# GPS Workshop: Selling to the Federal Government

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**Abstract**:

The first part of this session concludes the review of the early history of three of the participating companies. Then the session covers the market positioning and strategies of the Government Professional Services companies. What specific markets did they pursue and why? What were their marketing approaches? How did they build relationships with their principal customers? What kind of projects did they look for and why? Did they have many sole source projects? How did they prepare their proposals in response to RFPs? How did they price their services? What was their approach to the contracting process? What was the structure of their marketing and sales organization?


**Participants:**

| Name | Affiliation |
|---|---|
| Burton Grad | Moderator |
| Dan Bannister | DynCorp |
| Ed Bersoff | BTG |
| Walt Culver | CSC |
| Stan Gutkowski | Andersen Consulting/Accenture |
| Judy Huntzinger | BDM International |
| Jack London | CACI |
| Bob Plouffe | CSC |
| Wayne Shelton | PRC |
| John Toups | PRC |
| Dan Young | Federal Data Corporation |
| Tim Bergin | American University |
| Paul Ceruzzi | Smithsonian Air & Space Museum |
| David Grier | George Washington University |
| Jeffrey Yost | Charles Babbage Institute |
| Doug Jerger | Software Industry SIG, Computer History Museum |
| Luanne Johnson | Software Industry SIG, Computer History Museum |

  

[Editor's Note: The first portion of this transcript is a continuation of Government Professional Services Workshop Session # 1 in which the participants describe the initial organization of the companies.]

**Burton Grad:** Let's continue with Andersen Consulting/Accenture

**Early History of Andersen Consulting**

**Stan Gutkowski:** One of the unique things about Arthur Andersen as a public accounting firm was that the founder always had a consulting bent. So the consulting arm of the organization was always a key part of the organization, which was different from the other public CPA firms, and is actually one of the reasons I wound up at Arthur Anderson. Accenture also just put out its history, and it goes back to the 1950s with Leonard Spacek, who was the managing partner of Arthur Andersen. Back then Arthur Andersen had three divisions: Audit Division, Tax Division, and what was then called its Administrative Services Division. Spacek sat over the whole group, but he also had a consulting bent. He and a group of partners, several of whom came out of the armed services after World War II, looked at computer technology in the mid-50s and said, "Computers, this is kind of interesting, maybe we should spend a little time and money and get involved in this business." And that was a very fortuitous decision because a lot of people have benefited from that over the last 50-plus years.

So basically Accenture has been riding the information technology curve that was really created by a very small group of people in the 1950s. When you looked at the Federal government practice within Arthur Andersen, and then Andersen Consulting, and then later Accenture, for most of the time from, say, the mid-1950s to the mid-1990s, the Federal government practice was not a cohesive practice. It was part of the office infrastructure. Arthur Andersen and Andersen Consulting, for much of its history was organized on a geographic basis. So there were offices that rolled up to regions, that rolled up to countries, that rolled up to the overall global partnership, which was really a partnership of partnerships. In 1958, Chuck Henfield (???), who was a consulting partner at the time in San Francisco, was asked to start the DC consulting practice within Arthur Andersen. And then shortly after that, Chuck brought in several partners, one of whom was Chuck Bowsher.

**Ed Bersoff:** He was on our board at SI International for years and years.

**Gutkowski:** Right, Chuck Bowsher is a well-known name in this industry and he was a partner in Arthur Andersen. He served in a leadership position in Financial Management in the Navy over several administrations, and culminated his career as the Comptroller General. And now is serving on boards and doing many other philanthropic things.

**Jack London:** He's still around.

**Gutkowski:** Oh, yes, he's very active.

**Grad:** Did he have a brother at IBM, Jack Bowsher?

**Gutkowski:** He has a twin brother, and I think he was at IBM. Back then, the company, or the partnership, actually had its own software products. We had something called MAC-PAC.

**Wayne Shelton:** Oh, I remember.

**Gutkowski:** We had something called MAC-PAC/D, which we implemented in some of the aerospace and defense companies.

**Grad:** And ADAPSO was very unhappy with what Arthur Andersen was doing at that time.

**Gutkowski:** Oh, I'm sure they were.

**Grad:** It's almost as bad as the banks offering payroll systems. That was cheating. You were giving that away, we felt.

**Gutkowski:** Right, right. And usually when you give something away, there's a reason for that. But the projects were kind of traditional consulting/systems building of requirements through design, implementation, and deployment.

**Grad:** A short question. You were in the auditing business?

**Gutkowski:** Right, that was the primary business, the auditing.

**Grad:** Did this pose, during that time, a conflict of interest issue, as far as the Federal government was concerned?

**Gutkowski:** Never as far as the Federal government.

**Grad:** It was in the commercial area that there was an issue.

**Gutkowski:** And that's been cyclical. There have been times when it's been a very hot issue and times when it hasn't. So, for example, one of the times that did impact our practice, we were approached by Northrop Grumman – Grumman Data Systems, at the time. For those of you who remember, back in the day there was something called the Program Management Office of NASA that was the space shuttle program, and Grumman approached us to be one of their subs. We had to back away from that, because Grumman was also an audit client even though the value of that contract was bigger than the value of the audit that was being done for Grumman on an annual basis by an order of magnitude.

**Grad:** That's an example, yes, okay.

**Gutkowski:** So in the early days, most of the work was design/build, design/implement, mostly in logistics, personnel, payroll, and business functions. And within the Andersen organization, I would characterize the Federal practice as a cottage industry. It was, "Yes, we do work in Washington DC, because the market is here." You know, we did a project for Rock Island Arsenal, because one of our Chicago partners was looking to do some work and tracked something into Rock Island.

**Grad:** Was the Federal practice a major portion of what became Accenture?

**Gutkowski:** No, the Federal practice has never been a major portion. We have been a commercial consulting organization that happens to have a Federal component.

**<u>Early History of Federal Data</u>**

**Grad:** Let me stop you there. Dan, talk about Federal Data.

**Dan Young:** Well, Federal Data approached the professional services business from a different perspective than anyone I've heard so far. The company was founded in 1971. And it was founded initially with headquarters in Georgetown in DC. The headquarters subsequently went to Bethesda, Maryland.

**Walt Culver:** Before the PC became a commodity item, a lot of the stuff they did was build PCs from pieces and parts and stuff and they also did some mainframe peripheral builds and they'd buy them from crazy different places, and do hardware integration, but almost no software. No service.

**Grad:** That's interesting, because I think my connection was through a person who came out of that side of the business. Interesting. Dan?

**Young:** That's absolutely correct.

**Grad:** Interesting. So you were a services bundler.

**Young:** In the 1970s, up until the early 1980s, that's exactly the business. We provided hardware and services bundled in one price. And we did zero cost-plus business. We did not do any time and material to speak of. But it was a very happy environment, very profitable company, and we ran it sort of like a country club.

**Grad:** We're going to come back to the financial models in one of our later sessions, but that's quite a different model. There were so many ways to look at this elephant, weren't there? This business had so many different dimensions to it. You look at the commercial professional services, there is pretty much of a pattern to the business models. There's some variation, but a pattern. Or the brokerage-type professional services, again, it was pretty much a pattern. This had all kinds of different angles in the way you approached it. We have one more to do. BTG. You're next. You're the youngest.

**<u>Early History of BTG</u>**

**Bersoff:** Yes, I wish. I think, actually, we have approached this issue from a very different place as well. BTG was born at a time of major change in the industry. And fundamentally BTG was a software engineering company. In the 1970s, there were many studies, and many experiences that the government had in building large systems, and experiencing failure as they built those large systems. Ultimately, things like the Software Productivity Consortium and other groups were created to deal with these major problems that our industry had in building computer-based systems, based largely on big software. It was especially true in the applications and Command, Control, Communications and Intelligence areas.

I started the company by myself with $1,000 because you could do that back then. Even though interest rates were 18 percent, whatever it was in the early 1980s. I had a background in software engineering that I developed at NASA. I'd written a book on Software Configuration Management, which was kind of the first application of CM to software development, trying to kind of create an environment that had discipline, so software could be created with some reliability. So when we started BTG, our target market was the Intelligence community. Our first contract was as a sub-contractor to the System Development Corporation, on a program called IAIPS, Integrated Automated Intelligence Processing System. I always said back then that I liked to work on any program that began with an "I" or a "J." If it was "I," it was "Integrated," if it was "J" it was "Joint." And it meant that it was a mess. It was going to be a problem.

So working in those kinds of environments was kind of exciting. Our first computer was a Heathkit that I built with an IBM Selectric typewriter as the printer. It was a Zenith computer that Heathkit had kind of knocked off and let you build. We were just starting when computers were getting smaller. Microprocessors were the wave of the future, and computers were just beginning to talk to one another over things like Arpanet, and were in direct communication. So our work in the early days was to build systems that moved intelligence information around among microprocessors. We worked with the HP-45, I think it was, a desktop micro, which was kind of a large machine, but stand-alone. But those were big breakthroughs. And the whole idea was to get computers to talk to one another and share Intelligence information. To provide applications that processed the information and gave evaluations to the Intelligence analysts

**Grad:** How'd you get your first contract?

**Bersoff:** I had left my prior company as president of the company. And when you're company president, you can't kind of look for a job. It's difficult. So I quit, and was basically on the street. SDC [System Development Corporation] called me and wanted me to consult on this program, and, even though I had a couple of teenage kids and no income, I said, "No." But I also said, "I will take a sub-contract, if you let me hire a couple of people to work on this project with you." So it was kind of one of those defining moments where you say, "What am I going to do? Be a consultant or start a company?" And starting a company was the only thing I could really say to people that gave me an excuse for being unemployed.

**Grad:** Where's the BTG name come from?

**Bersoff:** Well, it's folklore, but it was going to be EBI, Edward Bersoff Incorporated, which also stood for Extended Background Investigation, which was an Intelligence term. But that name was already used in Virginia, which is where I started the company. So I asked the lawyer to come up with names. He came up with Bersoff Technology Group, but we never used it, because there was a BTG in California, so we had to register out there under Bersoff Technology Group, but other than that we just used BTG. But, unlike Dan, who went from kind of a hardware environment to services, we started out purely in services, especially in software development. Ultimately we got into systems integration work ourselves, and into product reselling. And we bought a company in about 1985 that had both services and product reselling. At that point in time, the industry was looking for people to do it all. "One-stop shopping," they used to say. As a result of that acquisition, the company just mushroomed in size.

**Culver:** Was that BDS you bought?

**Bersoff:** We bought BDS, yes.

**Culver:** I have a BDS T-shirt.

**Bersoff:** So do I. We bought a couple of other companies that did some product reselling. And pretty soon, reselling dominated the business in terms of volume, but not in profit.

**Grad:** There was a wholesaler called GTSI.

**Bersoff:** Yes, the CEO, Dendy Young, had come out of Falcon Microsystems, where they resold Apple computers. He sold that to somebody and got involved with GTSI. We sold our reselling division to GTSI ultimately, because I proved to myself you couldn't make any money doing product reselling. At least not in the late 1980s, and early 1990s.

**Grad:** GTSI proved it again.

**Young:** GTSI is still proving it every day.

**Grad:** That was one of the companies I helped Larry Schoenberg, who's a very good friend, acquire. I don't think he's still on the board.

**Bersoff:** I was on the board for a while after they bought it is because we took a lot of stock back.

**Shelton:** Dan and I are on the board of GTSI today.

**Grad:** Are you still?

**Shelton:** And Tom Hewitt is also.

**Grad:** Larry is no longer on the board, correct?

**Young:** That's correct.

**Grad:** And I know that it kept going and kept going. It's like the Energizer rabbit.

**Bersoff:** It's still going. It's just hard to make a living doing product reselling. So anyway, we got out of the product reselling business, and were then, ultimately, acquired.

**Grad:** We'll cover that later. So that's an interesting point. There are so many dimensions here. That's what I was trying to understand. Wholesaling business in the commercial world is also a very tough business to make a buck in. There were a lot of revenue dollars, but when we did the study, so little at the bottom line.

**Culver:** But that started to occur in the early 1980s with the onset of the personal computer, except people didn't recognize it then. Ken Olsen at Digital Equipment Corporation did not recognize it, and he ran DEC right into the ground because of it. At CSC, they didn't recognize it and in 1983/1984 made a huge investment in upgrading Infonet, I would say probably a hundred million dollar investment with a new operating system. They were convinced the personal computer was going to be something that was a hobby at home. You built one and played with it, and it wasn't going to be very important. That commoditization of the personal computer is what makes GTSI's business very, very difficult to make money in.

**Shelton:** The current CEO at GTSI recognizes this, and he's made a change in the company to bundle some services with the product.

**Grad:** The real argument was whether you could make any money without the services. But if you were in the services, then you were competing against some of the guys you wanted to bargain with, right?

**Shelton:** We knew that, and we've crossed that bridge.

**Culver:** It's a little bit easier to partner on a deal-by-deal basis in the services business.

**Shelton:** Yes

**Culver:** You just have to sit down with your potential competitors, say, "Here's what we've got. What have you got? You think maybe together we can work on this sometimes?" If the answer is "No," you part ways. And sometimes you work together. But partnering in the sense of joint ventures doesn't work in this business.

## Selling Professional Services to the Federal Government

**Grad:** We're going to get into that. We've basically finished Session One, a little late, but the stories are too good to cut off. We're now officially opening Session Two. The subject here is Selling. What did you sell? How did you sell? How did you partner?

In the commercial industry, the guy who is competing against you was your enemy. And you said all kinds of bad things about him. But in this business, he'd be your partner on a project; he'd be your competitor in another project. I gather it was, to some extent, a matter of skills and contacts, and we want to hear about what really happened. How did you market? How did you go about it?

**John Toups:** In the early times, though, there was a lot of ambiguity between the terms selling and marketing.

**Grad:** There still is. But let's talk about both terms. Let me start with this. So far, in what you all have said, you had a wide range of markets that you addressed. There was a lot of military, and there was the intelligence community. I haven't heard a lot about the commercial areas other than what Stan was saying. Were many of you selling to Social Security and to other government agencies as well?

**Culver:** Absolutely, yes, but that's not commercial. They are civilian agencies.

**Grad:** Civilian agencies, exactly. I'm sorry. Not my turf. So let's talk a little bit about what the markets are. Why did you select particular ones, or did they select you? And we'll keep this as an open thing. Anybody can start.

**Bersoff:** You ever hear of Willie Sutton, the bank robber?

**Grad:** You go where the money is!

**Bersoff:** Yes. I think all of us in our "marketing," if you want to use that term, understand the markets and back in the times when these companies were growing, the biggest markets out there were the Defense and Intelligence agencies. The others were there, too – we all have civilian agency stories – but in terms of emphasis, they were dominated by the military and military spending.

**Grad:** Let's ask the basic question. If that was a market you were going in, because that's where the money is, don't you have issues of security clearance and things like that that were a serious problem?

**Culver:** No, you have the same issues at the Department of Treasury, for example. If you're going to do work in Treasury, the restrictions on you are about as severe as they are in the Department of Defense. There are background investigations to assure that there are no connections with the mob, and things of that sort in Treasury. The same is true in US Customs. So if you're going to do business in the Federal government, in general, with a few exceptions, you've got to watch out that you don't have foreign nationals working for you and things of that sort.

**Paul Ceruzzi:** I've heard that you felt a need to hire retired military people, whose primary skill was they knew what door in the Pentagon to open.

**Culver:** No, that wears out in about three months. That's the worst thing you could do in some cases – to hire somebody who's a well-respected General or a Colonel, and then propose him as your program manager. Because he may have some baggage with him and that baggage may not be terribly obvious. Maybe you make him a deputy if he's really good. But the rule of thumb was you never propose back into the agency as your program manager somebody you hired in the last three or four years.

**Grad:** Does anybody disagree with what Walt is saying?

**Young:** Not at all. Absolutely right.

**Grad:** Okay.

**Dan Bannister:** Yes, except there is a change that has occurred if you look around the industry now. Look how many companies have been started by retired military officers, generals, primarily. And all they're doing is selling the services of other retired officers.

**Culver:** But they're not terribly big companies, at least not yet. There are some niche companies.

**Bannister:** They are definitely niche companies.

**Young:** Well, there's a shelf-life on those relationships, too. A three-star admiral, or a three-star general, his assets deteriorate very quickly.

**Grad:** Okay, so let's keep going and talk about the market. So we had the civilian agencies. We had Defense and Intelligence. Was NASA a major factor for most of you? One of you mentioned that significantly. How about the others?

**Culver:** Well, it used to be, but its budgets have been cut so severely, there aren't that many big programs.

**Grad:** Again, we're talking about the 1960s and 1970s.

**Toups:** In the 1970s, PRC had 1,200 people at the Kennedy Space Center. We got a major contract down there, and had it for a long time.

**Shelton:** As well as other NASA contracts.

**Grad:** NASA was a big player for Informatics, for example. I know they had big contracts with them.

**Culver:** CSC was the third largest contractor to NASA in 1975 or thereabouts and the only guys in front of it were the guys building booster rockets and spacecraft. At that time CSC was probably 500 million dollars maybe. And I'd say NASA represented 100 million dollars of that.

**Grad:** So basically, you went where they had money to spend, and during the 1960s/1970s, we're talking about a lot of defense spending. Is that an accurate picture?

**<u>Types of Contracts</u>**

**Shelton:** In general, I've found that the military contracts were more profitable than some of the agencies. Some of the agencies like Energy and Environment, you know, you didn't want to go near them with a ten-foot pole if you wanted to make any money.

**Toups:** Unless you get a fixed-price contract.

**Judy Huntzinger:** You couldn't negotiate. You couldn't negotiate decent contracts to make them work. Whereas in Defense, you could always get eight percent minimum.

**Grad:** So the CPFF [Cost Plus Fixed Fee] was really the key?

**Huntzinger:** It didn't matter the type of contract. With NASA and Energy, there wasn't a lot of profit to make on them.

**Grad:** I heard your books would get audited, though. Is that a correct statement?

**Shelton:** Yes.

**London:** Anytime you have cost-plus, by definition, it's going be reviewed for cost accuracy and appropriateness.

**Grad:** How many of you were doing T&M [time and materials] contracts during that period? 1960s/1970s?

**Culver:** During the 1960s and 1970s, only a little bit.

**Grad:** Almost everybody else raised their hands.

**London:** We had a lot of T&M.

**Culver:** In the logistics area?

**Grad:** Were those under the same kind of audit review as far as margins were concerned?

**London:** Well, we also had cost-plus, so from my days starting there, it was subject to the DCAA [Defense Contract Audit Agency] review.

**Shelton:** Always.

**London:** Yes. I don't ever remember not having one.

**Huntzinger:** BDM got to where we had a dozen DCAA people that were in our facility. And I'm sure a lot of these other companies as well. They lived with you.

**Culver:** But they don't audit the fixed-price engagements. They set your rates, but you can make money on T&M by promoting bright young kids up into the more senior categories at less expense.

**Grad:** So the key was to call them "senior" because of their skills, but not because of their pay.

**Culver:** And because the customer agrees. In most cases, they are a senior, even though they're relatively young.

**Grad:** So you can pick up margin that way.

**Culver:** That's right.

**Bannister:** T&M contracts can be very profitable.

**Culver:** For that reason.

**Grad:** That's what I was wondering, whether the T&M were better, or more profitable contracts than the CPFF.

**Culver:** Oh, yes, yes, by a factor of two.

**Bannister:** Oh, god, yes.

**Bersoff:** If you can manage them properly. I mean, you can get caught there, too, but T&M is kind of the best model from a profitability perspective.

**Huntzinger:** Yes, typically on a T&M contract, there's a position with an hourly rate in the contract, and that position has requirements that it has so many years of experience, or such-and-such type of degrees, and that type of thing. So you have to meet those minimum qualifications of that position, if you're billing at that rate. There can be exceptions, but then you have to get those approved.

**Grad:** And what you're charging is independent of what you're paying them.

**Bersoff:** That's right, independent of what you're paying them.

**Young:** When you're bidding fixed-price business, the customer often will ask for additional assistance, and we would provide it on a time and material basis, and it was negotiated that the only thing that the customer could see was to verify timecards.

**Shelton:** We had a major contract with NASA, and the head of the agency said he did not want any fixed-price contracts, which was being pushed by the headquarters, because they're just an opportunity for the contractor to come in and demand that the scope of work was not accurate, and just get more and more in the ways of add-ons.

**London:** I'm shocked! Absolutely shocked and dismayed.

**Grad:** We're going to come back to that one. I was told that you bid whatever you had to bid, and unless you're a lousy manager, you made money off the changes.

**Culver:** No, not for firm fixed-price development contracts. I don't know if anybody's made money on those.

**Grad:** I didn't say fixed-price.

**Culver:** Nobody's made money on those.

## Marketing Strategies

**Grad:** Interesting. Okay, how did you market and sell? You have these different markets. You had Defense, Intelligence, NASA, civilian agencies. Were there different marketing strategies? The folklore, again, is that you hire ex-military to go out and do the selling.

**Culver:** No, wrong.

**Huntzinger:** At BDM, it was whoever the program manager was, whoever was out there in front of the customer, was to bring in whatever else they needed. So we never had a dedicated marketing department or people who did just marketing. Never, never.

**Grad:** Dan, how about you?

**Young:** Well, we approached it somewhat differently. When we had a program, our program manager would be responsible. But we were constantly looking for new business, and Dendy Young, who bought one of Ed's companies, who ran GTSI for a while, ran our sales and marketing organization. And their job was to identify new opportunities, to maintain relationships with large companies that would partner with us.

**Grad:** So it was a real marketing approach.

**Young:** True marketing approach.

**Grad:** Not just the actual selling side of the thing.

**Young:** And that's how we got involved with Hewitt, because he had a system that tracked a lot of opportunities that were coming to his system.

**Grad:** How did you know about the opportunities?

**Young:** There were two ways. One is companies like Federal Sources, Tom Hewitt's organization, or the comparable company today, INPUT Corporation, which identify at 5,000 feet that these opportunities were coming. But then you had to follow-up in detail, and that's where you got your capture team together, sometimes with consultants, sometimes with the retired folks, to give you some inside view, but I would never allow a retired colonel, or something like that, going back to the client.

**Grad:** Did any of you ever read the *Commerce Business Daily* in the morning?

**Bannister:** Of course, in the 1960s, that's how you found your business.

**London:** There are different kinds of paradigms. The CACI paradigm I think was quite well designed and very defined. And that was that the line P&L managers sought their own business opportunities out in the market space. So it was a matter, primarily, of hustle. You were not permitted to read the *Commerce Business Daily*. You were not permitted to bid to an RFP crapshoot. You went out with your skill set and offerings of your department, and/or the corporation, and pursued the business opportunities in the market space. I was a former Navy fellow, but in the logistics and information technology area. Interestingly enough, I never sold one nickel to anybody I ever knew while I was in service. All of my work came from people that I had not met before I got into the industry. We had a very well-defined way of what we call sole-source marketing, and we avoided the crapshoot competitive arena, and were very effective at it up to about a hundred million in sales. The trick in that business was finding out where people had needs and requirements that you could meet, and you could develop and cultivate a working relationship sufficient that the individual would say, "Hey, we're going to give you a contract." Usually it was a start-up job, sometimes $10,000 or $25,000 to start. You proved your capabilities. If you didn't succeed, you got fired. And if you were successful, you could get the larger scope jobs. So we had a very well-defined way of going about this.

**Grad:** Dan, what about your sales with DynCorp? What was your model?

**Bannister:** Well, if you're going back to the early 1960s and 1970s, it was to track opportunities through the *Commerce Business Daily.* And we used some other methods, but it was a direct sell to the customer, as opposed to later years when we were doing teaming and joint ventures and all that kind of stuff. But that was driven by the customer, who was bundling projects or tasks together, and there weren't many companies who could satisfy the total customer requirements. All of you may recall, it used to be a single task, and all of a sudden there were two or three tasks, and then there were ten tasks. Because the customer was trying to cut down on the number of contracts that they were awarding they had to turn the responsibility over to one contractor to manage a whole bunch of tasks at the same time.

**Grad:** Isn't that a later point in time? Isn't that the 1980s and 1990s more than the 1960s and 1970s?

**Bannister:** I don't know. Help me out, guys? Was it the 1980s.

**Culver:** It was the late 1970s when it started.

**Young:** I would say late 1970s, early 1980s when it really started.

**Grad:** Stan, how did Accenture get their work?

**Gutkowski:** In the 1960s and 1970s it was very opportunistic. For example, one of the first projects I was on was for the Urban Mass Transportation Administration. I was just a staff person. We won that work because there was a partner in the firm in San Francisco where we'd done some work for BART [Bay Area Rapid Transit]. He got wind of some things that were going on at WMATA [Washington Metropolitan Area Transit Authority] and was transferred to the DC office to help build our government practice. His focus was transportation because he came out of BART. So it was very, very opportunistic.

**Grad:** How many of you had a formal sales and marketing organization? Everybody?

**Bersoff:** No, we did not. Not in the early days.

**Grad:** So you depended upon what?

**Gutkowski:** We depended on the firm's partners.

**Grad:** You depended on the project managers who were working with that particular client.

**London:** P&L managers.

**Gutkowski:** Which was our partners.

**Grad:** Did that vary because of the nature of the client? Why was that different?

**Gutkowski:** Just speaking from an Accenture perspective, our culture was entrepreneurial. And, yes, only the partners are expected to earn their keep. So even today, we have a Federal government practice that's probably close to a billion dollars, but I would say we have five or six at most partners, who are what you would think of as business development.

**Bersoff:** I think there's also a dimension in the size of the company at the time. When you're a small company, when you're a start-up, you're actually selling to prime contractors for the most part, but you can't wait for the cycle to develop to get a job, so we were selling to bigger companies. And you see a lot of the small business startups today are still doing that. But when you're small, as Jack was saying, you look for bite-sized kind of engagements of $25,000, $50,000, $100,000 to prove yourself. You take on pretty much anything that you can do. And those grow with other things. So it depends on the life cycle of the company as to how you do your marketing.

**London:** It's interesting, though, that the CACI model includes the fact that we were not permitted to have subcontractors, and we were not permitted to go after subcontracts.

**Grad:** Why was that?

**London:** The entrepreneurial culture forced the system to pursue excellence. I mean, that was the idea.

**Grad:** Ah, c'mon, that's PR crap. C'mon, Jack.

**London:** No, I kid you not! Well, I think you don't realize what I just told you. It was the culture. The way the corporation evolved was with the idea of sole-source marketing. In fact, we had a sole-source sub-routine. We taught people how to do it. So no, it was definitely cultural. I'm sorry, you don't realize that.

**Grad:** Did they feel that they lost a lot of business by doing it that way?

**London:** Oh, probably. Who knows? I don't know how to ever measure what you don't get.

**Grad:** Was that a reflection of Herb Karr's approach?

**London:** Oh, absolutely. In fact, I would say totally a reflection of Herb's approach. It's about independence, being entrepreneurial, the devil with the rest. It was an orientation, and it was very successful there for a while.

**Grad:** All of you are entrepreneurs, just at all kinds of levels, that's exactly what your life experiences are in almost every case, right? So it's entrepreneurial, but that's a different view of what the entrepreneurial world should be, isn't it?

**London:** Yes, I think perhaps so, yes.

**Grad:** It's not that I'm saying good/bad, it's just it is. Stan, do you want to comment on that?

**Gutkowski:** Yes. In terms of culture, I think, some of it's a matter of structure. As a partnership, we have, in effect, 3,000 businesses managed by partners, and they have sales and execution responsibility in the same person.

**Grad:** That isn't the case with CACI. They weren't partners, they weren't sharing in the wealth directly.

**London:** We had profit bonuses and sales bonuses. So they were highly economically incentivized, but maybe a little bit differently.

**Gutkowski:** It was a different structure organizationally, but it was the same model.

**Grad:** Did all of you have commission plans, sales plans for your sales people? If there weren't salespeople, you didn't, did you?

**Bannister:** No, no commissions.

**Grad:** The contrast is very interesting here.

**Bannister:** We had bonuses, but they weren't commissions. You couldn't call them commissions.

**Grad:** I understand. What did you bonus them on? The new business they got, or the execution of the business?

**Bannister:** Both.

**Grad:** Did you take it back, for instance, if they didn't perform?

**Bannister:** They never got it in the first place.

**Culver:** CSC was not a pure approach. It was mixed strategies. In some cases marketing would get commissions. In some cases, the marketing would be done by the program managers, and they'd get bonuses.

**Bannister:** Now you're talking about your government business only.

**Culver:** That's right.

**Bannister:** Yes, CSC is an interesting case of a company that still has a huge commercial business right alongside of a government business. There aren't many companies that have done that successfully, actually. And now it's more profitable actually in the Federal sector than it is in the commercial sector, because of the various recessionary swings the country's gone through over the last ten years.

**Grad:** Wayne or John? Your thoughts about PRC in that area?

**Shelton:** Well, in the early days of PRC, Bob Krueger had a philosophy that each of the elements of the company, a department or a sub-department, would have a leader that was strong in technical direction, and a leader that was strong in new business development. He tried to set up management teams, where he paired one of each. When the company was small, it seemed to work. The guy that was the new business developer also was working in billing. But it was these relative strengths that were teamed to try to build the business.

**Grad:** Again, the differences here, they were successful in different ways, right? They all worked.

**Huntzinger:** Burt, just one thing to add on behalf of BDM. BDM always looked for people that they called "triple threat." They hired people that could come in and run a program that were technical and could deliver to the customer, could deliver it profitably for the company, and then grow the business. So our internal phrase was we were always looking for that "triple threat." In addition to that, they would have a challenge for all the technical people, operations people to write a white paper, at least one per year. And the white paper was to identify an issue that they saw out there where BDM could solve a customer's problem. So people were challenged to write at least one white paper a year and submit it wherever this customer in need was. In addition to the standard bonuses, the three founders reviewed the technical white papers, and there were awards given for their ideas, and the things that we could then go off and pursue. So it was very much an entrepreneurial spirit at BDM.

**Grad:** Did any of your people who were doing the selling, no matter what you called it, did they have financial backgrounds, any of them? Would any of them have any financial acumen, or financial training?

**Culver:** Not at CSC.

**Grad:** Basically technical people.

**Young:** No, because our initial thrust into the Federal market was highly financial, and most of us early on were marketing and financial types, and the customer knew better than to ask us any technical questions. Then we made a mistake and started hiring engineers, and that's when we started getting more into the technical side. But in the beginning, and for a number of years, the proposals were highly complex financial instruments involving projections of technology, cost of technology years in advance. When you bid a fixed price contract for 15 years, you better have some idea what the financials are going to look like 15 years out.

**Grad:** Do any of you here have a financial background?

**Huntzinger:** Just me.

**Young:** A little bit.

**Long-term Relationships with Clients**

**Grad:** Well, you're an exception, because you're a comptroller. I remember taking a course at RPI and it was called "Accounting for Engineers." Of course, it was called, "There is no accounting for engineers." Let's keep moving. Relationships obviously were pretty critical here. You would build long-term relationships with particular clients; was this with particular people at the clients, or just with the client as a whole? Which way did that cut? Edward?

**Bersoff:** It's both, but it starts with the people, I think. When I was much younger, I'd always marvel at the gray hair school of marketing, which is as you got gray hair you got to know more and more people who got higher and higher in the government, or wherever your customer set was. And so you had access to people at various levels. But yes, over time, you develop an expertise with a client set, and the organization comes to rely on you. But you get started through personal relationships.

**Grad:** Did you tend to have particular project management or contact people stay with a particular client? Was that common?

**Bersoff:** That's very common. The problem with that is that they "go native", is what they say. And so oftentimes your staff becomes at one with the client. Which is a good thing in some cases, but sometimes they then don't see the purpose of the company. And then with your re-competes, sometimes, some people stay at the same desk getting different company paychecks over their entire career. So you want to try to avoid that. But yes, there are a lot of long-standing relationships in our current company where people have been with the same client for 25 years.

**Grad:** How about you, Jack? Similar?

**London:** Oh, yes. I want to echo what Ed was saying in terms of the relationships. We have customers that go back to the mid-1970s, late 1970s, that have been re-compete successes.

**Grad:** Do you keep the same lead people on those accounts?

**London:** In one particular organization or contract, I think we've had five or six – maybe more – re-competes since the late 1970s, early 1980s. And those individuals are still there. So they had a maturing of the CACI team as well as the client organization. And there are a few other cases like that. But I think it's very much a people relationship, and building a legacy of performance.

**Culver:** I think it's a performance thing not a friendship thing. The guys can have barbecues in the back yard out at Vandenberg Air Force Base every week, but you may not win the re-compete, because even if they like the person, but they may not like the result.

**Grad:** The word "access" was used by someone. Access, I gather, was very significant. At least, they would talk to you. And I gather that was a major factor. Is that a correct statement? Dan, how about in your company?

**Young:** Well, the environment in the Federal market has changed dramatically over the years. There was a period of time where you were actually prohibited from talking to a customer about a particular opportunity. And you had to circumvent that in various ways through associations, and personal relationships, which you're talking about. When the Clinger-Cohen Act came about, that opened up communications between contractors and the customers. So that changed a bit. Now it seems as though the pendulum is swinging back, and there's less direct contact with the customer. At least, that's what the regulators would like to have. But the relationships are invaluable.

**London:** Yes, I'll just echo that with one little piece of information. In some of the areas where we work in the intelligence community today, depending on the level, if I go in to make a call on a senior executive, they frequently have their counsel available while I'm there, just as kind of a prophylactic, I guess.

**Grad:** They think you're such a damn good salesman, Jack? Is that why?

**London:** Well, I wouldn't say it's that. I think it's the regulatory and oversight environment that Dan is referring to and some difficulties that have taken place in the contracting arena. I don't think it has to do with any salesmanship. I think it's more of the customer wanting that prophylactic.

**Grad:** Being careful.

**Young:** One of the things that we always liked with the Federal market is that it always changed. And we looked upon change as good. It gave us an opportunity to find new niches of business, ways to make money. And it kept the barrier to entry quite high, as long as it was changing.

**Grad:** That's a point we haven't talked about. Most of you say you got in with a thousand bucks and a smile, or something like that. But was that an issue? Did you feel that anybody could just sort of enter the business, and all of a sudden start competing successfully? Or were there significant barriers to entry?

**Shelton:** They had to know the market. And people would come in that hadn't done business in the Federal market and wanted to. But they didn't understand the process.

**<u>Competition with Not-For-Profit Organizations</u>**

**Grad:** You formed the organization AISC [Association of Independent Software Companies] back in the 1960s.

**Shelton:** Yes.

**Grad:** And what was the purpose of that?

**Shelton:** Well, the major purpose of that was to try to deal with competition from not-for-profit organizations. We found that the not-for-profits were starting to eat our lunch.

**Grad:** Give me an example of some of the not-for-profits.

**Shelton:** MITRE. Aerospace Corporation.

**London:** CNA [Center for Naval Analyses].

**Grad:** And they had favorable tax treatment?

**Bersoff:** Well, it wasn't a tax, it was that they had billet space. I mean, they were awarded, "Well, we'll hire a thousand people from you for the next year;" and it was one lump contract. These are called Federally Funded Research and Development Centers in the current terminology. They had different names over the years. But, yes, they were out there doing the work that was in-between inherently governmental and private sector work.

**Toups:** And they got sole-source work.

**Gutkowski:** But it was easy to get it to them in a number of cases.

**Bersoff:** Right, you just hire them.

**Grad:** There's a book about SDC and its history.

**Bersoff:** Yes.

**Grad:** And there's a whole discussion about their decision on whether to become a for-profit corporation, because they were getting all this sole source kind of work. It's an interesting point, isn't it?

**Tim Bergin:** MITRE is still here in the Tysons area.

**Gutkowski:** Yes, and now they have a for-profit arm, of course,

**Grad:** Well, that's interesting.

**Bergin:** The Aerospace Corporation's still out there.

## Sole-Source Contracts

**Grad:** How many of you got significant amounts of sole-source work? You were all for-profit, right? How did you get sole-source work? Let me start with Wayne on this point.

**Shelton:** Well, the key word here is "access." If you knew your customer and could have access to him, you could discuss with him the issues, the problems he had to deal with. So we'd go back and put together that unsolicited proposal. Or come back with some briefings on how that problem might be addressed. And quite often, he just gave you an add-on to a current contract.

**Grad:** So once you were in, you could get add-ons because of where you were. You all speak about the re-competes. What was the typical length of contract?

**Bersoff:** Three to five years.

**Grad:** Somebody mentioned a ten-year contract.

**Bannister:** Yes, they're ten-year contracts now.

**Young:** Yes, we had a 15-year.

**Grad:** Wow!

**Culver:** Some of the rules have changed though; about two or three years ago, they basically said you can't have a contract more than five years, and then they made some modifications to that. But I think five years is now the limitation.

**Grad:** Anybody else want to comment on how they got the sole-source type contracts? Jack?

**London:** I'll just make a comment that in 1984, the United States Congress initiated legislation called the Competition in Contracting Act of 1984. I always thought that they had taken our name and scrambled it. It changed the paradigm, Burt, for CACI. We'd had this sole-source model that I had described to you earlier. After that Act came in place it prohibited, for all intents and purposes, the kind of sole-source selling that we had been doing. Perhaps others as well, I don't know. But we had to hire professional marketing people, proposal, competitive bidding strategies and pricing people and all that sort of thing, which I did in the mid-1980s.

And, fortunately, from a 90 percent sole-source platform, within three years we had flipped it around to 90 percent competitively rewarded.

**Grad:** Let's go quickly around here. In the 1960s, 1970s, early 1980s, do you have any thoughts about what percentage of your work was sole-source? How about CSC?

**Culver:** At CSC there wasn't a great deal, although a lot of sole-source work was important seed contracts. I'll give you an example.

**Grad:** But as far as total dollars, it was small.

**Culver:** It was small. Let me give you an example of what would happen. The Naval Air Development Center, northwest of Philadelphia was a major home of Univac. They sort of controlled all the software up there for the anti-submarine warfare programs. But they were doing an awful job. The chief civil servant wanted to make a change, and I was the President of the Defense Business, so I approached him and said, "I understand you're interested in maybe changing." He said, "Yes, but you got to understand what our business is like." I said, "Well, I'll tell you what. Give us a $10,000 sole-source contract to do some studies on a P-3C ASW system, and see how we do." So he gave us a $10,000 contract, and we put two of the smartest guys you could ever find, and they loved them, and added a little bit of money to that contract. Within a year there was a competition, we blew Univac out of the water.

**Bannister:** I had a question on your comment about when you change contractors everybody but the manager stays, I mean. What's the status of Obama's proposed legislation that requires if a company loses a contract all of its employees have first right of refusal to stay on the job.

**Bersoff:** It's only under an SCA [Service Contracting Act] proposal.

**Bannister:** Yes, so it's only SCA. Okay.

**Bersoff:** But it's not in force yet, but it's likely to be.

**Bannister:** Yes.

  

**Request for Proposal Process**

**Grad:** Okay, we were talking about the Request for Proposal, or Request for Quotation. What's the difference? Go on record. Why is it called RFQ sometimes and then sometimes called an RFP?

**London:** Well, you have to develop a proposed approach is the essence of the difference. And the quote is where the specifications are highly elaborated and you just provide them essentially an elaborated response.

**Grad:** A maintenance contract or something like that, for example. Would that be an RFQ, or would that be an RFP?

**Bannister:** Most likely an RFP.

**Gutkowski:** Yes.

**Bersoff:** But you still need a proposal for an RFQ.

**Bannister:** Well, it depends. If it's a quote for ten people for ten days, you know, you can quote that.

**Young:** The quick blue collar bids would often be an RFQ. It could be well-defined, and it didn't require a proposal, because you could not deviate from the terms of the RFQ. Correct? You had to respond directly to it with no change. With an RFP, you have the latitude to propose a solution that is different than what is in the RFP.

**Grad:** All right, here's where I want to go with this. As I recall from all the discussions, a lot of the business came through RFPs, but that was a real crapshoot.

**Bannister:** I think RFQs are more of crapshoot.

**Grad:** But that was a straight price basis, wasn't it, primarily?

**Bannister:** No, there was a statement of work.

**London:** There's another kind called an Invitation for Bid, IFB, where the specification was put out and vendors would supply a price bid, strictly a price. So that's the far end of the tight spec price quote. And then you have the RFQ, I would say, mostly in the middle. And the RFP often would be a very elaborate, expensive proposal, how you're going to do the job, your quality control, with resumes and so forth.

**Grad:** Those are the ones mostly I'd been involved with my clients and the amount of money spent to prepare an RFP was phenomenal.

**Bannister:** Still is.

**Grad:** The quantity of people you'd put on it was phenomenal, and your hit rates were one in three, one in five.

**Culver:** If it's one in five, your marketing is terrible. You can't grow your business at one in five. You got to be somewhere around 30 percent hit rate to 40 percent hit rate to grow your business.

**Grad:** Do all of you agree with that statement?

**Most:** Yes.

**Young:** If anybody tells you they're winning 60 or 70 percent of the business, don't believe them.

**Culver:** Well, maybe for a year.

**Young:** Well, it depends on whether it's new business or re-competes.

**Grad:** Let's talk about on new business. I remember the WWMCCS [World Wide Military Command and Control System] thing was hanging around, that was an incredible size project, wasn't it?

**Culver:** It was pieces of projects. There was no single WWMCCS buy except for hardware, which Honeywell won back in the first WWMCCS [pronounced "Wimmucks"] buy. But then there were probably a dozen systems integration contracts wrapped around it that various companies won. CSC won some, Philco won some.

**Grad:** I remember these. Somebody quoted me figures of the millions of dollars in some of those contracts. Hundreds of millions.

**Culver:** Hundreds of millions, maybe, for some of them.

**London:** That'd be the upper end, too.

**Culver:** That'd be the upper end and was unusual in those years.

**Grad:** Wasn't there a 3C [Command, Control, Communications] project also in that kind of size or range?

**Culver:** Well, it depends. There were some huge projects. For example SI International, the company I co-founded with Ray Olson ten years ago, bought a company, which had the engineering for all the US Air Force Space Command telecommunications work. It initially started out pretty small. When it was re-competed, it was an 800 million dollar contract, which we re-won. But that was over five years. 800 million dollars to be spent over five years.

**Ceruzzi:** What did SI International stand for?

**Culver:** It's a long story, but I'll make it short. Nothing. SI stood for nothing. It really came from the fact that the first company we planned to buy as our anchor company was a company called Statistica Inc., which we worked with over the years. Its initials were SI, but the only reason we took on SI as part of the name is because the owner of that company, Jerry Ashworth, agreed to pay the travel for Ray Olson and me out to Chicago to get the startup money in return for using SI in the name.

**Grad:** That's a good story.

**Huntzinger:** That's a great story.

**Grad:** Did you have specific teams to prepare proposals?

**Everybody:** Yes, certainly.

**Grad:** Everybody across the board. It wasn't just the people who were on the project. You had people who were focused on doing proposals.

**London:** You have to have people who worked on the job, so you could get inside perspective for the proposal.

**Grad:** Did you layer on top of those people others who were skilled at proposal preparation?

**London:** Yes. Teams.

**Bannister:** Put operating people and proposal people together and mix them.

**Bersoff:** Here, too, it was a function of the size of the company at the time. When you're smaller, you didn't have the proposal infrastructure, you just had everybody who was working a job write proposals.

**Grad:** Let me ask the question again. What did you consider your necessary win rate if you were going to spend the money to prepare a proposal?

**Bannister:** When you say "win rate," you mean the dollar value?

**Grad:** No, the likelihood of winning the contract.

**Culver:** Across all new business activities, and this included the small sole-source component at CSC, and same thing when I was president of SI International, somewhere between 30 and 40 percent is what you had to do if you wanted to have a decent organic growth rate.

**Grad:** Anybody disagree on that? Anybody think it had to be higher. Judy?

**Huntzinger:** No, we said we had to win 35 percent on new business. We had to win 35 percent of what we bid.

**Culver:** The goal we had was 95 percent re-competes, and actually we won 100 percent re-competes.

**Bannister:** You're talking dollar value.

**Culver:** Dollar value. The numbers of wins is not important. What you've got to do is you got to win enough. You got to win enough to pay for the bids and proposals for the next year.

**Huntzinger:** Burt, let me point something out that's unique that we're talking about here. Back in the early, early part of Defense, this bidding proposal cost went into your overhead. And most of the time you could charge this overhead back to the government, okay? However, there was a Tri-Services Group, and what happened was you negotiated every year for how much bid and proposal dollars could go into your overhead for next year. So in the case of BDM in the early years, we ate a lot of those dollars out of profit. Because they didn't believe how much new business you wanted to go after, how much it was going to cost you to bid that. So a lot of these B&P dollars were purely out of profit dollars.

**Bersoff:** She's exactly right. There's been a change over the years. It used to be that G&A would include the B&P and R&D which is another element as well. You could give and take among those costs. And if you want to spend less on management, and more on B&P, you could do that. Then there came a time when they segregated it out. It still included the G&A, but they limited the amount of money you could spend on B&P and had to get approval up-front. And those are the days, I think she's talking about, where if you spent more, it would have to come out of profit. Today, of course, it's entirely upside-down again, given the GWAC [Government-wide Acquisition Contracts] contracts, and the fact that it's hard to differentiate what's B&P and what's overhead, and whether you're going for it under a big master contract, or whether you're going after a new contract. Chaos has returned.

**Huntzinger:** But to me, there's no limit on how much you can back into your rates to try and cover.

**Culver:** One of the original reasons for that, going back to 1994 and after reformation of the contract approach, was because greater and greater proportions of the work was either T&M or fixed price. And so basically, you're going back to the days now of taking your bid and proposal out of your profit to a large degree. And the government sort of doesn't care, but really doesn't have the statutory right to take a look at how much profit you're pouring into your bids.

**Young:** When your business is 100 percent fixed-price, every bid and proposal dollar is out of pocket.

**Bannister:** Yes, that's right.

**Young:** That really tends to focus you.

**Grad:** Because I've heard where in some cases, they have your first level of bidding, and then have conferences with the vendors. They select some, then there's the second level, then there's the third. I know that my own little consulting business, I said I would never touch any competitive bid business, because even if it was one in three for me, it just wasn't worth my time and effort.

**Bersoff:** The Alliant contract, which was awarded last week, was four years from inception to award.

**Grad:** Incredible. You guys have the patience to stay in this business! I couldn't imagine it! Let's put it that way.

**Culver:** Something you've got to realize is that the Federal government pays its bills, even in recession times. So, if you manage your business right, your cash flow is solid. And typically the day's receivables outstanding runs, if you manage your business right, about 70 days, 75 days. You don't find that in the commercial sector, dealing with companies.

**Grad:** See now, you guys have a bias in this thing. C'mon. Commercial guys they put 30 days on the contract, solid, and they're never going to go broke. C'mon!

**Culver:** I've run commercial businesses, and I've run Federal businesses, and Federal businesses are many times easier at the CEO level.

**Grad:** John?

**Toups:** A lot of commercial companies, even though they have plenty of money, they tell you, "We'll pay you in 90 days, period. Not sooner." And that's hard on your cash flow. If you're growing, it's a problem.

## Contract Negotiations

**Grad:** I'm sure it is. Two more things, then we're going to go to the next topic. Let's talk about the contracts themselves. Now you've won the bid, and you've met whatever was negotiated on the technical side, and many months have gone by, and the basis you're going to run on isn't the same anymore as you thought it was going to be. People's rates have gone up. Did you have your own lawyers do those contract things? Did you have standard contracts? Did you just accept what they gave you? What did you do?

**Shelton:** Well, there's two parts of the negotiation. There's the technical, financial part, and then there's the statement of work. And they both require negotiation for any good size contract, and they require different people.

**Grad:** So once the proposal's been accepted, you still have that negotiation process. Would all of you have that?

**Culver:** The time to change terms and conditions is before the RFP comes out. Because in most cases, RFPs will tell you, you take any exceptions, you are disqualified. So you can't take exceptions. Now you can provide clarifications, which you can use after you win, and that has to be done with great care. One of the typical clarifications that I always ran into – maybe you guys did, too – is the rights in the data. The government typically asks for universal rights in any data you provide, including documentation, manuals, things of that sort, and we always said in our proposals, “We’ll give you those rights in data that we can give you. But there is some we can’t. For example, if IBM’s a sub, we’re not going to force them to turn over proprietary data.” And there are things like that you can do without taking exception. But you take exception, you get your rear-end thrown out in most RFPs.

**Grad:** Lawyers. Did you have to start with lawyers at the beginning?

**Bersoff:** There are specialists, contracting officers, that understand government contracts. Some of them are lawyers, but for the most part they’re contract specialists that grow up in that industry. You don’t usually need a lawyer.

**Grad:** Did you need them from the beginning? These contracting officers?

**Bersoff:** You need them soon, because you get in a lot of trouble if you don’t understand the contract you’ve agreed to.

**Grad:** I’ve asked about this a little, but over time, you eventually had to have a sales and marketing organization of some form or shape, but at the beginning in many cases, you did not do so. You’re still shaking your head, Judy.

**Huntzinger:** The first time, we had a true sales and marketing department was probably five years before we sold the company.

**Grad:** Did you consider the RFP, the proposal preparation, part of sales and marketing?

**Most:** Yes.

**Grad:** That would have been part of that function. Relationship building?

**London:** We used a term called “business development.” This would include all the sales, marketing, promotion, proposal development, and so on. Called BD.

**Grad:** Ah, so I have the wrong name here. If I said, did you have a business development organization, you’d still say, “No.” Judy?

**Huntzinger:** Correct.

**Grad:** And you'd still say, "No", Stan.

**Gutkowski:** I'd say we had a very small one.

**Shelton:** Many times they included what they called the proposal mill. People who were knowledgeable in how to put together the proposal and go into the databases to pull out the relevant experience and pull out the right resumes.

**Grad:** Okay.

**Bergin:** One of the interviews said they really distinguished between companies that provided services and consultants. Is that true?

**Gutkowski:** What, the customer, you mean?

**Bergin:** That a consultant delivers a report or advice, whereas a systems company actually gets into the problem.

**Bannister:** Yes, one is undertaking the task with a deliverable end product, and the other is just a piece of paper. Usually.

**Bersoff:** But all of us do all of that.

**Bannister:** Yes.

**Bergin:** Okay.

**Grad:** We'll take a break and then get into the next topic which we'll break into two pieces, because of our time.

  