Why Startups Don't Bid On Government Contracts: Perception

Many small businesses think working for the government isn't “sexy.”

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Welcome back to our seven-part series on why startups don’t bid on government contracts. Our previous post discussed how nontraditionals learn about customers and how difficult it is for nontraditionals to find information about opportunities to work with the government. But assuming nontraditionals do hear about an opportunity to work with the government, they have to decide to explore it. Today, we are going to dive into the perceptions nontraditionals have about working with the government (spoiler: it isn’t great), how that impacts their decision to explore
government work and the ways it can be fixed.

Problem: The narrative is that government contracting is a time and resource black hole

We will go into more detail about how nontraditionals think about time in our post on the costs of pursuing government work, but please believe us when we say that for high-growth startups lost time literally means losing a portion of their company. Additionally, every dollar they spend building their federal sales and compliance capabilities is a dollar not going to build and mature their product, which is their pinnacle goal.

Yet, for even relatively mature nontraditionals, process complexity and the length of the sales cycle were cited as the primary deterrents to selling to the government.

Problem: Working for the government is not “sexy”

Most nontraditionals aren’t just building a business; they are also building a brand, and that has real value. The better the brand, the easier it is for that company to hire, find investor capital and sell, and one of the fastest ways for a young business to build a brand is to sign name brand clients.
As we asked in the previous post, when’s the last time the public was genuinely excited about a government project? Decades perhaps?

Ok, so the government has an image problem, what else is new?

Well, here’s what is new: People are the new critical and costly business resource. When manufacturing was king, capital intensive manufacturing equipment was critical and the people operating it were a relative commodity, but today, IT equipment is a commodity and the premium is on the technicians (coders) writing code on top of it. As such, every young CEO is also the head of HR and to be successful, by extension, he or she is the head of marketing.

**Solution: Highlight positives and create interest!**

Our data gave us reasons to be excited. First, government contracting is a segue into other customer channels, especially for young companies.
Second, nontraditionals reported that on a patriotic and personal level, they want to work with the government and support the communities around them.
Even investors, the most objective of all our respondents, saw social benefit as a positive factor when evaluating a government-focused company...
Finally, the aversion to working with the government is not immutable or because of an inherent dislike of government. People want to work with the government and are just waiting for it to make business sense.
Resolution: Make marketing a priority

The U.S. government needs to go on the marketing offensive and treat this like a PR crisis. We recommend starting by acknowledging the problem and then communicating a coherent strategy to change. We have seen evidence of this already. The government is launching hackathons and challenges, and innovation departments are popping up in every agency, but more is needed.

Once a strategy has been shared, we recommend a media campaign to highlight the recent technology it seeded to excite the tech community. How the federal government laid the foundations of drone technology, the satellites that allowed for GPS and the exploration of the human genome.

And to echo our last post, this media outreach can’t be in the form of a 50-page white paper. YouTube is the second most used search engine in the world and
government projects in general and Defense Department projects, in particular, create great videos — why do you think Hollywood makes so many war movies?

Stop being apprehensive in the marketing, don’t let lawyers write your copy, and hire an up-and-coming marketing firm in tune with today’s strategies to campaign for you. Lastly, don’t be afraid to talk to people: Public perception of the industry is low and the only way to fix that is to lead with an exciting human face.

Thanks for reading this week’s post. If you would like to read a full copy of our report with the Boston Consulting Group, you may find it on our website.