

Damp Mattresses

(Seeing only the worst in good situations ...)



Damp Mattresses -- a strange viewpoint that sees only the worst side of good events. Sadly, it characterizes some managers and executives. In life, the metaphor refers to catchy phrases and general myths used as excuses to avoid risk, compliance, hard work or performance under stress.

All too typically, company policies and government procurement rules are viewed through the prism of Damp Mattress attitudes. ClientView has encountered several Damp Mattress phenomena over the years -- some expected and obvious, some a bit paranoid, and some quite surprising.

Yet within each one is an opportunity for exceptional performance. Here are some Damp Mattresses and their opportunities we've come across:

- Falling off the cliff.
- We would not have to do these things if we could get rid of government contracts.
- We can't make any money in the government business.
- Make one mistake and the government will put you out of business.
- Government contracting is all waste and corruption.
- It's not real business.

“Falling off the cliff...”

At a firm where one of our partners was previously employed, a team won the largest contract (by a factor of 10) in company history – a five-year, \$168M IDIQ (indefinite delivery, indefinite quantity) contract. A senior vice president remarked to the proposal/project manager, “That’s nice, but it will ruin our company. In five years we will fall off the cliff. We’ll have to lay off a lot of people and drastically cut overhead. We’re not likely to survive.” That is one bona fide Damp Mattress!

The result: Instead of ruining the firm, the team seized the opportunity, geared up to pursue competitive procurements and won more than \$1 billion in new contracts over the next four years.

“We have to do these things...”

A senior officer at a company with 90 percent of its revenue from commercial clients and only 10 percent from the federal government commented, “We ought to get rid of government business because that small revenue forces all of us to follow all these burdensome financial procedures for billing our time and expenses.”

But the chief financial officer told us that he used the fact of government contracting to impose sound and prudent financial management practices (his rules, not the government’s) on a headstrong middle management who strongly resisted company policies. So government

contracts opened the door to improving business practices.

“Can’t make any money...”

ClientView has lost track of how many times we’ve been told, “You can’t make any money in government contracting.” There is a ring of truth in that assertion. You won’t make the big profit margins of a highly successful technology company like Microsoft or Apple, or a savvy niche retailer like Starbucks or Dollar Store (certainly not in the current recession).

But there’s still a valuable opportunity. Government contracts can last for a long time and are highly predictable. What’s more, comply with your contract and you’ll get paid on time. In fact, you’ll find it difficult to lose money – with reasonable after-tax profit – if you’ve managed the contract properly.

On-time payments and no bad debt are valuable business attributes, especially in this recession. Look no further than Lockheed Martin, Raytheon, Northrop Grumman, Booz Allen Hamilton, SAIC and several thousand others for examples of companies making good money as government contractors.

“One mistake...”

“We don’t want any government contracts. You make one little mistake and you’re smeared in the papers, and the government hatchet men are trying to destroy your business.” True up to a point. The government is not kind to firms that make mistakes and try to hide them. Years ago, one of ClientView’s competitors violated procurement regulations, and when the government discovered the misdeed the firm had to fire three vice presidents and was debarred from government contracting for three years. A justifiable Damp Mattress?

Maybe not. Continuously improve your business operations. It’s simple. Find the mistakes or errors, decide how to fix them and report your progress to the government. No problem. Harsh treatment is reserved for those who try to hide mistakes and fail to fix them. Remember: the government prefers doing business with reliable firms.

ClientView LLC is a business development firm providing executive-level business development consulting to companies that sell products and services to the federal government and commercial customers. Our services include strategy development; marketing, positioning and proposal training; capture planning; and proposal creation and production.

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“Waste and corruption...”

“Government contracting is nothing but politics and lobbying. To succeed, you have to be crooked.”

Yes, occasionally you’ll read about unethical and illegal government contracting, especially at the local level. But the fact is that getting a government contract through political influence is a criminal act – for you and the politician.

The rules for competitive government procurement are written down and apply to everyone. Plus, in nearly all cases, government managers and officials adhere strictly to those rules. In fact, it’s probably the only market sector where the competitive game is basically fair.

“Real business...”

Finally, a few misguided business people claim, “Government contracting is not real business.”

Now that’s one Damp Mattress we’ve never understood. Perhaps it means government contracting is less risky than commercial business, with less potential for high profits. It would be interesting to witness a discussion of this point with a ClientView client who spent more than \$3 million on a proposal to win a \$2.6-billion contract. Risking \$3 million on a proposal is as real as business risk can get. As a matter of fact, even small proposals often cost \$30,000 to \$60,000, and if you’re a small business, that can be substantial risk.

But winning a five-year contract and securing a predictable level of revenue is a concrete reward in a very real business. Imagine your growth rate if you win only one new five-year contract each year for the next five years.

Do you have a Damp Mattress story?

If you’ve encountered a Damp Mattress or two, and have seen them become opportunities, we’d love to hear about it. Please send us your Damp Mattress stories.

