

**Grab the Federal Contracting Apple:
10 Secrets to Win with GSA Schedules**

By Richard White

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ABOUT THIS BOOK

Government agencies cannot operate without a way to buy quickly and efficiently. The goal is to buy in the same way as commercial companies. But competition is still required under public procurement laws, and this muddies the waters. GSA is the most widely-used purchasing vehicle in the federal government. Annual sales are around \$50 billion, and only companies with Schedule awards receive a constant stream of bidding opportunities.

Richard White, a successful federal contractor and business owner, has spent over 35 years in the federal market and knows all about GSA Schedules and how you can leverage your small business once you get on one of the many GSA Schedules available.

GSA Schedules are the key to doing business with the federal government. Prices are pre-negotiated with the company, and the company is then awarded an unfunded contract. As a result, Schedule contracts have been deemed as competitive buying mechanisms under Federal Acquisition Regulations (FAR) and are the preferred way for many agencies to purchase goods and services. They are the answer for both government buyers and vendors, which means it's becoming increasingly difficult to do government business without them. State and local governments can also use GSA Schedules to purchase quickly and are using Schedules more and more every day.

You will learn about GSA Schedules using the **10 secrets** revealed in this book, which include:

- Why GSA Schedules are the best IDIQs for small business
- How pre-approved pricing makes Schedules the purchasing method of choice
- If Schedules are right for your small business
- How Schedules smooth the way to federal relationships.

By following the **10 secrets**, you will be able to find the GSA Schedule that is right for you, and maximize your chances of selling your services to the federal government and beyond.

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ABOUT THE AUTHOR

Richard White founded Fedmarket in 1996 to assist small businesses in doing business with the federal government. Prior to Fedmarket, he built a federal services company from his garage to \$150 million in revenue over a 15-year period.

Mr. White won his first IT/consulting contract at a federal biomedical research facility and used that one contract to win all of the contracts at the facility. From there, he grew his business by going after and winning contracts at other federal laboratories.

This experience forms the basis of this book and provides a path for any small business interested in successfully selling its services and products to the federal government.

SECRET #1 – YOU CAN'T LIVE WITHOUT AN IDIQ

The government dislikes too much competition because of the excessive red tape involved and the inherently lengthy lead times required to make a purchase. So, they created the IDIQ, and a GSA Schedule is the most popular of many IDIQs.

IDIQ is a U.S. federal government contracting acronym meaning indefinite delivery/indefinite quantity. **Secret #1** – *This is a type of contract that provides for an indefinite quantity of supplies or services during a fixed period of time.* GSA pre-negotiates your prices and then use the pre-negotiated prices to make purchases with holders of the IDIQ.

Why seek an IDIQ Award?

IDIQs allow a company to focus their sales efforts on the agency issuing the IDIQ. For example, for an agency specific IT IDIQ, a company can focus its sale efforts on the CIO staff for the agency. Focused, direct selling can be cost/effective when you have an IDIQ. Cold calls become warm calls because there is a reason for the buyer to want to talk to you. IDIQs open doors and soften resistance to sales calls.

And IDIQs provide small business set-asides, a huge benefit.

SECRET #2 – GSA SCHEDULES ARE THE BEST IDIQs FOR SMALL BUSINESSES

As an IDIQ, GSA Schedule prices are pre-negotiated with the award holders. As a result, Schedule contracts have been deemed as competitive buying mechanisms under Federal Acquisition Regulations (FAR) and are efficient and quick purchasing mechanisms. They are the answer for both government buyers and vendors, and it's becoming increasingly difficult to do government business without them.

Secret #2 – *All small businesses need a GSA Schedule no matter how many IDIQ awards they already have, because they are always open for a proposal, are government-wide, and are so widely used.* Currently, most IDIQs are closed, and the large GSA IT IDIQs will not be open again for 5 years or more. This alone makes GSA Schedules the market entry vehicle of choice.

GSA Schedules are the IDIQ of choice for small service companies and are particularly ideal for IT, consulting, and engineering companies.

Reasons a GSA Schedule contract is so critical to growth are:

- They are the preferred source, by regulation, for federal purchases
- Contracting officers, federal purchasers and vendors find them very quick and easy to use
- A Schedule contract is the only way to close a purchase transaction of more than \$25,000 (other than the lengthy and expensive public bid process or participating as a subcontractor to a prime contractor)
- Vendors are finding that contracting officers are requesting they obtain a Schedule contract to do business with their office
- Purchases through GSA schedules can be set-aside for small businesses
- State and local agencies are using GSA schedule prices to justify purchases
- GSA pricing is being used as the basis for long-term basic ordering agreements
- GSA schedule contractors can form teams to meet complex contracting requirements.

SECRET #3 – GSA SCHEDULES ARE ALWAYS OPEN

Secret #3 – *Any qualified company can apply for a GSA schedule contract at any time.* To become a GSA Schedule contractor, a vendor must first submit an offer in response to the applicable GSA Schedule solicitation. The GSA proposal document you must submit for approval is a lengthy and complicated document; you can see for yourself by visiting the GSA.gov site and downloading the schedule that fits your business.

It can take between 1 - 3 months to get an award of a GSA Schedule contract. We recommend that you start now before you spend too much money on cold sales calls.

SECRET #4 – UNDERSTAND GSA SCHEDULES

A GSA Schedule is an unfunded, five-year contract listing the prices the federal government has agreed to pay for a company's commercial products and services. The contract may be renewed for three 5-year periods resulting in a 20-year contract if all renewals are executed.

A GSA Schedule contract is an official federal contract, but it is not funded and it does not have products or services to deliver immediately. Funding occurs when an order is signed by a federal agency.

Secret #4 – *There are roughly 40 categories of commercial products and services under which vendors may apply for a GSA contract.* The categories cover everything from industrial products, vehicles, computers and office products, and almost all professional services.

Large federal contractors can have GSA Schedule sales exceeding \$100 million annually.

If a contract is successfully negotiated, the company is placed on a list of approved suppliers for that particular Schedule. For services, RFQs are issued, usually to three awardees. Buyers for federal agencies can order products using [GSA Advantage!](#), the online marketplace for GSA Schedule products. Approved GSA Schedule companies use the prices listed in their GSA Schedule contract to price orders received from federal agencies.

Competition for an individual GSA order is reduced significantly (usually three companies), because the prices contained in a Schedule are pre-determined at the time of contract award.

Generally, federal buyers submit requests to three vendors on a Schedule and select the winning vendor based on best value considerations. An approved order is a firm contract between the purchasing agency and Schedule vendor, not between the vendor and GSA. However, it must conform to all the terms and conditions of the vendor's GSA Schedule contract.

SECRET #5 – PRE-APPROVED PRICING MAKES SCHEDULES THE PURCHASING METHOD OF CHOICE

Secret #5 – *Pre-approved (pre-negotiated) pricing is the key.* In making a buy, GSA schedules allow:

- Unprecedented speed and minimal paperwork
- Limited competition (this is what makes it fast)
- Avoidance of a public bid (averaging 270 days and at least one large tree's worth of paper work).

These benefits are all outlined within the rules, and buying is about following the rules. Price and competition is important in federal purchasing but so is purchasing speed, efficiency, and product/service value.

From both a buyer and a vendor perspective, the pre-determined prices feature coupled with a best value selection feature are what makes a GSA Schedule so attractive. Both parties gain advantages from using the GSA Schedule. From the buyers' perspective, the long and labor-intensive process of establishing, conducting, evaluating, and awarding a bid disappears, while still ensuring that pricing will be fair. In addition, the subjective determination as to which vendor to buy from can be made without running afoul of procurement rules.

From a company's perspective, an effective closing mechanism is established that allows vendors to be immediate candidates for receiving orders. With a GSA Schedule, companies hold a contractual mechanism that conforms to all procurement rules and allows sales to be made quickly and simply.

Price increases based on commercial cost increases or economic indices can be negotiated under GSA Schedule contracts. Awardees may offer discounts for an individual agency order without affecting the prices listed in the contract.

Congress has granted state and local agencies the authority to purchase directly from the Information Technology GSA schedule (IT70) and from GSA Schedule 84 that covers security, law enforcement, and disaster recovery products and services among others. State and local purchasing authority may be extended to other GSA Schedules in the future. And for all Schedules, state and local governments are now asking “will you honor your GSA pricing?” If yes, they will use the answer to back purchase orders.

SECRET #6 – REAP THE BENEFITS OF A GSA SCHEDULE

GSA Schedules are unique among IDIQs because they are:

- Always open for a bid, while other IDIQs open and then close for 5 years or more
- Used by any federal agency and state and local governments
- A way for Contracting Officers to set-aside RFQs for small businesses when buyers want to limit competition or an agency needs awards to meet small business set-aside goals
- Available for almost all commercial products and services
- Easy to win because you are not competing with others but rather proving your company's capabilities. Only three past experience projects of any size are required to win
- Heavily used by agencies resulting in a large number of RFQs broadcast to approved companies. Accordingly, awardees see a continuous flow of RFQs which provide many choices to select bids that fit your company.

Other benefits include:

- Proposals in response to RFQs are relatively cheap to write
- Some service categories have less than 100 awarded companies competing for RFQs
- The Professional Services Schedule allows a company to bid services like management consulting coupled with computer development; this feature is unique among IDIQs.

Secret #6 – *GSA buys are transacted silently without much scrutiny by non-participating vendors.* This cuts down on costly and time-consuming vendor protests and makes buying easier and more pleasurable from the buyer's viewpoint. That is, if buying could be considered pleasurable in any way.

Schedules are used to buy billions of dollars of IT services.

Let's assume that your company is an information technology service business that has sold a website development project to an end user at a military base in your area. Your company is new to the market and does not have a GSA Schedule contract or a GWAC (another type of multi-vendor contract). For deals that exceed \$25,000, your company has only two options. The options are as follows:

1. *The end user and the contracting officer may arrange for your business to receive a subcontract with one of the base's prime contractors.* This solution could be accomplished quickly with minimal competition, but then you are under the thumb of the prime contractor. The prime contractor will try to reduce your profits, so it can take a profit on the subcontract. The prime will also try to minimize your exposure to the customer -- the person to whom you sold in the first place – just as you would if you were in the prime's shoes.
2. *The end user and the contracting officer may decide that their only alternative is to publish the requirements for the project as a public bid.* This is a less attractive

alternative because the public bid will (i) require your company to write an expensive proposal, (ii) expose your business to competition from others interested in the project, and (iii) force you to wait an average of two hundred days or more for an award decision to be made.

Neither of these two options is ideal. A multi-vendor contract would allow you to close the deal in a matter of weeks, as opposed to months, and competition for the project would be reduced significantly. In short, a GSA Schedule contract is the best multi-vendor contract for a small- to medium-sized company.

SECRET #7 – IT’S NOT ALL GRAVY

Secret #7 – *The upsides of GSA Schedules come at a price.* An investment is required to obtain a Schedule award. GSA Schedules services can cost a small business around \$5,000–10,000 dollars. Other drawbacks include:

- The Schedule contract reduces pricing flexibility and may result in lower prices and profits. This drawback applies to product GSA Schedules, not service schedules
- GSA Schedule contractors pay a 0.75 percent funding fee to GSA that can reduce profits. However, GSA encourages vendors to include the funding fee as part of their proposed pricing in contract negotiations. Be sure to factor it in when you write your proposal
- Your ability to increase prices is restricted
- Contractual terms require that you carefully control your discounting practices. Uncontrolled discounting can lead to automatic reductions in GSA prices
- Schedules do not cover all industries, notably architectural and engineering services and construction
- A GSA schedule contract is cancelled if you do not have sales of \$25,000 over the first two years.

The following types of companies *do not* need a schedule:

- Companies selling products/services not covered by Schedules
- Companies selling to agencies not using Schedules as a purchasing method.
- Companies selling products under a Multiple Award Schedule (MAS) contract offered by agencies other than GSA, e.g., Defense Logistics Agency contracts for military parts.

Drawbacks aside, a GSA Schedule is the selling vehicle of choice if a company intends to sell through a single multiple award schedule contract.

SECRET #8 – GSA OFFERS ARE HARD TO WRITE

Secret #8 – *GSA Schedule proposals can exceed 100 pages, and the process can be overwhelming.*

The GSA Schedule proposal writing process is as follows:

- 1.** Identify the appropriate GSA Schedule for your company
- 2.** Download the corresponding GSA Solicitation
- 3.** Gather required documentation
- 4.** Write your proposal
- 5.** Submit your proposal.

Your GSA Schedule Contract proposal must be submitted electronically through GSA's eOffer system (<https://eoffer.gsa.gov>), which requires a digital certificate. Once submitted, your proposal will be placed in a queue and assigned to a GSA Contracting Officer.

SECRET #9 – SCHEDULES SMOOTH THE WAY TO FEDERAL RELATIONSHIPS

Throughout Fedmarket's business development books, we stress that cold calling federal buyers is generally inefficient. Yet, you need relationships with buyers to make sales. This is the Catch-22 of federal contracting.

We also stress that IDIQs are the key to winning that first critical "seed" contact. Win that first federal direct contract, and use the seed contract to sell more contracts.

Secret #9 – *Simply stated, IDIQs in general and GSA Schedules in particular, allow you to turn cold calls into warm calls.*

Contracting Officer contact information is easy to find on the internet. You can contact them easily via phone and/or email, tell them who you are and give them your GSA Schedule contract number. They now have a reason to talk to you.

Remember that GSA Schedules are used by any federal Contracting Officer and state and local purchasing officials.

If you'd like to find out more about IDIQ contracts and growing your startup or small business with federal contracting, please refer to another book in our *10 Secrets* series: **Grab the Federal Contracting Apple: 10 Secrets to Grow Your Startup.**

SECRET #10 – YOU CAN WATCH IDIQs FOR FREE

Secret #10 – *Small business owners have to know when IDIQ opportunities are open for bid and whether or not they qualify for the open opportunities.* This is the single most important thing you can focus on.

As a rule of thumb, you should probably take a pass if the IDIQ doesn't provide for small business set-asides.