
Ten Reasons Why Many Federal Sales Programs Fail

By: Robert Silverman, CEO, ReachSolutions and
Steve Charles, Executive Vice President & Co-founder, immixGroup

During the past several years the slowdown in our economy and sudden downturn of new technology purchases in the commercial sector has resulted in technology manufacturers making larger investments in the Federal marketplace to replace commercial revenue. With hundreds of new technology companies entering the government market and an even larger number of companies trying to expand or re-energize their federal presence, why have so many of these federal initiatives failed to meet corporate expectations?

Over the years, working for, and consulting with numerous technology companies selling to the federal government, we have discovered that the reasons most companies fail to achieve the level of success expected fall into the following ten general categories:

1. Business Strategy not clearly defined

A clearly defined business strategy is critical for new entrants as well as companies looking to scale their federal business to its next level of success. Without this vital element, few companies establish a track record of success and sustainable revenue growth year after year. While commercial success and having "cool technology" can get companies into the market, they do not deliver results over the long run.

To drive success and build a scalable business, a market strategy and business plan with sufficient breadth and depth is critical. More than just an overview of the market and a statement of general tactics, a federal business strategy needs to identify the organizational and infrastructure requirements and establish a clear focus for sales, channel alliance programs, marketing, and the delivery efforts required. Further, the strategy needs to include an actionable plan and ROI analysis that ties revenue forecasts and timelines to resources and investment requirements under various scenarios.

2. Market opportunity not clearly identified

The Federal Government is the largest single consumer of commercial technology products in the world. If your company is successfully selling in the commercial sector, more often than not, there will be sufficient demand to justify entering the market. The question you need to address in determining your potential government market opportunity is not whether there is a market for your products and services, but precisely where is the particular market opportunity.

The most successful technology companies focus precisely on the most relevant targets of opportunity in the company's commercial sweet spot and avoid chasing after empty envelopes. Those companies that are disciplined about positioning their products to address specific problem areas that they are uniquely capable of solving vis-à-vis their competitors (not always another manufacturer), gain traction and penetrate the market by repeating the sales process in multiple government agencies.

3. Government treated like any other commercial vertical

When entering the market, only a few commercial technology companies make a concerted effort to understand how the federal marketplace is different from the commercial sector. Because the federal market has its own culture, language, values and rules it is more similar to expanding into a different country than entering into another US commercial vertical. The federal market requires a different approach to selling, marketing, and building teaming alliances and companies that understand and embrace this uniqueness are the most successful.

4. Out-of-sync expectations

Federal initiatives often fail because revenue expectations are unrealistic, both in the timing and in the amount of revenue forecasted. While it no longer takes two to three years to achieve success in the federal market, it remains a momentum play and requires early balance and focus on laying the right foundation to generate downstream ROI. Thus, it is critical to have both revenue and non-revenue milestones well defined at the beginning.

The revenue forecast and its relationship to the required level of resources and investment (federal staffing, corporate support and external resources and support) need to be established up front. All too often federal sales is asked to establish the channel and contract vehicles while corporate takes a passive role in their understanding and support of the business requirements. It is critical to have a plan that defines and tracks corporate functions, the sales activity (revenue pipeline) and the business milestones (non-revenue).

5. Making the wrong investments

It is not a question of whether enough investments are made. Companies invest far more than they realize in federal marketing initiatives. When investments made are completely tactical and not well thought out, they are often made in the wrong places. Making initial key investments combined with the right resources driven by a well thought out federal business strategy can make an order of magnitude difference in results.

6. Tactical and strategic activities not balanced

Many companies fail to develop sustainable traction in Federal because they do not balance short-term tactical needs with longer-term strategic requirements. Turning initial traction into sustainable market momentum requires a balance between tactical and strategic activities. Federal sales teams that focus only on short-term, tactical revenue opportunities do not lay the sales foundation for longer-term program or enterprise-wide deals. Conversely, federal teams that focus on strategic programs at the expense of tactical revenue fail to deliver sufficient results soon enough to justify further investment. The most successful companies establish the right balance between the tactical sales and programmatic business development activities to sustain growth.

7. Failure to identify a repeatable process

Quick initial success is sometimes the worst thing that can happen to a technology company unfamiliar with the federal market. Companies that, for example, close an initial sole-source open market deal or get handed a "bluebird" by a systems integrator sometimes assume all future deals will be just as easy. They raise expectations and revenue forecasts while failing to lay the groundwork for repeatable success. There are no silver bullets or short cuts to building a strong federal business. To build a sustainable federal business requires technology companies to implement a repeatable sales process with infrastructure components such as business development, alliance management and marketing.

8. Corporate support not part of the federal plan

In many cases, federal organizations do not get the attention, support, or resources they need from the corporate functions that are so vital to success. Corporate resources that have been key to the company's success in the commercial market do not adequately support the federal program. Corporate support is always important, but it is vital in the early years. Federal sales teams rely on the commitment of corporate resources - sales, marketing, alliance, business development, consulting services and contracts/finance functions. However, because the requirements of the federal team are not well understood, they do not often get the sufficient support from corporate resources, leaving Federal to fend for itself. Successful federal programs are built upon a federal market strategy and business plan that clearly lay out corporate commitments, resources and timelines.

9. Sales practices not measured

Because technology companies often lack a sufficient understanding of the market, they find it difficult to evaluate the effectiveness of the sales, marketing and alliance activities. Key commercial sales practices and measurements need to be modified to recognize the unique nature and drivers of the federal market. Viewing the federal sales process and pipeline quality as a black box can lead to false measurements of success as well as failure. Don't assume that your federal sales team is being effective just because you don't know how to measure success.

10. Not able to scale to the next stage

Federal programs often stall because they fail to recognize what is necessary to evolve to the next stage of their development. Federal programs need to progress through multiple stages in order to increase penetration and market share. Depending upon the stage, the program will need to evolve its organizational structure, practices, support infrastructure, and market approach (see http://www.reachsolutions.com/Reach_next_level.htm for more detail). Federal programs that continually assess and adapt their strategy, processes and capabilities at each stage with an eye toward evolving to the next one can avoid a Darwinian fate.

In summary, technology companies can avoid failure and build successful and sustainable federal businesses as long as they understand the unique aspects of the federal market, approach the market strategically, and commit the right corporate resources and investments.

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Written by:

Robert Silverman
CEO
ReachSolutions
7540 Potomac Fall Road
McLean, VA 22102
rsilverman@reachsolutions.com

Steve Charles
Executive Vice President & Co-founder
immixGroup, Inc.
8444 Westpark Dr., Ste. 120
McLean, Virginia 22102
steve_charles@immixgroup.com

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