INSIDER REPORT 2014
GOVERNMENT IT CONTRACTOR PARTNERING
PART THREE: THE GOVERNMENT CUSTOMER PERSPECTIVE
Government IT Contractor Partnering
Part Three: The Government Customer Perspective
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Welcome to the conclusion of our three-part series on partnering.

The government market is driven by a three-part dynamic of prime contractors, subcontractors and their customers.

In our first two WT Insider Reports we explored the relationship between primes and subs from each of their perspectives. In those reports we found that there were success stories but also specific areas for improvement.

For this, our third report, we went to the customer, government executives involved in senior IT management, program management, project management and senior management, to gain their insights on their relationships with contractors.

We asked questions around the most valuable attributes a government customer is looking for and how their contractors performed against these attributes. We asked questions around technical expertise, teamwork, customer knowledge, process, and industry perception.

The final results are a mixed bag for contractors. Forty-eight percent scored contractors as either very good (35 percent) or excellent (13 percent).

That puts 50 percent of contractors in the good (37 percent) and fair (13 percent) categories. One percent scored contractor performance as poor.

Those findings by themselves indicate that the relationship between government contractors and the government customer is in decent shape, but there is definitely room for improvement.
And that room for improvement really shines through in the portion of the report where we asked about the performance of the respondents’ single best contractor.

First, only 52 percent of respondents said they could identify a single contractor that stood out as their best overall. Forty-nine percent said they couldn’t identify a single contractor.

In a market as competitive as the government space, there is great need for contractors to differentiate themselves and these results illustrate that a significant number of contractors are not doing that.

Second, the opportunity for improvement in this area was further illustrated when 88 percent of respondents rated their best single contractor as either very good (36 percent) or excellent (52 percent). That’s a jump of 40 percentage points from when they rated their overall group of contractors.

The report dives deeper into this gap and how it impacts award decisions. For example, factors such as technical expertise and teamwork were valued most highly among the attributes government customers look for when awarding contractors.

Contractors overall scored below the value placed on those factors, while the single best contractor either matched the value or exceeded it.

We also asked respondents about whether they thought the relationship between contractor and government was getting easier or harder. Forty-nine percent said it stayed the same, while 32 percent said it was somewhat easier or much easier. Only 19 percent said it was more difficult.

Not surprisingly for those who said the relationship was worse, the budget was the most frequently cited reason and was mentioned by 32 percent of the respondents, followed by performance (21 percent) and contractor competence (15 percent).

The budget also was picked as the top challenge to the contractor-government relationship going forward by 34 percent of the respondents. But 27 percent said communications and collaboration will be a challenge, and another 27 percent said delivery and performance would be the top challenge going forward.

For those who felt the relationship had improved, the most frequently cited reasons included contractor knowledge and understanding (26 percent) and performance and delivery (23 percent.) Interestingly, the respondents also felt that the government had improved its selection process and management (18 percent).
The report also looks at how the government customer views the effectiveness of the prime-subcontractor relationship. The results here also point to an opportunity for improvement with only 7 percent seeing the relationship as highly effective, while 50 percent say it is somewhat effective (41 percent) or not very effective (9 percent).

The report gathered some insightful verbatim comments, some of which are presented in this report. A full list of verbatims is available upon request.

In our conclusion we’ll explore what these findings mean and what opportunities they reveal for contractors moving forward.

Please, dive in, enjoy, and as always, we welcome your feedback on how we can make this and future Insider Reports more valuable to you and your business. Email us at WTInsider@WashingtonTechnology.com.

Nick Wakeman, Editor-in-Chief
Ratings of Collective Contractor Group

Rate your collective group of contractors on each of the following attributes related to industry perception.

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Poor (1)</th>
<th>Fair (2)</th>
<th>Good (3)</th>
<th>Very Good (4)</th>
<th>Excellent (5)</th>
<th>Top 2 Box</th>
<th>Don’t Know</th>
<th>Mean (1-5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ease of working relationship</td>
<td>2%</td>
<td>12%</td>
<td>22%</td>
<td>39%</td>
<td>63%</td>
<td>59%</td>
<td>1%</td>
<td>3.7</td>
</tr>
<tr>
<td>Compliance to government regulations</td>
<td>2%</td>
<td>9%</td>
<td>26%</td>
<td>39%</td>
<td>20%</td>
<td>57%</td>
<td>5%</td>
<td>3.7</td>
</tr>
<tr>
<td>Maintaining long-term relationships with customers</td>
<td>2%</td>
<td>11%</td>
<td>26%</td>
<td>36%</td>
<td>21%</td>
<td>57%</td>
<td>5%</td>
<td>3.7</td>
</tr>
<tr>
<td>Business ethics</td>
<td>3%</td>
<td>10%</td>
<td>26%</td>
<td>35%</td>
<td>21%</td>
<td>56%</td>
<td>1%</td>
<td>3.6</td>
</tr>
<tr>
<td>Technical performance</td>
<td>2%</td>
<td>11%</td>
<td>29%</td>
<td>36%</td>
<td>21%</td>
<td>57%</td>
<td>3%</td>
<td>3.6</td>
</tr>
<tr>
<td>Honoring contract commitments/satisfactory contract completion</td>
<td>2%</td>
<td>11%</td>
<td>27%</td>
<td>37%</td>
<td>19%</td>
<td>56%</td>
<td>3%</td>
<td>3.6</td>
</tr>
<tr>
<td>Reputation among customers</td>
<td>2%</td>
<td>11%</td>
<td>32%</td>
<td>30%</td>
<td>19%</td>
<td>49%</td>
<td>6%</td>
<td>3.6</td>
</tr>
<tr>
<td>Communicating with customers</td>
<td>3%</td>
<td>10%</td>
<td>29%</td>
<td>40%</td>
<td>16%</td>
<td>56%</td>
<td>2%</td>
<td>3.6</td>
</tr>
<tr>
<td>Schedule performance</td>
<td>4%</td>
<td>17%</td>
<td>29%</td>
<td>37%</td>
<td>12%</td>
<td>49%</td>
<td>2%</td>
<td>3.4</td>
</tr>
<tr>
<td>Communicating with customers</td>
<td>2%</td>
<td>13%</td>
<td>40%</td>
<td>28%</td>
<td>10%</td>
<td>38%</td>
<td>6%</td>
<td>3.3</td>
</tr>
</tbody>
</table>
## Ratings of Collective Contractor Group

Rate your collective group of contractors on each of the following attributes related to teamwork.

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Poor (1)</th>
<th>Fair (2)</th>
<th>Good (3)</th>
<th>Very Good (4)</th>
<th>Excellent (5)</th>
<th>Top 2 Box</th>
<th>Don’t Know</th>
<th>Mean (1-5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer knowledge</td>
<td>2%</td>
<td>11%</td>
<td>33%</td>
<td>31%</td>
<td>20%</td>
<td>51%</td>
<td>3%</td>
<td>3.6</td>
</tr>
<tr>
<td>Strategic value to project (knowledge of your agency's needs and mission)</td>
<td>3%</td>
<td>12%</td>
<td>29%</td>
<td>35%</td>
<td>18%</td>
<td>53%</td>
<td>3%</td>
<td>3.5</td>
</tr>
<tr>
<td>Responsiveness in addressing issues and concerns as they arise</td>
<td>4%</td>
<td>15%</td>
<td>26%</td>
<td>36%</td>
<td>18%</td>
<td>54%</td>
<td>1%</td>
<td>3.6</td>
</tr>
<tr>
<td>Flexibility during project planning and execution</td>
<td>4%</td>
<td>12%</td>
<td>32%</td>
<td>36%</td>
<td>14%</td>
<td>50%</td>
<td>2%</td>
<td>3.5</td>
</tr>
<tr>
<td>Clear delineation of project goals and execution</td>
<td>4%</td>
<td>13%</td>
<td>30%</td>
<td>37%</td>
<td>14%</td>
<td>57%</td>
<td>1%</td>
<td>3.5</td>
</tr>
<tr>
<td>Honesty and transparency in business practices</td>
<td>6%</td>
<td>11%</td>
<td>32%</td>
<td>31%</td>
<td>15%</td>
<td>56%</td>
<td>3%</td>
<td>3.6</td>
</tr>
<tr>
<td>Terms of subcontractor participation disclosed</td>
<td>5%</td>
<td>13%</td>
<td>25%</td>
<td>27%</td>
<td>14%</td>
<td>49%</td>
<td>6%</td>
<td>3.6</td>
</tr>
<tr>
<td>Handling of project disputes</td>
<td>5%</td>
<td>11%</td>
<td>31%</td>
<td>28%</td>
<td>13%</td>
<td>56%</td>
<td>2%</td>
<td>3.6</td>
</tr>
<tr>
<td>Management of subcontractors</td>
<td>3%</td>
<td>17%</td>
<td>26%</td>
<td>23%</td>
<td>11%</td>
<td>38%</td>
<td>2%</td>
<td>3.6</td>
</tr>
</tbody>
</table>
Ratings of Collective Contractor Group

Rate your collective group of contractors on each of the following attributes related to process.

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Poor (1)</th>
<th>Fair (2)</th>
<th>Good (3)</th>
<th>Very Good (4)</th>
<th>Excellent (5)</th>
<th>Top 2 Box</th>
<th>Don’t Know</th>
<th>Mean (1-5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical expertise &amp; resources</td>
<td>3%</td>
<td>11%</td>
<td>23%</td>
<td>33%</td>
<td>28%</td>
<td>61%</td>
<td>2%</td>
<td>3.7</td>
</tr>
<tr>
<td>Ease of establishing contact</td>
<td>3%</td>
<td>11%</td>
<td>28%</td>
<td>33%</td>
<td>23%</td>
<td>56%</td>
<td>3%</td>
<td>3.7</td>
</tr>
<tr>
<td>Proposal development &amp; submission</td>
<td>1%</td>
<td>10%</td>
<td>30%</td>
<td>33%</td>
<td>14%</td>
<td>47%</td>
<td>11%</td>
<td>3.5</td>
</tr>
<tr>
<td>Invoice consistently and to government requirements</td>
<td>3%</td>
<td>11%</td>
<td>28%</td>
<td>33%</td>
<td>13%</td>
<td>46%</td>
<td>12%</td>
<td>3.5</td>
</tr>
<tr>
<td>Have established processes to support decision making (instead of winging it)</td>
<td>4%</td>
<td>13%</td>
<td>28%</td>
<td>34%</td>
<td>13%</td>
<td>47%</td>
<td>8%</td>
<td>3.4</td>
</tr>
<tr>
<td>Human Resources practices</td>
<td>2%</td>
<td>16%</td>
<td>25%</td>
<td>27%</td>
<td>9%</td>
<td>36%</td>
<td>20%</td>
<td>3.3</td>
</tr>
<tr>
<td>Pricing</td>
<td>3%</td>
<td>21%</td>
<td>38%</td>
<td>21%</td>
<td>8%</td>
<td>29%</td>
<td>10%</td>
<td>3.1</td>
</tr>
</tbody>
</table>
Ratings of Collective Contractor Group

Overall rating of collective group of contractors.

- Excellent: 13%
- Very good: 35%
- Good: 37%
- Fair: 13%
- Poor: 0%
- Don't know: 0%
Ratings of Best Overall Contractor

How does your single best contractor rate in each of the following areas?

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Poor (1)</th>
<th>Fair (2)</th>
<th>Good (3)</th>
<th>Very Good (4)</th>
<th>Excellent (5)</th>
<th>Top 2 Box</th>
<th>Don’t Know</th>
<th>Mean (1-5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical Expertise</td>
<td>0%</td>
<td>1%</td>
<td>6%</td>
<td>26%</td>
<td>67%</td>
<td>93%</td>
<td>0%</td>
<td>4.6</td>
</tr>
<tr>
<td>Teamwork</td>
<td>0%</td>
<td>3%</td>
<td>11%</td>
<td>27%</td>
<td>60%</td>
<td>87%</td>
<td>0%</td>
<td>4.4</td>
</tr>
<tr>
<td>Customer Knowledge</td>
<td>0%</td>
<td>2%</td>
<td>9%</td>
<td>37%</td>
<td>52%</td>
<td>89%</td>
<td>0%</td>
<td>4.3</td>
</tr>
<tr>
<td>Industry Perception</td>
<td>0%</td>
<td>2%</td>
<td>9%</td>
<td>40%</td>
<td>46%</td>
<td>86%</td>
<td>3%</td>
<td>4.3</td>
</tr>
<tr>
<td>Process</td>
<td>0%</td>
<td>3%</td>
<td>10%</td>
<td>38%</td>
<td>48%</td>
<td>86%</td>
<td>1%</td>
<td>4.3</td>
</tr>
</tbody>
</table>

Is there a single best contractor who stands out overall?

Yes 52%

No 40%

Don’t know 9%
Ratings of Best Overall Contractor

Overall rating of your single best contractor.

- Excellent: 52%
- Very good: 36%
- Good: 10%
- Fair: 0%
- Poor: 1%
- Don’t know: 1%
Top Factors in Choosing a Contractor

Top factors.
4 of 5 factors are critically important, with industry perception slightly less important.

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Not at all valuable (1)</th>
<th>Not very valuable (2)</th>
<th>Somewhat valuable (3)</th>
<th>Valuable (4)</th>
<th>Highly valuable (5)</th>
<th>Top 2 Box</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical Expertise</td>
<td>0%</td>
<td>1%</td>
<td>5%</td>
<td>24%</td>
<td>69%</td>
<td>93%</td>
<td>0%</td>
</tr>
<tr>
<td>Teamwork</td>
<td>1%</td>
<td>1%</td>
<td>10%</td>
<td>43%</td>
<td>45%</td>
<td>88%</td>
<td>0%</td>
</tr>
<tr>
<td>Customer Knowledge</td>
<td>1%</td>
<td>1%</td>
<td>16%</td>
<td>51%</td>
<td>31%</td>
<td>82%</td>
<td>0%</td>
</tr>
<tr>
<td>Industry Perception</td>
<td>2%</td>
<td>2%</td>
<td>16%</td>
<td>50%</td>
<td>31%</td>
<td>81%</td>
<td>3%</td>
</tr>
<tr>
<td>Process</td>
<td>2%</td>
<td>6%</td>
<td>28%</td>
<td>44%</td>
<td>19%</td>
<td>63%</td>
<td>1%</td>
</tr>
</tbody>
</table>

Best contractor vs The Rest.

Best contractors meet or exceed respondents’ values for all five factors, while the collective group of contractors overall fail to meet those value thresholds, in four cases by substantial margins.

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Mean Value (1-5)</th>
<th>Collective Group of Contractors Overall</th>
<th>Best Contractor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical Expertise</td>
<td>4.6</td>
<td>3.7 (-0.9)</td>
<td>4.6 (no difference)</td>
</tr>
<tr>
<td>Teamwork</td>
<td>4.3</td>
<td>3.5 (-0.8)</td>
<td>4.4 (+0.1)</td>
</tr>
<tr>
<td>Customer Knowledge</td>
<td>4.1</td>
<td>3.6 (-0.5)</td>
<td>4.3 (+0.3)</td>
</tr>
<tr>
<td>Industry Perception</td>
<td>4.1</td>
<td>3.5 (-0.6)</td>
<td>4.3 (+0.2)</td>
</tr>
<tr>
<td>Process</td>
<td>3.7</td>
<td>3.6 (-0.1)</td>
<td>4.6 (+0.9)</td>
</tr>
</tbody>
</table>
Top Factors in Choosing a Contractor

When price and technical evaluations are equal, what other factors do you consider when making a contract award?

- Experience/Track Record: 41%
- Reputation/Ethics/Integrity: 16%
- People/Capabilities: 12%
- Value for the $$: 9%
- Location of Business/People: 5%
- Miscellaneous: 17%

“Which proposal best fits [the] technical needs of the program under consideration.”

“Experience with our industry could be a “tipping” point.”

“The integrity of the contracting team; past contract performance reports.”

“Past experience in what we are looking for & recommendations overall history.”

“Reputation for delivering on time and within budget.”

“Contractor experience and capabilities are also important (we don’t want a high school graduate when we need a PhD).”

“Risk based on known past performance and transition management plans.”

“Having representatives close to the job.”

How has the quality of proposals changed, if at all, over the last two years?

- Proposal quality has improved: 26%
- Proposal quality has stayed about the same: 62%
- Proposal quality has gotten worse: 12%
Top Factors in Choosing a Contractor

What do you consider the most important attributes of a good proposal?

<table>
<thead>
<tr>
<th>Factor</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clarity</td>
<td>33%</td>
</tr>
<tr>
<td>Address all aspects of RFP, Completeness, Appropriate Detail</td>
<td>28%</td>
</tr>
<tr>
<td>Demonstrate Understanding of Requirements</td>
<td>12%</td>
</tr>
<tr>
<td>Honesty/Integrity</td>
<td>6%</td>
</tr>
<tr>
<td>Demonstrate Prior Experience Relevant to RFP</td>
<td>5%</td>
</tr>
<tr>
<td>Brevity/Conciseness</td>
<td>5%</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>11%</td>
</tr>
</tbody>
</table>

“A good understanding of our requirements and how the vendor plans to meet each individual requirement.”

“Thoroughness of research and preparations, and clarity of presentation.”

“Clearly stating the purpose, background, solutions, cost, result, scope, timeline, planned activities, etc.”

“Flexibility and Transparency (plus “what ifs” to cover likely contingencies).”

“The ability to interpret what the needs of the customer really are, as opposed to what was asked for.”

“Responsiveness to detailed requirements and unique approaches.”

“Comprehensive understanding of requirements and flexibility in schedule and scope.”

“Focus on relevant solutions and understanding of our direct needs.”
Contractor/Customer Relationships

To what extent would you say it has become overall easier or harder to work with contractors as a whole?

- Become much easier: 7%
- Become somewhat easier: 25%
- Stayed about the same: 49%
- Become somewhat more difficult: 16%
- Become much more difficult: 3%
## Contractor/Customer Relationships

### Why easier?

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contractor Knowledge/Understanding</td>
<td>26%</td>
</tr>
<tr>
<td>Performance/Delivery</td>
<td>23%</td>
</tr>
<tr>
<td>Improved Client-Side Selection &amp; Management</td>
<td>18%</td>
</tr>
<tr>
<td>Technology</td>
<td>12%</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>21%</td>
</tr>
</tbody>
</table>

- “Changes in technology makes communication easier, better, faster.”
- “Generally deal with the same vendors, so we are familiar with their staff.”
- “We have educated contractors on our procurement process and they have adapted their processes to fit.”
- “Their use of technology to present and amplify capabilities and procedures have improved.”
- “Process for selection has improved.”
- “Our organization is now able to meet its mandate with the right tools and systems setup by the contractors.”

### Why harder?

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budgets/Funding</td>
<td>32%</td>
</tr>
<tr>
<td>Performance/Delivery</td>
<td>21%</td>
</tr>
<tr>
<td>Contractor Technical Competence/Skill</td>
<td>15%</td>
</tr>
<tr>
<td>Paperwork/Regulation/Polices</td>
<td>9%</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>23%</td>
</tr>
</tbody>
</table>

- “Contracting rules changes make the process less responsive and more hidebound.”
- “Contractors are increasingly profit motivated and less customer oriented; they are emboldened by the lack of will of government personnel to hold them accountable.”
- “Defense cuts have created a barrier between Government and Industry.”
- “The same contractors have worked with the agency for so long that they act like employees and don’t seem to have an urgency about providing what is expected. The line between the agency and contractor has been blurred.”
- “Project Managers have limited knowledge of their product and have impeded the ability to complete the projects.”
- “The paperwork is more complex, bidding requirements are more strict. More cumbersome process.”
- “Congress.”
- “Budget constraints.”
## Contractor/Customer Relationships

When a project struggles or fails, how frequently are each of the following factors to blame?

<table>
<thead>
<tr>
<th>Factors</th>
<th>Never</th>
<th>Rarely</th>
<th>Sometimes</th>
<th>Often</th>
<th>All The Time</th>
<th>Often + All The Time</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contractor over-promises capabilities/execution</td>
<td>2%</td>
<td>14%</td>
<td>40%</td>
<td>36%</td>
<td>8%</td>
<td>44%</td>
<td>100%</td>
</tr>
<tr>
<td>Agency changes requirements/scope after award</td>
<td>4%</td>
<td>15%</td>
<td>42%</td>
<td>30%</td>
<td>9%</td>
<td>39%</td>
<td>100%</td>
</tr>
<tr>
<td>Poor communication between contractor &amp; agency</td>
<td>3%</td>
<td>9%</td>
<td>52%</td>
<td>28%</td>
<td>8%</td>
<td>36%</td>
<td>100%</td>
</tr>
<tr>
<td>Lack of agency oversight</td>
<td>4%</td>
<td>22%</td>
<td>39%</td>
<td>31%</td>
<td>5%</td>
<td>36%</td>
<td>100%</td>
</tr>
<tr>
<td>Contractor is slow to staff/project is understaffed</td>
<td>3%</td>
<td>17%</td>
<td>43%</td>
<td>31%</td>
<td>5%</td>
<td>36%</td>
<td>100%</td>
</tr>
<tr>
<td>Changes in agency leadership/project commitment</td>
<td>4%</td>
<td>15%</td>
<td>46%</td>
<td>30%</td>
<td>5%</td>
<td>35%</td>
<td>100%</td>
</tr>
<tr>
<td>Contractor uses inexperienced personnel</td>
<td>3%</td>
<td>20%</td>
<td>44%</td>
<td>25%</td>
<td>9%</td>
<td>34%</td>
<td>100%</td>
</tr>
<tr>
<td>Contractor mismanagement</td>
<td>3%</td>
<td>22%</td>
<td>44%</td>
<td>29%</td>
<td>3%</td>
<td>32%</td>
<td>100%</td>
</tr>
<tr>
<td>Political pressures on agency</td>
<td>6%</td>
<td>22%</td>
<td>40%</td>
<td>25%</td>
<td>7%</td>
<td>32%</td>
<td>100%</td>
</tr>
<tr>
<td>Lack of collaboration between prime contractors and subcontractors</td>
<td>3%</td>
<td>25%</td>
<td>46%</td>
<td>22%</td>
<td>4%</td>
<td>26%</td>
<td>100%</td>
</tr>
<tr>
<td>Friction between agency's program management &amp; contractor</td>
<td>5%</td>
<td>28%</td>
<td>44%</td>
<td>19%</td>
<td>3%</td>
<td>22%</td>
<td>100%</td>
</tr>
<tr>
<td>Technical competency of contractor</td>
<td>4%</td>
<td>25%</td>
<td>50%</td>
<td>16%</td>
<td>6%</td>
<td>22%</td>
<td>100%</td>
</tr>
</tbody>
</table>
Contractor/Customer Relationships

When a contractor’s performance falls below expectations, what do you typically do?

- Talk to contractor collaboratively: 77%
- Issue a formal letter to contractor management: 47%
- Withhold payments: 28%
- Terminate contract: 17%
- Other: 18%
Contractor/Customer Relationships

What do you anticipate will be the largest challenge over the next 2 to 3 years in working with contractors?

- **Budget/Funding**: 34%
- **Communication/Collaboration**: 27%
- **Delivery/Performance**: 27%
- **Miscellaneous**: 12%

“Deciding what should be a Government function and what should be a contractor function—and clearly maintaining the distinction.”

“Communication and understanding of approaches, plans and processes among organizations and finding alignment.”

“Ensuring that skills between contractor and government compliment each other and enhances the work and support being performed.”

“Getting Price/performance with decreasing budgets and increasing workload.”

“Lack of contracts available and keeping them employed.”

What is the single most important thing a contractor could do to partner more effectively with your agency?

- **Communicate/Transparency**: 29%
- **Honesty/Integrity**: 17%
- **Delivery/Do What You Say You Will Do**: 15%
- **Collaborate/Partner Effectively**: 11%
- **Flexibility/Adaptability**: 8%
- **Understand Client/Culture/Public Sector**: 7%
- **Cost/Cost Consciousness/Stewardship**: 3%
- **Miscellaneous**: 10%

“Assist in clearly developing expectations and requirements as well as providing exceptional customer service.”

“Bring better, more experienced personnel who FULLY understand what the organization is doing and why it does what it does.”

“Continue to provide high performance that is delivered on schedule and within budget.”

“Understand the climate and pressures to secure funding. Many contractors seem to be in the “know” as very much a buddy-buddy system and that turns me off.”

“Work to understand the business, culture and practices of the agency.”

“Streamline and automate to reduce overhead and demonstrate that pass-through to gov’t.”

“Provide the most cost-effective services and deliver what was promised.”

“Communicate issues and problems that arise promptly.”
Evaluating Primes and Subs

In general, what is your perception of the effectiveness of the relationships between prime contractors and subcontractors?

- **Highly effective**: 7%
- **Effective**: 42%
- **Somewhat effective**: 41%
- **Not very effective**: 9%
- **Not at all effective**: 1%

Why do you say the prime-sub relationship is effective to highly effective?

- **Prime/Sub Relationships - Overall**: 42%
- **Delivery/Accountability**: 28%
- **Prime Leadership**: 17%
- **Miscellaneous**: 13%

“Communication between the prime and subcontractors I work with has been good.”

“I believe the prime contractor is not going to work with subcontractors that are not effective.”

“Mutual trust and respect promotes expedient results.”

“Primes and subs have clearly defined roles and responsibilities.”

“They communicate my needs precisely to the subcontractor and guarantee the work.”

“Working together over time allows each participant to become familiar with the other’s work ethic.”

“The prime managed the relationship seamlessly without letting government notice any issues.”

“If the prime is good the relationship is good. If it is bad from the start it is bad at the bottom.”
Evaluating Primes and Subs

Why do you say the prime-sub relationship is only somewhat effective?

“I say somewhat effective because I see no extraordinary value.”

“Increasingly frequent interventions by government to resolve conflicts.”

“Some communication lost between the two. Also, some have competing demands or goals.”

“The relationship adds a layer of complexity that must be managed and will have an associated overhead cost. In some cases the sub and the prime have a strained relationship.”

“Subcontractors don’t always realize their supposedly small part can have a big effect in the contract outcome. That the prime bears all the responsibility.”

Why do you say the prime-sub relationship is not effective?

“Because the prime contractor has bid the lowest price there is no room for any innovation brought up by the subcontractor.”

“Contractor had no knowledge of contract specifics and was unable to share what was required to subcontractor. Poor outcome.”

“The blame game and we/they.”

“The subcontractor and the prime contractors I have come in contact with have very little interaction with each other.”

“Communications does not seem to occur.”
Conclusions

Much like the first two installments in this series of Insider Reports, this one throws a spotlight on areas where contractors have an opportunity to improve and separate themselves from their competitors.

In our early reports, we learned about the gaps in performance in what primes and subs are seeking in each other. This third report focused on the customer perspective and we also quickly found gaps between what contractors deliver and what government customers expect.

We found that as a collective group contractors aren’t performing poorly but they aren’t knocking their customers’ socks off either.

Some facts from our report:

• Too many customers (49 percent) can’t name an outstanding contractor

• Collectively contractors fail to deliver the level of value customers expect in five key areas: technical expertise, teamwork, customer knowledge, process and industry perception.

• But for customers who could name a single best contractor, that contractor met or exceeded those expectations.

Those three findings alone should be a red flag for any company that believes it is differentiating itself from its competitors. These results say that from a customer perspective, a lot of contractors fall into the category of mediocre.

So companies looking to separate themselves from competitors would be well served to put an emphasis on those five key areas, which, according to our study, play a critical role for customers when deciding which contractor to work with.

As with our first two reports, government customers also see a need for improved communications between primes and subcontractors and between contractors and government.

How the findings of this report are applied will vary from customer to customer, but the theme should be consistent: Customer and technical expertise along with strong communication skills will carry the day.
Appendix A: Additional information

How many contractors have you worked with during the last 24 months?

- 15 or more: 27%
- 10 to 14: 24%
- 5 to 9: 35%
- 2 to 4: 5%
- 1: 8%
Appendix A: Additional information

When evaluating a contractor’s past performance, do you give more weight to prime contracting experience or subcontracting work?

- Prime contracting experience: 40%
- Subcontractor work: 7%
- Both weighted equally: 52%
Appendix A: Additional information

All else being equal between two contractors, do you prefer a small business or a large business?

- It doesn’t matter: 55%
- Small business: 33%
- Large business: 11%
Appendix B: Methodology and Respondent Demographics

The research, fielded in January and February of 2014, was conducted across 33,627 print, online and newsletter subscribers to FCW, GCN, and Defense Systems, who received four email notices inviting them to participate in an online survey. An additional effort was emailed to an externally sourced list of 5,000 government IT employees. As an incentive, respondents were offered a free copy of the final report and the opportunity to select from three charities to which Washington Technology would make a $5 donation.

The responses were matched against the original master file and weighted based on both their branch of government and their job function to properly represent the total population. The final weighted data file contained 227 usable cases. Lodestar Research Corp. managed questionnaire development, analysis methodology, fielding and data reporting.

The study draws on the insights of respondents across different types of government agencies: 26% from Defense Department agencies, 33% from federal civilian agencies and 39% from state and local agencies. The survey tapped respondents who serve key job functions in the decision-making process, with 16% in executive IT management, 28% in IT program and other IT management, 13% in IT project management, 19% in non-IT executive management or C-level management, 8% in procurement/purchasing, and 7% in general operations management. 50% of the federal employee respondents were GS/GM 14 and higher.

80% of the respondents recommend, specify, or approve the procurement of IT products and services. 46% procured $1 million - $49.9 million in IT products and services in the past year. 12% spent more than $50 million, while 42% spent under $1 million.
Appendix C: About Lodestar

Washington Technology is proud to partner with Lodestar for our survey-based Insider Reports. Lodestar is a B2B consulting firm headquartered in Princeton, New Jersey. They offer a collaborative approach resulting in evidence-based recommendations that help our customers tell their story, develop new products and growth strategies, measure the impact of their investments and maximize their use of information resources.

Founded in 1998 by Dr. Tom Nelson, the firm has grown to now serve over 150 clients across a variety of industry verticals, including media and publishing, financial services, technology, and healthcare. Dedicated to three major practice areas — Marketing Sciences, Innovation and Information Management — the firm has also developed a rich portfolio of intellectual property, and expanded its domestic and international footprint.

Lodestar consists of 45+ associates with advanced competencies in research, strategy, innovation, technology, and information management — and a worldwide network of thought leaders, content specialists, futurists, and alliance partner agencies. Notably, our workforce is a highly diverse one, with associates bringing a variety of personal backgrounds, academic records, and professional histories to their work. We believe this is one of our core strengths, enabling an un-matched multidisciplinary perspective and approach in collaborating with our clients to solve real-world challenges.

To learn more about Lodestar visit: http://www.lodestarlink.com/