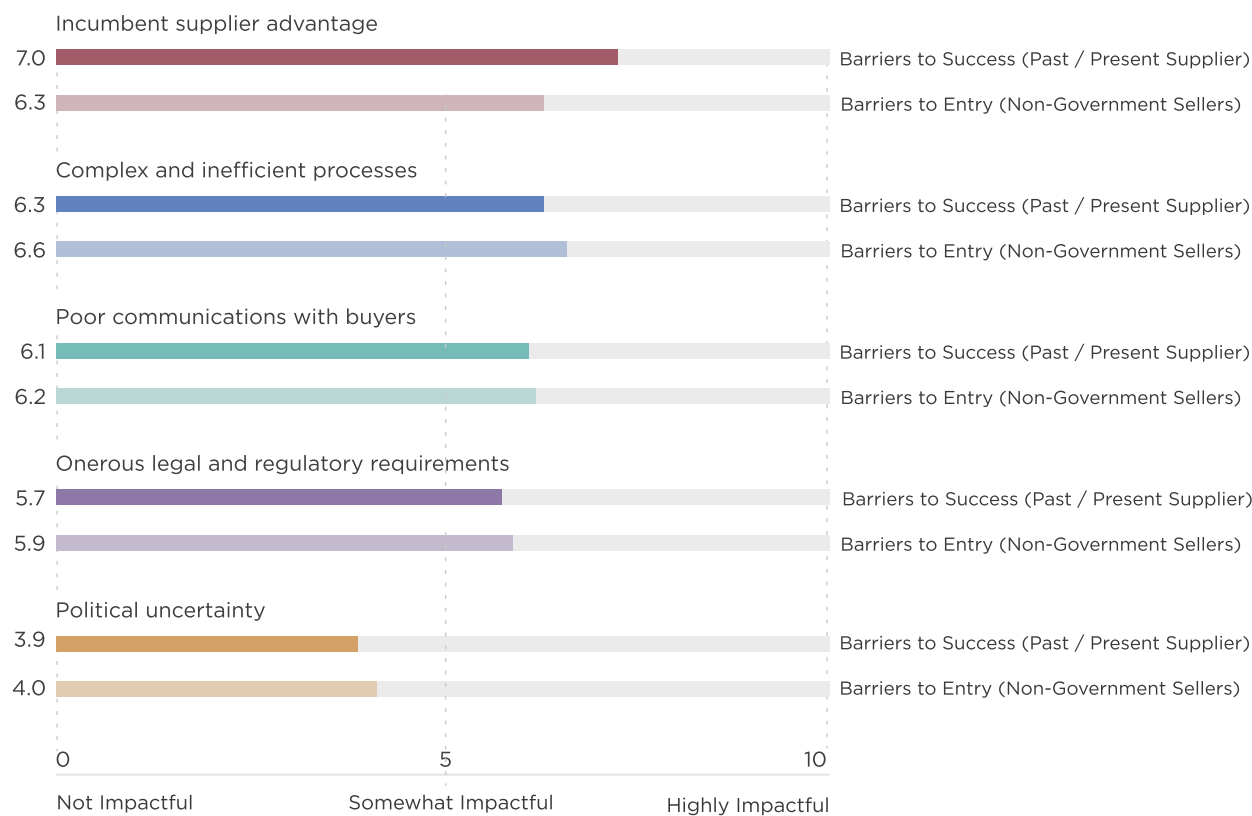
3. Barriers to Entry and Success by Goods Providers and Service Providers

Please evaluate the impact of the following on your ability to do business with government customers



4. Barriers to Entry and Success by Experience Selling to the Government

Please evaluate the impact of the following on your ability to do business with government customers

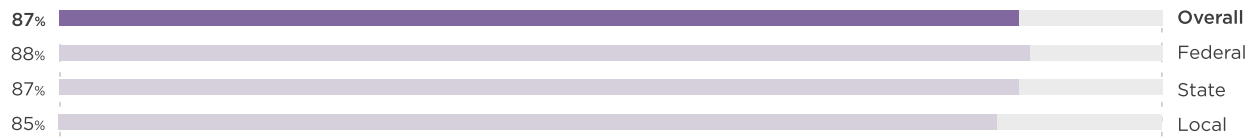


5. Qualitative Evaluation of Barriers to Entry and Success

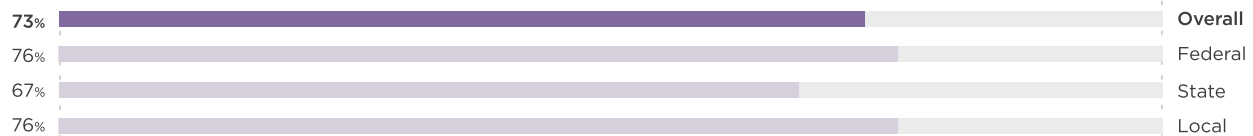
To what extent do you agree with the following statements about selling to government customers?

Onerous legal and regulatory requirements

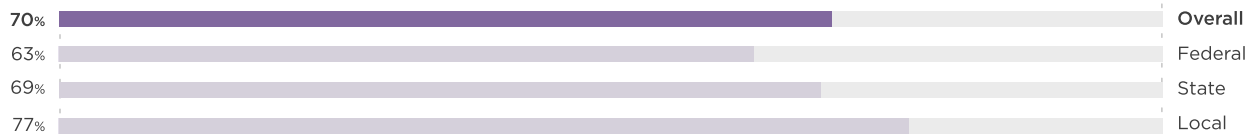
The regulatory and legal requirements of the procurement process are cumbersome and time-consuming to learn and follow



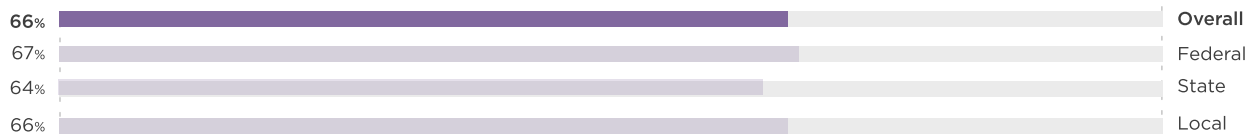
It is difficult to understand the contracting vehicles needed to gain access to government customers



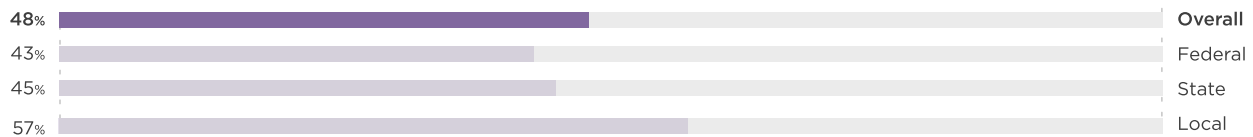
Specific requirements for security, reporting, etc. pose a compliance challenge for our business



The contracting vehicles employed by government customers are complex and costly to join



Set-asides in government contracts are a benefit to my business



5. Qualitative Evaluation of Barriers to Entry and Success

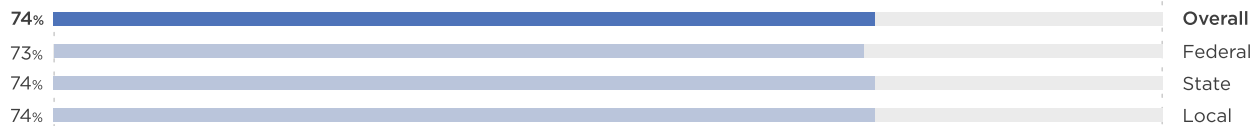
To what extent do you agree with the following statements about selling to government customers?

Complex and inefficient processes

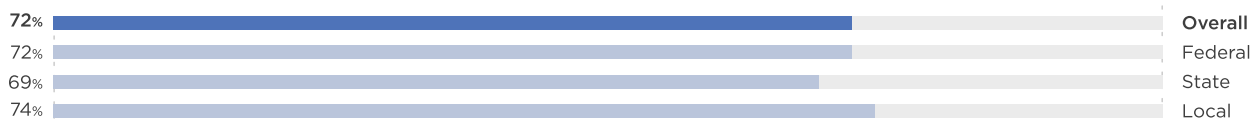
The overall procurement process (from solicitation, to proposal, to contract-award) is complex and difficult to participate in



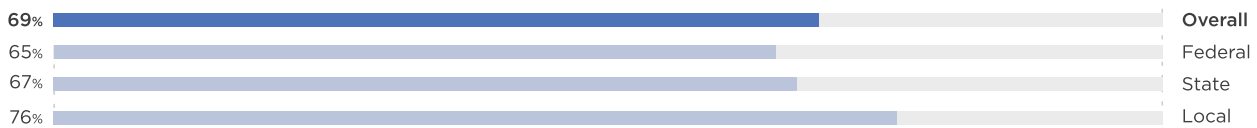
The documentation required to respond to a contract is complex, makes it difficult to communicate our business' capabilities



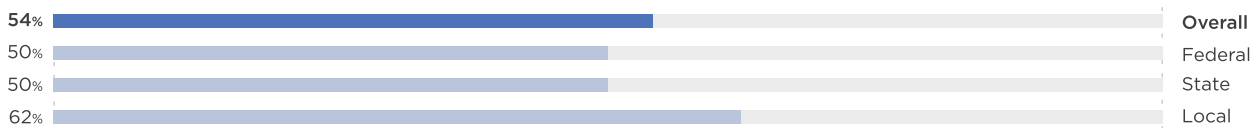
The overall sales cycle for government customers is significantly longer than that of our commercial customers



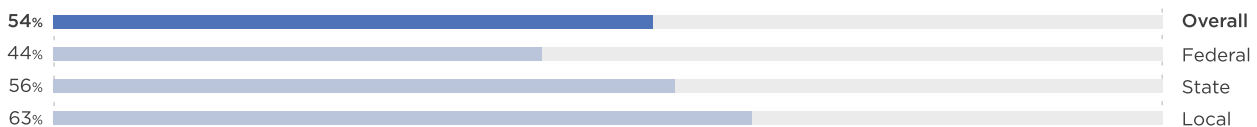
Government contracts are bundled or written too broadly, making it difficult to compete as a sole or prime supplier



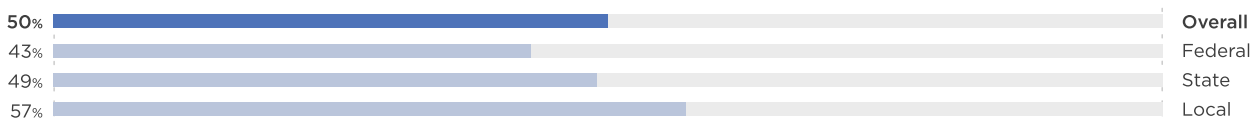
Government contracts do not clearly articulate their needs, requirements, and desired outcomes



Cash flow and receipt of payment is uncertain even after award of contract



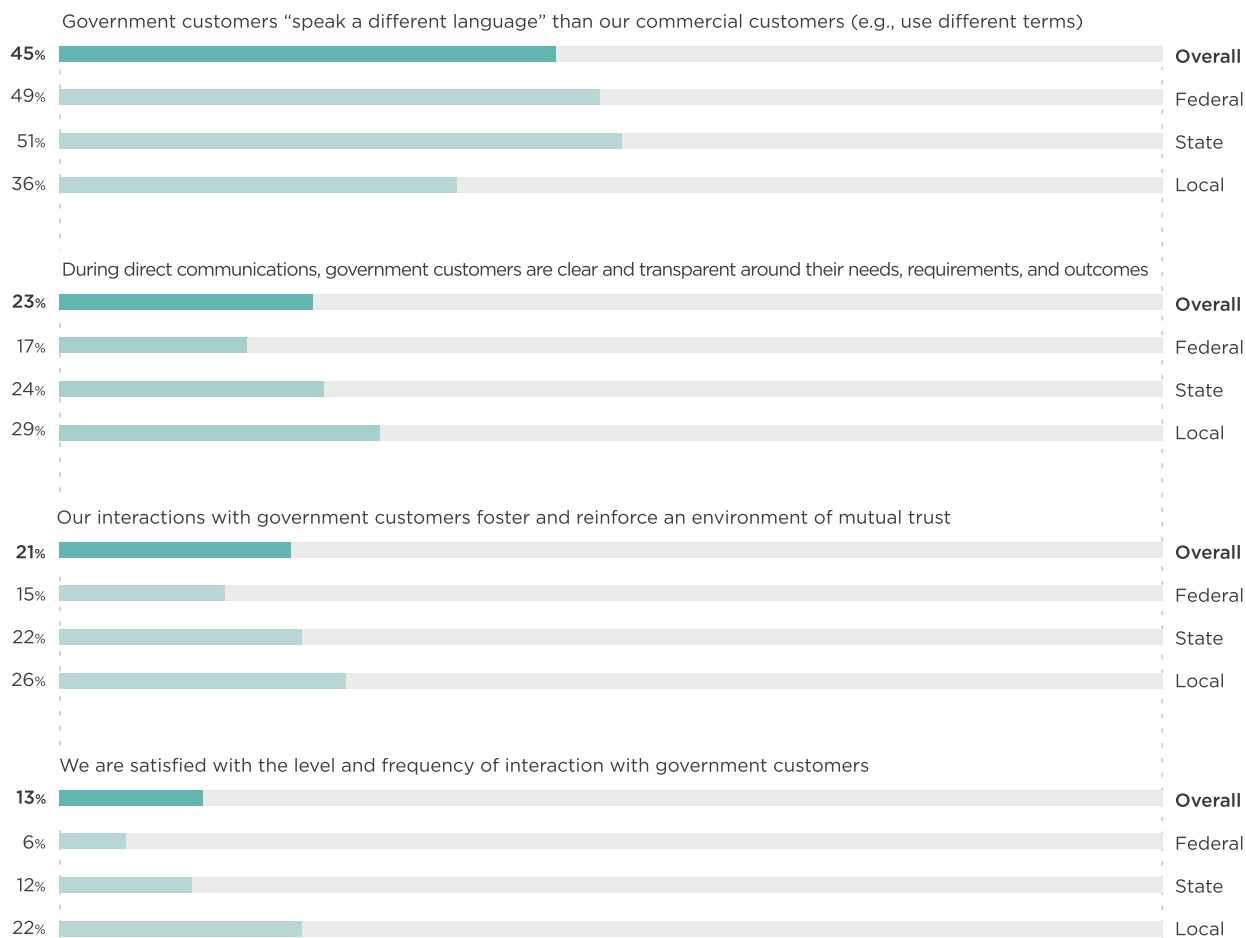
Deadlines for government contracts do not provide enough time to respond



5. Qualitative Evaluation of Barriers to Entry and Success

To what extent do you agree with the following statements about selling to government customers?

Poor communication with buyers

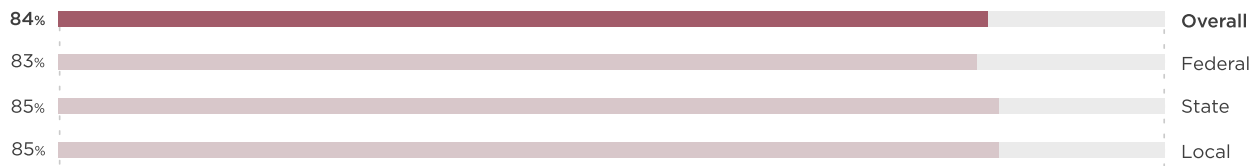


5. Qualitative Evaluation of Barriers to Entry and Success

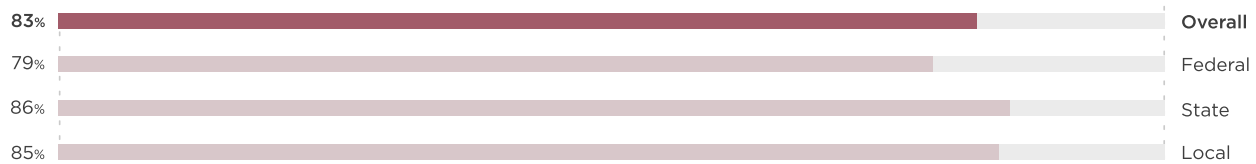
To what extent do you agree with the following statements about selling to government customers?

Incumbent supplier advantage

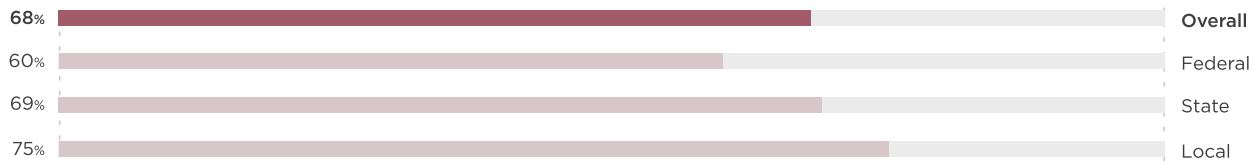
Contracting criteria for government customers favor businesses with extensive past performance



Incumbent suppliers enjoy an advantage in government markets



We are confident we can meet or exceed the past performance / experience requirements to win government contracts



Past performance and experience requirements for government customers are clear and easy to understand



We are familiar with opportunities to team with incumbents that could help us sell to government customers

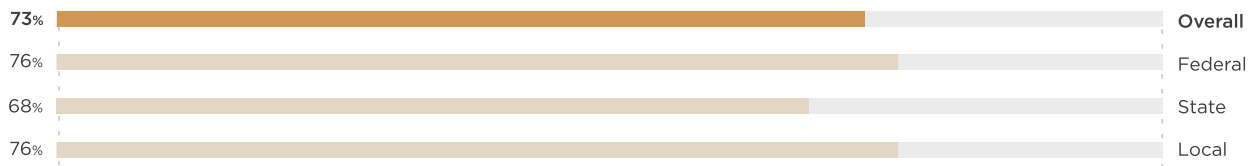


5. Qualitative Evaluation of Barriers to Entry and Success

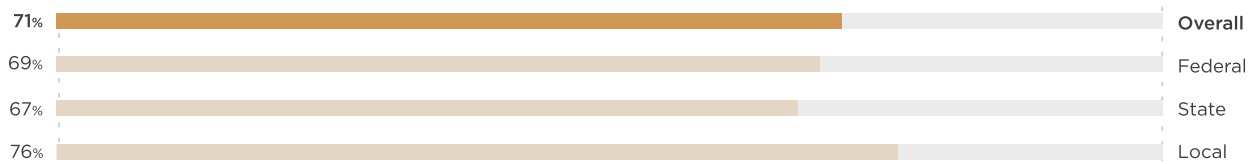
To what extent do you agree with the following statements about selling to government customers?

Political uncertainty

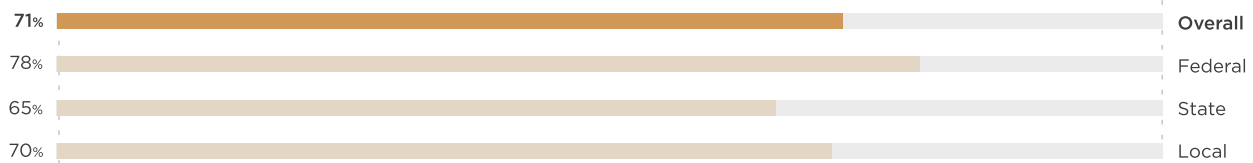
We are concerned about the impact of budget changes and government shutdowns on our industry / business



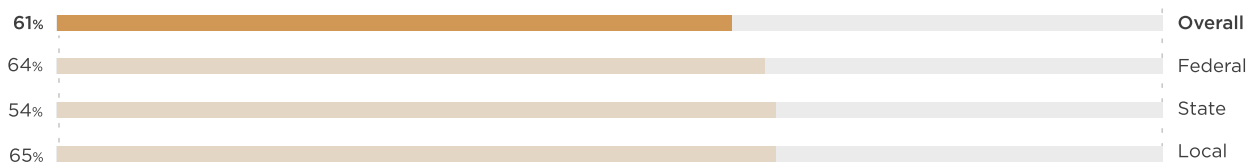
Uncertainty caused by political cycles and leadership turnover hurts our ability to sell to government customers



Changes in policy would impact our ability to sell to government customers



Removing set-asides for certain types of businesses would limit our ability to sell to government customers



ABOUT THE AUTHORS



Censeo Consulting Group is a Washington, D.C.-based strategy and operations consulting firm. We help governments operate effectively by combining a focus on outcomes, data-driven insights and ongoing collaboration so they can better deliver on their public and social goals. Censeo's proven approach and tools, used by dozens of clients including nearly every Federal government agency, across hundreds of engagements, have delivered 5-15X ROI to clients to date.

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Derrick Moreira, President of Censeo Consulting Group, has more than 22 years of management consulting and industry experience leading and delivering complex supply chain and operations strategy solutions. Most recently, Derrick has played a key role in standing up and managing several large-scale supply management transformational initiatives across federal agencies. Key areas of subject-matter expertise include supply management and strategic sourcing, cost and business case analysis, workforce planning, program governance, change management, and process improvement / reengineering.



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