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## NEWSLETTER 01/2015

### 3 Things for Successful Selling to the Public Sector

When you look at your annual tax bill it's reasonable to think there must be a lot of potential business to be won from government contracts. In fact more than 35% of European Gross Domestic Product (GDP) goes into the Public Sector so there is a huge market out there.

The basics of selling to the Public Sector are actually not that different to selling to the private sector. But there are a few crucial differences. With the background of unsuccessful projects, the burdensome nature of public sector purchasing can easily be justified. Taxpayers expect best use of money, fair competition, proficient project management and effective implementation. In this blog I want to highlight some challenges and how sales organisations should respond. My experience is all within the EU so please be aware some things may be different in your geography.

### RECENT CHANGES IN THE PUBLIC SECTOR

If you are trying to sell to the Public Sector now the way you did 5 years ago you won't succeed. Things have changed. Budgets have been cut dramatically as a result of austerity measures. Local and regional government feel the pinch the most as they remain responsible for delivering day-to-day services.

For salespeople, the ability to articulate benefits and where they will be achieved is crucial for justifying the investment and overcoming risk aversion. You need to be aware of changes going on in power and decision-making. It is easy to end up in "death valley" by not understanding the funding process. For example, some ideas created by national governments are being funded and delivered by the EU, or at the other extreme, by local authorities.

A second important change is the professionalisation of Public Sector purchasing and project management. In the UK, for example, the Government has set up the Major Projects Authority (MPA) to raise the level of professionalism in complex projects. If you don't match this and understand how their success is measured you won't succeed in selling.

Thirdly, Public Sector bodies are aiming for services to be delivered in smaller work packages to increase involvement of smaller companies. They seek innovations to drive down costs, and demand that large suppliers work with small suppliers in an agile and flexible supply chain. In reality, larger suppliers will remain in a position of importance in most large-scale delivery situations. But suppliers of all sizes need to find ways to interoperate better to address this customer need.

### THE 3 KEYS TO SELLING TO THE PUBLIC SECTOR

It's not rocket science selling to the public sector. The 3 things you absolutely must have – and I see them missing in a lot of organisations trying and failing to sell to the Public Sector - are Patience, Expertise and Compliance.

### THE LONG GAME

I see a lot of very frustrated Sales Professionals operating in the Public Sector. Their company promises to support them but quickly loses patience when they don't see early results. In a market where customer insights are so important, salespeople end up spreading their time too thinly on "no-hope" opportunities, or don't receive vital support from other parts of the organisation. The buying process often begins with public-domain meetings and consultations as early as 24 months before procurement. The presence of a procedural system of publishing tenders and scoring responses can mislead suppliers into a reactive mode - watching for tenders online and responding with bids.

What distinguishes high performers is their professionalism, sector insight and willingness to show interest, versus following a strategy of 'wait and bid'. In the Southern England Ambulance System tender, the market dominant software vendor opted to 'wait and bid'. Three small innovative contenders engaged early and procurement was forced to change its policy on buying a single software standard. The market was opened up to new entrants, and the 'market leader' was demoted to an outsider in the race.

### UNDERSTAND THE SECTOR

When you are dealing with the NHS, if you don't know your QIPP from your QOF your credibility will take a tumble. Just in case you want to know, QIPP refers to Quality, Innovation, Productivity and Prevention and QOF is the Quality and Outcomes Framework.

My point is that you really need to understand the issues that are unique and important to people in each different sector. Just as you would with a private sector client. But in the Public Sector there is likely to be a whole raft of concepts, initiatives, policies etc. that you need to get to grips with before you can start to earn any trust.

### USE COMPLIANCE TO YOUR ADVANTAGE

The bidding process and public sector procedures are special. You need to understand the high level procedure being used and also the finer detail. If you lack the ability to do this, then find help - either paid for, or from a government advice service.

A good example of using compliance to your advantage was BT's "no-bid response" on a 9-figure NHS opportunity. My knowledge of the need for multiple alternative proposals combined with the right timing, enabled BT to influence the customer to re-shape their RFP and minimize project delivery risk.

### SOME DO'S AND DON'TS FOR PUBLIC SECTOR SELLING

**Do** engage with your customers before any tender is issued and by all means help them with some pre-tender work but don't disqualify yourself from responding to the tender by getting involved in writing it. Ask them exactly what might disqualify you before you do anything to help.

**Do** tender for framework agreements to get on the list of pre-qualified suppliers. There is no guarantee of work immediately, but it will be much easier for the customer to use you rather than go for a full public tender.

**Do** look at the Official Journal of the European Union (OJEU) where all public tenders for government work over a certain value are published. But don't waste resources on the ones where you have not applied a good Sales Process before the tender.

**Don't** waste your resources by partnering too broadly. Focus on the ones that help you fit into the customer's ecosystem and create differentiation. Certainly in the UK the government encourages large companies to work with smaller ones, to get the best possible combination of reliability, innovation and value.

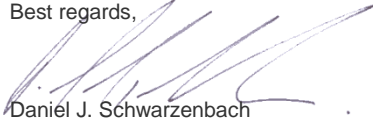
And the final **don't** – and this is a big one – don't mess up the delivery. The Public Sector is very sensitive to the risk of Project Failure and tenders require disclosure of all the projects you have worked on in the last 5 years - including the outcome.

## DO YOU HAVE WHAT IT TAKES?

Pitching for Public Sector work requires the same disciplines as pitching for any other business – with a few important enhancements. Ask yourself the following questions to see if you are approaching selling to the Public Sector in a way that is going to be effective.

- Are you fully immersed in the sector before you try and bid for work?
- Do you apply rigorous Qualification Criteria to every public sector RFP?
- How well do you work with other companies to deliver value?

Best regards,



Daniel J. Schwarzenbach

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