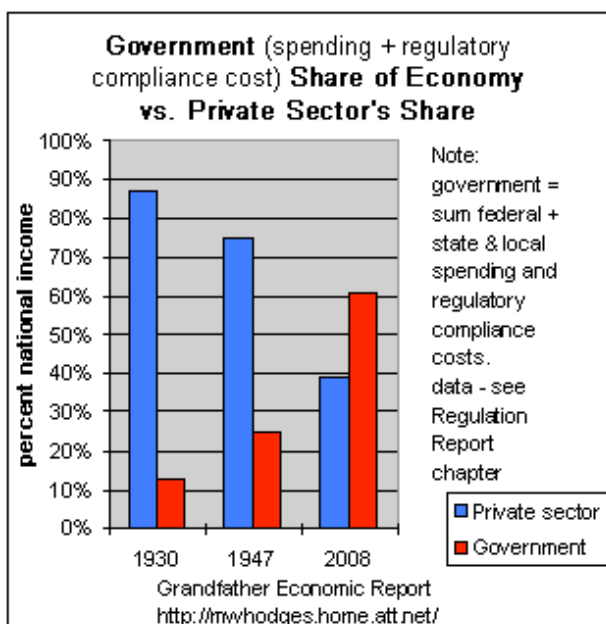


## How to Sell Whole Product in Government Markets

By Bob Rutherford

### Situation

There are few U.S. markets growing more quickly, or more lucrative, or more competitive, than those where the Government, and the Department of Defense specifically, is the sole customer. In contrast to the commercial sector, public sector market share is often all or nothing for a given product – a result of having only one customer buying. The failure to capture a key major contract has frequently meant the demise of a large company. For instance, when McDonnell Douglas Corporation failed to win the fifth generation fighter competition in the 1990s they were forced to merge with Boeing.



Competing in the government or defense industry involves developing a keen sense of the needs of a single customer rather than a broader class of potential users of a product. By and large, products with the intent of military application are developed initially against a well defined set of requirements created by the customer. That is the simplified perspective anyway. In practice the development of requirements is often a collaborative and iterative process involving government and suppliers in a tightening circle of comparing what is needed with what is affordable and technically feasible, or alternately comparing emerging technology with where it could be applied militarily. In the end state, however, it is the government that publishes the detailed technical and cost requirements and industry that must submit a proposal that meets those requirements.

### How Technology Marketing Course Concepts Apply

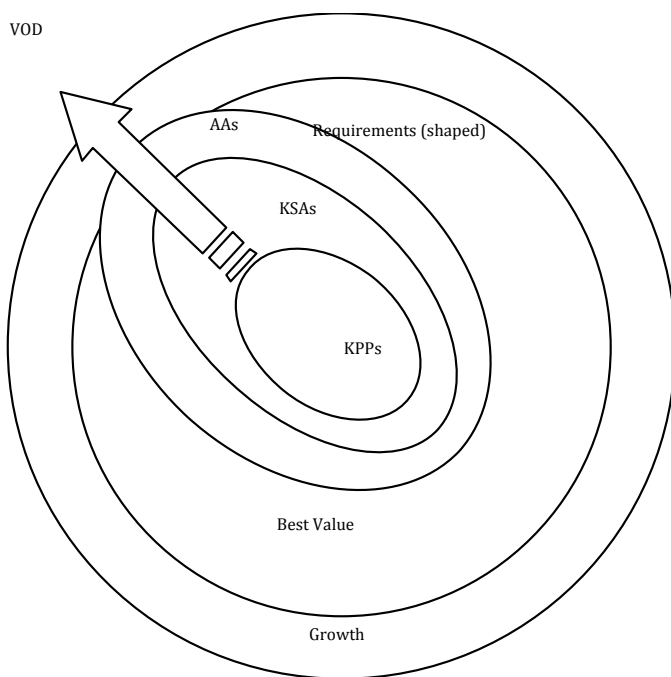
Government requests for proposals (RFPs) offer a level playing field for competition against stated operational requirements. Since all competitors see the RFP, the process drives commoditization, and competition will gravitate toward enhancing cost effectiveness by innovation. RFP technical requirements are explicit and collected in stratified groups of descending priority. As with Generic Product, Key Performance Parameters (KPPs) are most easily quantified, and considered so important that a proposal that does not offer a credible plan to meet them is typically disqualified. Likewise similar to Expected Product, Key Systems Attributes (KSAs) are characteristics considered crucial in support of achieving a balanced (affordable or acceptable risk) solution. Failure to meet a KSA may not necessarily be disqualifying, although it will be a competitive disadvantage. Finally, as with Augmented Product, a tertiary category of requirements is Additional Attributes (AAs). AAs may offer one supplier an opportunity to uniquely satisfy a requirement, however, other suppliers' failure to adequately address an AA is typically not disqualifying.

The final plank in our bridge from the Whole Product model to the government market is Potential Product. Because the requirements defined by the government are so explicit, any competitive proposal is expected to

meet them one way or the other. Proposals will be evaluated by the government on the credibility and cost of the approach to meet the required capability. Thus the generic, expected, and augmented product zones are fused in the government model to include all three technical requirements groups. The potential product zone is a different matter. This is a space where the government is allowed to establish an amorphous and often subjective classification called "best value". This is also where a solution supplier can establish a competitive Vector of Differentiation (VOD). Typically, what Ted Levitt calls potential, the defense department refers to as "growth capability". This may take the form of open architecture to support future data protocols, or simply physical cavity size, or excess power generation to accommodate a future electronic component. The parameters for growth capacity are often only casually defined if at all. The opportunity for competitive differentiation becomes clear as the merits of the whole product extend into the best value and growth capability zones.

### Strategy

Winning in this environment requires shaping requirements through interaction with the customer. To the extent that the government has not solidified the details of a given requirement, and typically they haven't in the early stages of requirements definition, the approach is to encourage the expansion of the boundaries that



define the required product zone in the direction of your VOD. The goal is to generate the requirement for a capability that you can best provide, or in the perfect case, that only you can provide. Ideally, through the shaping process the customer would come to believe that the capability resident in your VOD is actually a hard requirement and publish it as such. In effect you are helping the government redraw the diagram to adopt your unique capabilities as the generic, expected, or augmented product, or change the level of importance in the direction of your VOD. However, because the government likes competition in its acquisition processes, it will frequently stop short of generating a requirement that effectively locks out a major competition to any less than two bidders. This is not to say that it will not march right up to that line however, and the "best

value" zone is a convenient working space that they use to ensure competition with implied but perhaps not explicitly stated requirements that might otherwise prevent competition. Accordingly, the successful adoption of implied requirements is often a more realistic goal.

### Tactics

Effective engagement with the customer as a partner in seeking a best value solution is the key. This is a multi-axis approach that must include interaction with both the warfighters (who best understand the operational requirement), and the acquisition specialists (who best know how to get it to them). It is essential to identify the opinion leaders in these two groups; if opinion leadership and influence is hierarchical, it isn't generally complicated. Gaining access to such individuals on the other hand has its challenges; however, most will make

time to hear about advances in capability or new technology, especially if they have a need they are trying to fill. Influencing the opinion leaders to incorporate your company specific terminology (think: leader defined terms like “Band-Aid” & “Kleenex”) in writing a technical requirement or describing components or capabilities is a particularly effective way to shape solution requirements in the direction of your VOD and enhance your competitive edge.

### **Results & Lessons Learned**

It is critical to create an effective process for customer engagement, particularly with the end user community, or warfighters, in the case of the military. Because government procurement is a relatively long process, customer engagement drives the requirements shaping process and, just as importantly, it drives the supplier’s technology and product strategy in real time. Senior officials do have the final procurement decision, but just as in public sector markets, the operational voice of the customer can be an amorphous, pulsating, uncoordinated cacophony. Getting requirements shaping, and product strategy, aligned to focus on the ultimate potential end user value requires that the supplier help the customer synthesize operational inputs – this is both a sales process challenge and a competitive advantage opportunity for the supplier.