
Marketing in the Public Sector

(A Horse of a Different Color!)

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- ? Do you ever read about people who take a client to lunch three or four times, and on the next lunch the client brings a contract?
- ? Do you ever hear about people who call a client and ask, "what can we do for you next?" and the client gives them a project?
- ? Do you ever ask yourself, "Why them? Why not me?" or "What am I doing wrong?" or "What am I not doing right?"

Relax! Maybe those articles and stories are about firms marketing the private sector. And every good marketer knows that the **public sector** just doesn't work the same way; **it's a horse of a different color!**

So breathe . . . calm down . . . read on . . .

The two areas where the public and private sectors are most different are the procurement process and client relationships.

The Procurement Process

The public sector procurement process for Architectural/Engineering (A/E) is often set forth in a law or ordinance of the applicable government agency. In the federal sector, for example, the Brooks Act (Public Law 92-582) governs the process. Also known as Qualifications Based Selection (QBS), Section 902 of the Act states:

"The Congress hereby declares it to be the policy of the Federal Government to publicly announce all requirements for architectural and engineering services, and to negotiate contracts for architectural and engineering services on the basis of demonstrated competence and qualification for the type of services required . . ."

Section 903 goes on to state:

". . . The agency head . . . shall conduct discussions with no less than three firms regarding anticipated concepts and the relative utility of alternative methods of approach . . . and shall select therefrom . . . no less than three of the firms deemed to be the most highly qualified to provide the services required."

Section 904 concludes the process:

"The agency head shall negotiate a contract with the highest qualified firm . . . at compensation which the agency determines is fair and reasonable to the Government. In making such determination,



the agency head shall take into account the estimated value of the services to be rendered, the scope, complexity, and professional nature thereof.”

There are a number of ways to learn about upcoming federal projects. An agency may publish a pre-solicitation notice, depending upon the level of complexity of the technical scope, the agency’s expectations as to the number of firms which might submit, or some other criterion. The program or project might also be listed as a specific item in the agency’s budget for that year. And the Federal Government does hold regular conferences where upcoming projects might be discussed. Therefore, your up-front knowledge is partially dependent on the fiscal resources you are able (or willing) to apply to the effort.

Either way, the basic steps in the pursuit of federal A/E or environmental work will look something like the following:

1. The agency will publish a solicitation for professional services;
2. Firms will submit Statements of Qualifications or proposals demonstrating their experience on projects similar to the one described in the solicitation;
3. The agency will evaluate all submittals for the project;
4. The agency may develop a “short list” of at least three qualified firms for further discussion, or select directly from the submittals;
5. If a short list is developed, the agency may interview and rank the short-listed firms;
6. The agency will negotiate a scope and fee with the top-ranked firm.

If the agency and the top-ranked firm cannot reach an agreement on fees, the agency is obligated to end these discussions and begin negotiations with the next-ranked firm.

Many states, counties, regional transportation and planning entities, and cities have adopted similar procurement processes. Some entities hold screening interviews with all submitting firms and then follow the rest of the process. Some have required that an SF254 be submitted annually (with no SF255), and then short-list from the SF254s and have a limited number of pre-qualified firms bid on specific projects.

Some entities have required submittal of only the SF255 form, because they are only concerned with a firm’s qualifications relative to their current solicitation. Or there may be an SF254 already on file with that agency or at a central repository. Some agencies have their own questionnaire, or specific tables and formats for the answers to specific questions. In many cases, the forms have page limitations.

At the time of this writing (February 2004), there is no accurate indication as to whether these city, county, state and regional agencies will switch to the SF330 or continue to use the SF254/255. It may be up to the A/E industry to “sell” these agencies on the use of the new SF330 so that we don’t have to keep the information in both formats.



This use of standard forms/formats is intended to “level the playing field” for firms that submit, and to make it easier for the agency’s personnel to be more objective in their evaluation of proposals and ranking of firms.

In almost all cases (see the discussion of threshold limits, below), at all levels of government, the procurement process is mandated by law or local ordinance, is public and open, and requires a **written response**.

Contrast this with the case cited in the introduction, where the client brings you a contract after a few lunches, or gives you a new project as the current one is winding down, *just because you did a good job!*

Client Relationships

As mentioned above, many of the agencies’ procurement processes are designed to “level the playing field” for consultants. This is very nice, but your job as a marketer is to tilt the playing field in favor of your firm or client.

As we have become aware in recent years, projects are being awarded based on the relationships between client and consultant. In fact, over the last few years, the phrase “best value” has appeared in more and more federal and other public solicitations. “Best value” is a concept developed to allow agencies to consider the intangibles of the client/consultant relationship as part of their objective evaluation of SOOs and proposals, because good relationships CAN bring measurable value to the contract under discussion. When the consultant has already worked for the agency, and knows the agency’s staff, procedures, standards and quirks, benefits can manifest as cost-effectiveness, timeliness, and freedom from headaches and hassles.

When the consultant team has already worked together, there are additional benefits related to ease of internal communications, sharing of drawing and design standards and conventions, and ability to work together.

During the conversations through which your relationship with a client is developed, you can learn a lot about what projects are coming up and what the client’s or project manager’s expectations and fears for those projects entail. This will enable you to make sure that the person making the selection knows everything he or she needs to know in order to select your firm – long before the solicitation appears. By the time the proposal due date comes around, the client will already expect your proposal to be the “best value”.

Now, we all know about the need to control client or (prospect) expectations. What we are really talking about here is programming the personal filters through which all reading material passes, in order to influence how a client will read our upcoming proposal, leading to selection of our firm or team to negotiate a contract.

Also, be aware that a public sector client often has a dollar threshold under which projects may be given out with no formal selection process. If this is the case, these projects will be given to the firms that already have relationships with that client. Sometimes, the dollar value is so low that your firm can only break even (or lose money) on the project, but that is part of the client relationship – if necessary, you



lose money on the project with a \$10,000 fee in order to get selected for the project with a \$1,000,000 fee.

Pre-disposing the Client to Select Your Firm

When you “wander the halls” at a client (or potential client) agency, you get to meet their staff, build personal relationships, develop professional credibility and learn a lot about how the agency works, what it needs and wants (very often two different things), and what services it will be procuring in the near future.

“Schmoozing” a client in the public sector has a number of limitations, and these will be different from one client to the next. Some clients will let their staff go to lunch with you, but you cannot pay for them; some won’t let you leave a gift, no matter how small the value. These actions are considered unacceptable. Some clients will let you pay for lunch, but only up to a certain price; some will let you give a gift, but only up to a pre-set maximum value.

This is very different from the private sector, where gifts to good clients have been known to include electronic equipment and ski vacations. This “horse of a different color” can be ridden, but you have to know what the client will or will not allow before you start marketing their staff.

One good way to develop a relationship with a new client or to strengthen your relationship with an existing client is to provide small services as needed. For example, if you are visiting the client and a staff member mentions having difficulty finding a certain piece of information, offer to find it for him. If they need a quick service, just take care of it. The firm that makes a staff member’s life easier will be remembered as a firm with whom that person likes to work.

If you run across an article, whether in print or on the Internet, that would be of value or interest to your client, send them a copy (or the hyperlink). You will soon become known as a consultant whose relationship provides extra value.

If you have a strong relationship with a client through one service area and want to make him aware of other services you provide, which might be required for a new project soon to be announced, find ways to tell him about these other service areas before the solicitation hits the street. In the case of federal agencies, contacts are not supposed to talk about a project once the solicitation is released, but if you are wandering their hallways on a regular basis, you will know what they are going to need long before the solicitation comes out.

Conclusion

Obviously, this article is too short to even mention, much less fully discuss, all of the ways in which marketing activities differ between the public and private sectors, or all of the subtly different colors these “horses” can be. My purpose here is to make it clear that there are many differences between the two market sectors; that the activities which are successful in the private sector might not even be allowable, much less successful, in the public sector; and that anyone coming from a private sector background to market the public sector for the first time will need to educate himself or herself about these differences.



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