GAUGE

2021 REPORT

Creating a Winning Proposal

Unanet

CohnReznick

GAUGE

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NEW THIS YEAR!

Take note of our "Focus on Winning" callouts on factors that can make or break your proposal award.

FOCUS on WINNING

Watch for deep dives of data by company size and NAICS codes plus our new Do's and Don'ts at the end of each section.

GAUGE

Government Contract Compliance

Accounting

Utilization

Growth

Efficiencies

Pressures Impacting the GovCon Industry

- COVID-19 Vaccine Protocols
- Virtual/Hybrid Working
- Infrastructure Spending
- CMMC
- American Made
- M&A
- Diversity, Equity & Inclusion
- Large Procurements & Government Spending
- Supply Chain Disruptions
- Looming Inflation
- Cyber Attacks

● New in 2021

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EXECUTIVE SUMMARY

The fifth annual GAUGE is a tool for the government contracting community to gain valuable insights into industry best practices and key performance indicators. It is a valuable tool for contractors at every phase of evolution who are striving to improve and learn from others' success. The report consolidates survey responses and provides key insights to address current challenges and identify key metrics to benchmark your organization against competitors—a key offering, as the main concern for executives this year is **competition**. In 2021, competition was the number one issue causing sleepless nights for executives and managers. You can use this report to help your organization rise above your peers and win more business.

The COVID-19 paradigm shift has been over-discussed, so we will not belabor that point. Instead, we're looking at the present state of the industry and what we think the future holds. Funding for government contractors is not decreasing, so there is continued reason for optimism. Though new COVID-19 spikes could lead to shifts backwards, reopening has been happening in stages, and companies are deciding what best fits their business strategy: some workers are fully remote now while others have a hybrid remote/office option, and in some places in-person networking is on the table again. As we discussed in the 2020 report, a reopening strategy is a must, and contractors have largely stepped up to the plate.

Remote interactions have brought cybersecurity to the forefront of everyone's mind, so this report contains a road map for CMMC compliance. The CMMC road has yet to be paved, but increased security for national defense data will certainly be a part of that. You will hear from two companies and CISO experts about their CMMC journeys. (See CMMC Journey and Voice of the Customer.)

It is nice to be able to say that for yet another year the federal government is a very stable customer. A likely passing of an infrastructure bill will provide contracts and jobs to many contractors and Americans. We hope that the information and insights we provide in the 2021 GAUGE will help you prepare and thrive as you move forward to meet the challenges ahead.

Kim Koster
VP of GovCon Strategy
Unanet
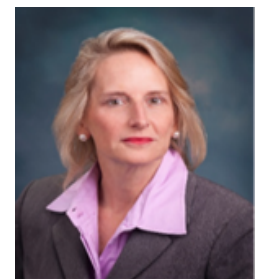
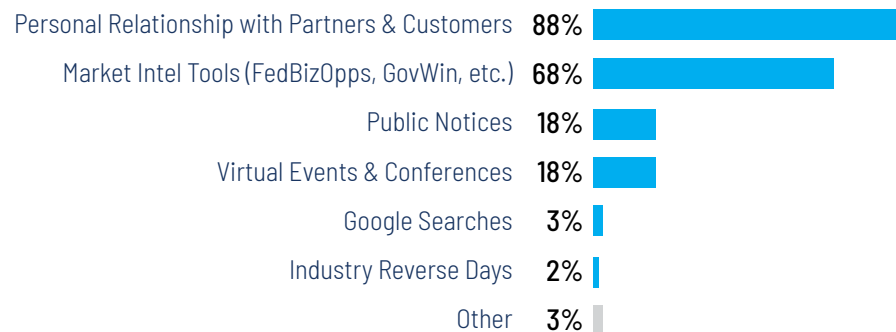Christine Williamson
Partner
CohnReznick

GAUGE

REPORT HIGHLIGHTS

We have learned so many things from the COVID-19 pandemic. We pivoted in ways we never thought we could, weathering the global shutdown, work and school from home, and adaption to video everything. It was a challenge for everyone — whether you're technology savvy or not. One thing that became abundantly clear is that people are social. 88% of our respondents say they use personal relationships over other approaches to finding new opportunities. Therefore, it is not surprising that being unable to foster those relationships in person has pushed competition to the forefront of government contractors' minds. Pivoting to fist bumping and sharing a cup of coffee when possible will go a long way to fueling the capture process.

The increase in federal budget spending is a huge factor in the continued optimism we have seen over the year, with 71% of government contractors being overall optimistic. Notably, there is more pessimism in the <$25M in annual revenue group, likely because they need new awards to grow, and the competition is out swinging.

Competition for government contracts in 2021 displaced resource recruiting/retention to become the biggest concern for what's keeping executives up at night. We attribute that at least partially to the dramatic change in recruiting practices, as companies moved to hiring anywhere across the globe to obtain the best people to fill jobs.

What are the top two approaches you are currently using to find new opportunities?

Personal Relationship with Partners & Customers	88%
Market Intel Tools (FedBizOpps, GovWin, etc.)	68%
Public Notices	18%
Virtual Events & Conferences	18%
Google Searches	3%
Industry Reverse Days	2%
Other	3%

How would you characterize the current business environment for government contracting?

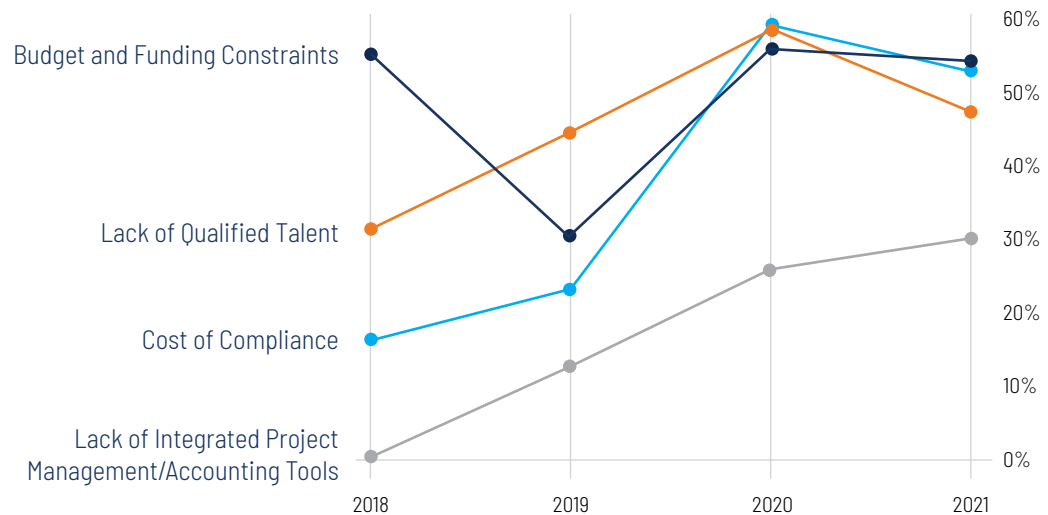|	
Very Optimistic	19%
Cautiously Optimistic	52%
Neutral	21%
Somewhat Pessimistic	6%
Very Pessimistic	2%
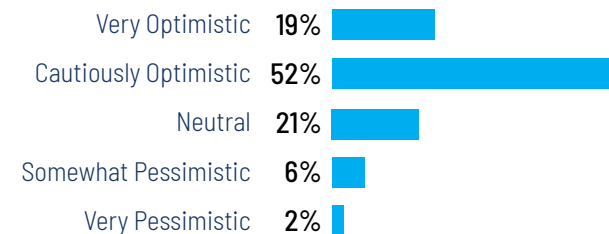
Our respondents said the political environment and cybersecurity are now equally battling in the rankings at approximately 20%, while operational efficiency dropped dramatically from the 2020 rankings as a concern, from 55% to 37%. With the presidential election over, the political environment is no longer top of mind in 2021, but the COVID-19 pandemic made it to the list of concerns this year.

The 40% of finance (CFO, Controller, Accounting and Finance) respondents will be pleased to read that there is a clearer focus on growth and profitability this year. Despite optimism in the government contracting environment, there is also a realistic understanding that neither is ever guaranteed. In fact, organic growth (particularly for the higher revenue bands) and uncertain federal spending are top financial concerns, found in our **Accounting Section**, for many organizations. Forecasting is increasingly a project management challenge, found in our **Utilization Section**, that makes it difficult to manage profit margins. Budget and funding constraints, cost of compliance, and lack of qualified talent are also all significant concerns to organizations, although lack of qualified talent has dropped from 58% to 48% in 2021. The cost of compliance reduced from 60% to 53%, and, not surprisingly, is more of a challenge for the smaller companies.

Rank what issues "keep you up at night" regarding your organization today.

PERCENTAGE OF RANKINGS

Legend: First, Second, Third, Fourth, Fifth, Sixth, Seventh, Other not shown
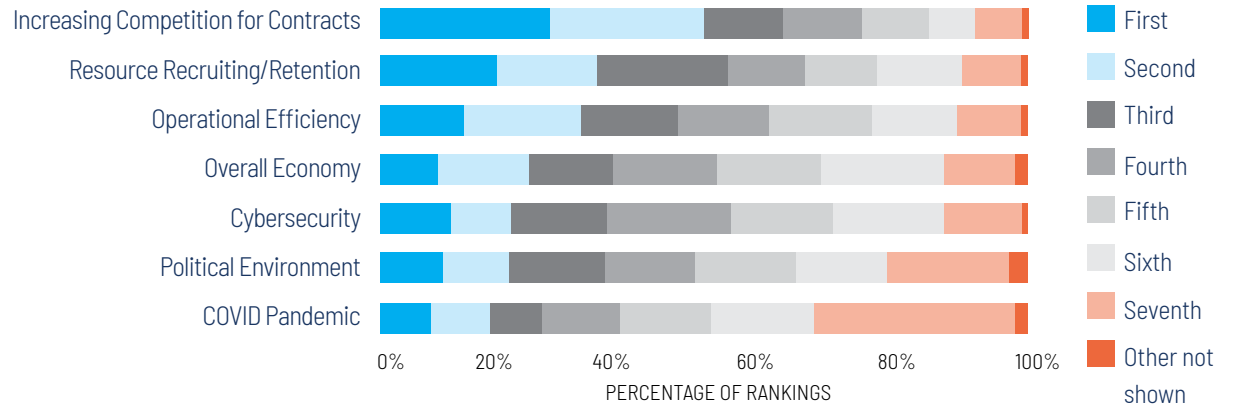
What issues are of the most concern to your GovCon organization today? (Select all that apply)

We would be remiss if we did not discuss the CARES Act relief received during the pandemic. Two-thirds of respondent companies received funding from the Payroll Protection Program (PPP). Loan amounts varied, with $350K - $1M being the most common by respondent, however, more than a quarter of respondents received more than $2M in relief. Most were surprised by the DCAA guidance issued in January 2021 to the DCAA audit teams, stating that FAR Part 31 was theoretically broadened to consider PPP foregiveness as a credit to current or future indirect rates, and possibly a direct credit on cost-type contracts. Based on the uncertainty of keeping employees employed, many government contractors took the PPP loan intending to apply for (or having already applied for and obtained) forgiveness. Round one of 2020 PPP volume totaled an unprecedented approximately 5.2 million loans, lending out $521.2 billion dollars of aid.

What sort of CARES Act funding did your company receive? (Select all that apply)

Payroll Protection Program	66%
FFCRA	19%
Employee Retention Credit	16%
3610 Funding	10%
Social Security Deferral	7%
EIDL	5%

What was the amount of your Company's PPP loan?

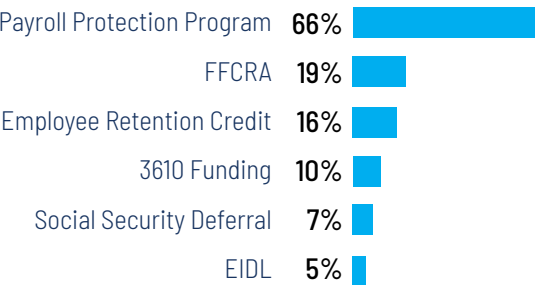|	
> $3M	16%
> $2M - $3M	12%
> $1M - $2M	16%
> $350K - $1M	24%
$350K and Under	17%
Didn't take PPP	15%

FOCUS on WINNING

Sometimes an indirect measure is all that's available, and that's where having benchmark data from a report like the GAUGE can be invaluable to winning — even if it's just a comparison of perceptions, opinions, and challenges. Our GAUGE report includes:
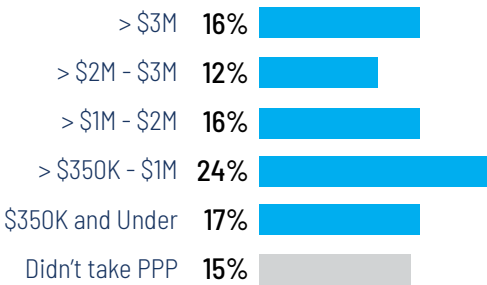
- Business outlook, performance and operational metrics

- Top overall organizational challenges and opportunities

- Project management approach, performance, opportunities and challenges

- Workforce / talent needs, composition, costs, strategy and policies, challenges, etc.

- Compliance / audit experiences, challenges, costs and key metrics
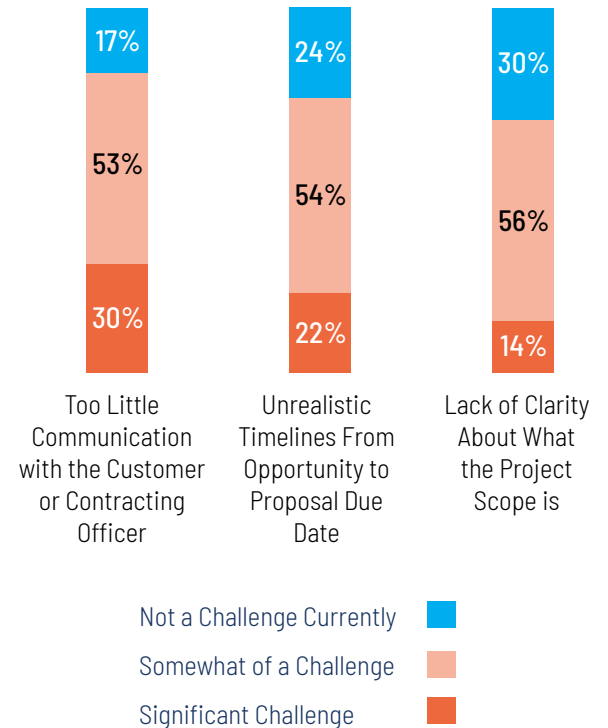
- Technology usage and needs

- An annual theme

GAUGE

Creating a Winning Proposal

Creating a winning proposal is the theme of the 2021 GAUGE — a focus tailored to the enormous federal government appropriations in 2020 and the upcoming possibility of a massive infrastructure spending bill. It's proposal season all day, every day. In government contracting, organizations grow or shrink — none stand still, changes happen fast, and winning is the key to it all. Looking for an exit in a few years? Winning is essential. Looking for a capital infusion? Winning is essential. Negotiating a better deal on a line of credit? Winning is essential.

Whether you're answering a request for proposal (RFP) from the federal government or a commercial entity, there are specific do's and don'ts for the proposal process. Follow the **seven key components of proposal success** and take note of our **"Do's and Don'ts"** at the end of each section. We hope this year's theme helps bring to light the importance of your company's proposal process, reminds you of tried and true advice, and gives you the tools to win.

Challenges Preparing Proposals

	Too Little Communication with the Customer or Contracting Officer	Unrealistic Timelines From Opportunity to Proposal Due Date	Lack of Clarity About What the Project Scope is
Not a Challenge Currently	17%	24%	30%
Somewhat of a Challenge	53%	54%	56%
Significant Challenge	30%	22%	14%

SWOT Analysis

⊩⊪⊩ Strengths

- What do we do well?
- What is our competitive advantage?
- What do we do that no one else does?
- What resources do we have at our disposal?

🔗 Weaknesses

- What are we bad at? What needs improvement?
- What do our competitors do better?
- What do our clients complain about?
- What disadvantages does our team carry?
- What resources are we lacking?

🤝 Opportunities

- How can we leverage our strengths into opportunities?
- What new trends exist that we can take advantage of?
- How can we increase profitability?

⚠ Threats

- What is our existing competition doing to unseat us/increase their PWin?
- What other obstacles or threats exist that can harm or hurt our PWin chances?
- What are our competitors doing to ghost us and our chances?

Better Proposals

Proposals are always important, and usually difficult to manage. Despite that, the quality of an RFP response is the difference between getting an award or not. Many contractors lack the processes required to consistently write a winning proposal. The problem is not just the technical volume. Showcasing your subject matter expertise and experience is just the start. Today, you also have to price to win. That means knowing how your rates will be impacted by a win, what resources will be available to do the work, and how using those resources will affect existing work. Guessing, even informed guessing, often isn't sufficient because even if your proposal is selected, a wrong guess could make your hard-won contract a losing proposition. Successful proposals leverage not only what you know, but also how you use that information to pick the right targets and properly price the proposal to be profitable when you win.

7 Key Proposal Steps

1. **Make Effective Bid/No-Bid Decisions**
Companies need to have an adequate process in place to make effective bid/no-bid decisions. Scoring systems, goal setting and adequate review can help focus efforts on the best opportunities. Don't be afraid of a no-bid decision if the opportunity isn't right. *Perform a SWOT analysis to make a sound decision (see our SWOT table).*

2. **Research and Influence the Opportunity**
Research your customer and understand expectations. Use comments and questions to influence the opportunity. Ensure that your questions demonstrate a thorough understanding and review of the RFP. *If certain requirements in an RFP are not acceptable to your company, consider requesting a change.*

3. **Develop a Sound Win Strategy**
Understand how your solution best meets the needs of the customer and why you're the right company to win. *Review the solicitation with multiple teams—Green, Red and Gold—to ensure you have covered all the RFP areas (see our Proposal Review Process suggestions).*

4. **Conduct a Competitive Analysis**
Conduct a competitive analysis to understand the likelihood of winning the opportunity and size up the competition. Use the analysis to identify any areas where you can offer something unique. *Make your company part of the 12% of respondents who said they are excellent at assessing the competition.*

Proposal Review Process

Green Team
- Typically does a review of the initial rough draft of both the Technical and Cost Proposals.
- Includes Basis of Estimate (BOE) and pricing methodologies used.

Red Team
- Typically reviews the refined draft to ensure all aspects of the solicitation are included in the proposal (compliance matrix).
- Reviews corrections made from Green Team review.

Gold Team
- Typically performs final review just prior to submission (upper management).
- Can include "TINA Sweep" if required.

More Responsive Proposals

Proposals often aren't "one and done." Of course, the initial proposal submission should be absolutely the best it can be — sometimes there's no second chance, especially if the evaluation is Low Price Technically Acceptable (LPTA). But just as often, a revised proposal is required. Revisions may simply address a clarification or a change in the terms and conditions (T&Cs); with the federal government, there's a very real likelihood of change in the agency's requirements. Often, at least one round of Best and Final Offers (BAFOs) is common, and on larger, more complex procurements, multiple rounds are possible. All of which substantiates that refining the estimate, confirming resource availability, and keeping the contingency plan up-to-date should continue even after the proposal is in the hands of the contracting officer.

7 Key Proposal Steps

5. Assemble a Winning Team
Understand RFP requirements for selecting both subcontractors and teaming partners. Consider teaming with a new company that may bring unique approaches to the table. *Avoid selecting subcontractors and partners that fail to add anything significant to your offer.*

6. Perform Price to Win Analysis
Consider your competition, solutions to the RFP and their related costs, and how the award will be made (LPTA, best value, technical, etc.). *Determine what price you expect to win the award.*

7. Support the Proposal Team
Define the proposal team members and structure. Everyone needs to understand their responsibilities and have bandwidth to complete their tasks. If the proposal team will need information from other individuals in the company — such as an HR or subject matter expert — ensure that the other individuals are aware and ready to provide the needed information. *Get buy-in from management on the timeline for reviews.*

Steps adapted from Red Team Consulting.

This significant level of effort is a must for major procurements, new customers, or must-win recompetes, but it is fraught with difficulty. When it's time to reprice, restaff, or update the technical volume, most organizations can only hope that the time allowed will be at least half what it should be — and that takes preparation. Using tools that streamline the proposal process is key. Manually updating proposals for changes, whether it's a minor time shift or a major change in technical approach, can be time-consuming and error prone.
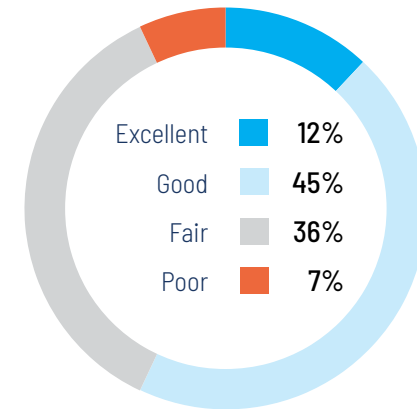
Proposal Automation Tools

Buyers, investors and lenders are all becoming more sophisticated, and they are always risk averse. They want to see that you can leverage proposal data to produce information that fuels growth and wins work. Organizations need to have tools and processes that are scalable and capable; tools that use all the information at your disposal to pick the right targets, and keep the cost of your internal processes low. Our respondents struggled with sub-optimal tools for CRM and pipeline: 24% are still stuck in manual processes using Excel, 10% use some other tool, and 30% use no CRM tool at all. A staggering 44% report using Excel as their pipeline tool, and this helps to explain why win rates are low and business development funding is always in short supply. Process efficiencies improve outcomes, and government contractors need to make investments here to improve efficiency.

Volume of Proposals

In general, our respondents over a 12-month period are preparing a combined total of 62 proposals across major contracts, task orders and modifications. Proposal teams are constantly navigating communication and deadline challenges. Most say too little communication with the customer/contracting office (83%), unrealistic timelines (76%), and lack of clarity about project scope (70%) are at least somewhat of a challenge when preparing proposals.

How well do you think your organization assesses the competition during the bid process?

Excellent	12%
Good	45%
Fair	36%
Poor	7%

Average Number of Proposals Prepared in 12-Month Period

	Win Rate 0-25%	26 - 50%	51%+	
Major Contracts (BPA, IDIQ, etc.)				Avg: 23
Task Orders				Avg: 20
Modifications				Avg: 19

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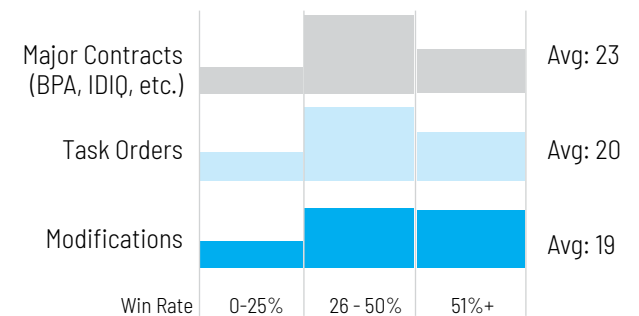
SURVEY RESPONDENTS, OBJECTIVES, & BACKGROUND

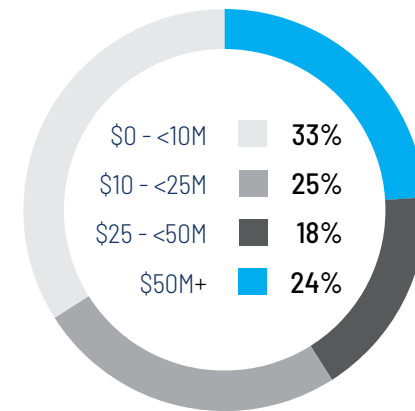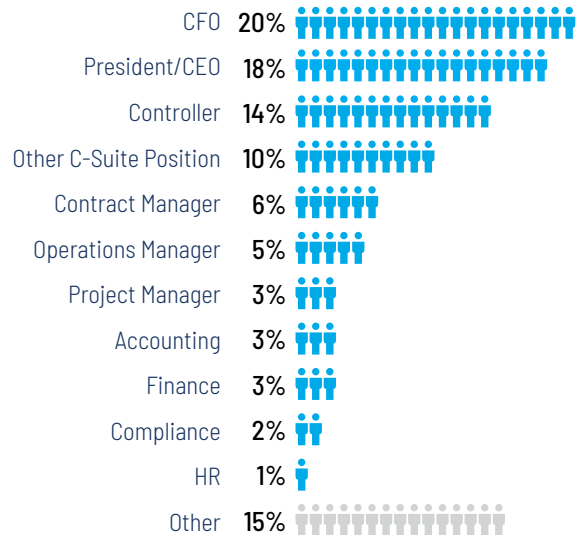Since 2017, Unanet and CohnReznick LLP (CohnReznick) have collaborated to conduct an annual study of government contractors, which we use to develop the GAUGE report — a benchmarking tool with insights into industry practices and metrics. The study includes input from government contractors, with the goal of providing timely data to help government contractors address important challenges, identify key performance indicators, and benchmark themselves against the competition. The 2021 GAUGE report reflects more than 1,400 contributors between January and May 2021. The diversity of responses this year is exceptional, with an even spread across revenue bands, job titles, NAICS, entity types and revenue sources.

Respondents by Annual Revenue

$0 - <10M		33%
$10 - <25M		25%
$25 - <50M		18%
$50M+		24%

Respondents by Job Title

Job Title	Percent
CFO	20%
President/CEO	18%
Controller	14%
Other C-Suite Position	10%
Contract Manager	6%
Operations Manager	5%
Project Manager	3%
Accounting	3%
Finance	3%
Compliance	2%
HR	1%
Other	15%

Respondents by Entity Structure

Entity	Percent
S Corp	34%
LLC/LLP	35%
C Corp	19%
Nonprofit	5%
Private Equity	3%
Original Owners/Other	3%
ESOP	1%
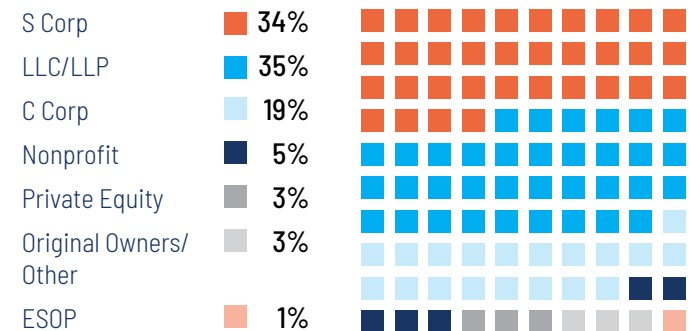
Respondents % of Revenue Sources

■ 2021　■ 2020

Source	2021	2020
Department of Defense	41%	47%
Civilian	27%	27%
Commercial (Non-Govt.)	16%	8%
Intelligence	7%	9%
State/Local	7%	4%
Other	2%	5%
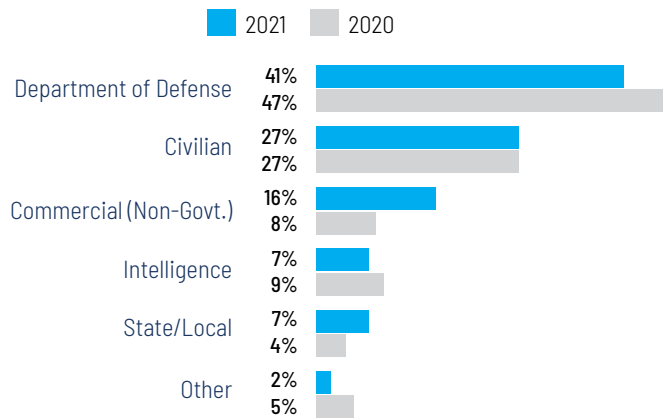
Respondents by Set-Aside Designations

(Select all that apply)

Designation	%
Small Business	62%
Woman-Owned	18%
SDVOSB	17%
8A	7%
Mentor/Mentee Program Participant	7%
HUBZone	6%
Other	5%
None of the Above	26%
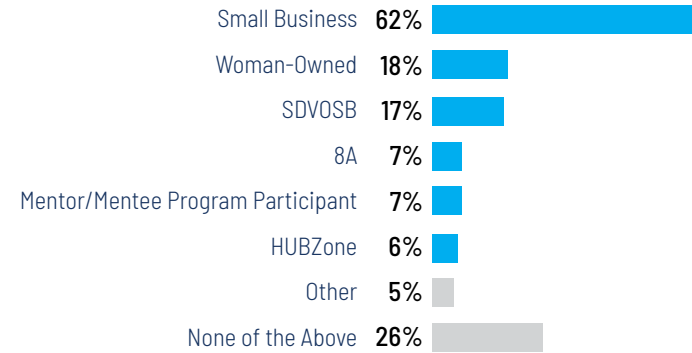
Respondents by NAICS Industry Group Code

Code	Industry	%
5415	Computer Systems Design and Related Services	19%
5416	Management, Scientific and Technical Consulting Services	19%
5419	Other Professional, Scientific and Technical Services	13%
5413	Architectural, Engineering and Related Services	11%
5417	Scientific Research and Development Services	8%
3364	Aerospace Product and Parts Manufacturing	6%
5412	Accounting, Tax Preparation, Bookkeeping and Payroll Services	3%
5612	Facilities Support Services	2%
5182	Data Processing, Hosting and Related Services	2%
5191	Other Information Services	1%
3341	Computer and Peripheral Equipment Manufacturing	1%
	Other	15%

G.

GOVERNMENT CONTRACT COMPLIANCE

This section of the GAUGE is all about understanding what it's like to be a compliant government contractor. We cover government audit types, the effects of incurred costs on cost structure, and trends that delay or challenge contractors in areas such as timekeeping, executive compensation, unallowables and CAS compliance.
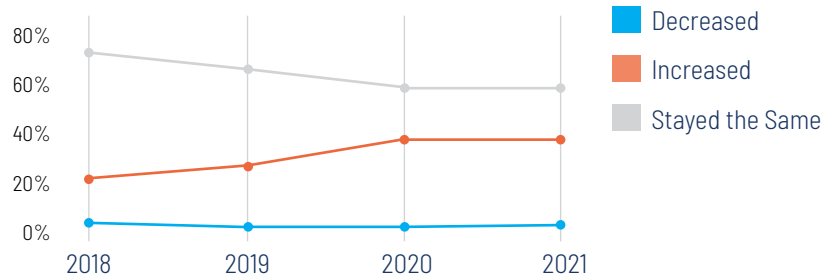
Key Takeaways

- Most respondents' companies fall into CMMC Level 3, with very few in Level 4 or 5.

- Accounting System-Post Award is the most commonly chosen business system anticipated as being a point winner on recent and upcoming RFPs, followed by Pre-Award Accounting/SF1408.

- The majority of companies provide annual trainings for Code of Conduct, followed by Conflict of Interest (which has diminished since previous years), and Diversity and Inclusion.

- 40% indicate they know which of their contracts are subject to defective pricing.

- Very few (5%) have decreased; one-third experienced an increase and 60% stayed the same in government oversight.

- Rates, followed by timekeeping, are the top audit challenges respondents' companies faced last year.

- The majority of companies report having less than $10K of questioned costs in their last Incurred Cost Submission, an increase from last year.

- There is a fairly even split between those who are aware of performing TINA sweeps prior to final contract negotiations and those who are not.

FOCUS on WINNING

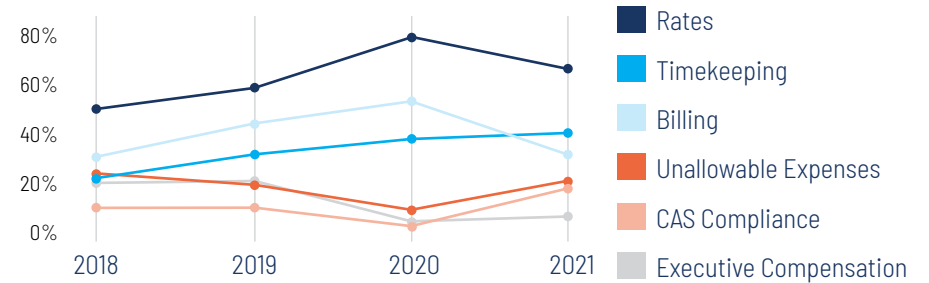Only about one in five government contractors (22%) are "very confident" in their abiliy to use proposal records to support their position on pricing. With the increase in defective pricing and business system audits, make sure your documentation is airtight. DCAA reported sustaining 65% in questioned costs on Defective Pricing (TINA), CAS and Business System audits in their report dated March 2021 to Congress.

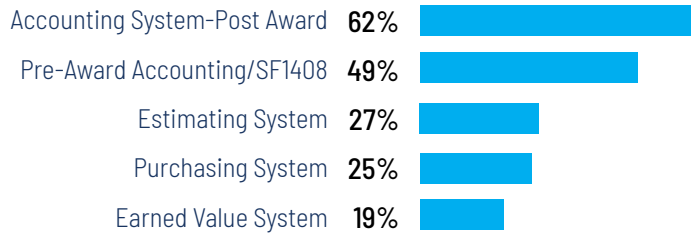## How would you describe the change in government oversight for your company over the past year?

Legend:
- Decreased
- Increased
- Stayed the Same

Government Audit challenges ranked year over year.
(Year Over Year Data, % Ranked 1st or 2nd Shown)

Legend:
- Rates
- Timekeeping
- Billing
- Unallowable Expenses
- CAS Compliance
- Executive Compensation

Business Systems Anticipated as Point Winners for Recent/Upcoming RFPs
(Select All That Apply)

Accounting System-Post Award	**62%**
Pre-Award Accounting/SF1408	**49%**
Estimating System	**27%**
Purchasing System	**25%**
Earned Value System	**19%**

Rank the Government Audit challenges your company faced last year.

Rows: Rates, Timekeeping, Billing, Unallowable Expenses, CAS Compliance, Executive Compensation

Legend:
- First
- Second
- Third
- Fourth
- Fifth
- Sixth

PERCENTAGE OF RANKINGS
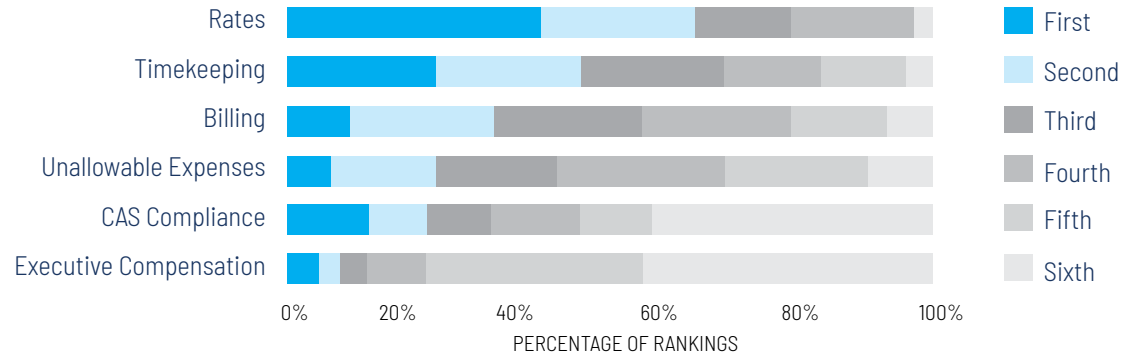
What was the amount of questioned costs from your company's last Incurred Cost Submission?

Year				
2021				
2020				
2019				
2018				

0% 20% 40% 60% 80% 100%

- $100K+ in Costs
- $50K - <$100K in Costs
- $10K - <$50K in Costs
- $0 - <$10K in Costs

Did your company perform TINA sweeps prior to final negotiations?

Yes	22%
No	22%
Don't know	28%
N/A	28%
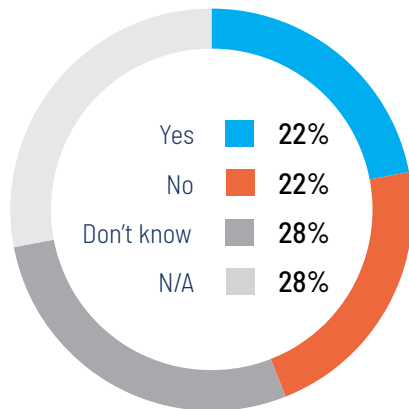
Do you know which of your company's contracts are subject to defective pricing?

Yes	40%
No	11%
Don't know	24%
N/A	25%

For which of the following does your company provide annual training? (Select all that apply)

- Code of Conduct **71%**
- **59%** Conflict of Interest
- Diversity & Inclusion **53%**
- **41%** Business Systems
- Whistleblowers **36%**
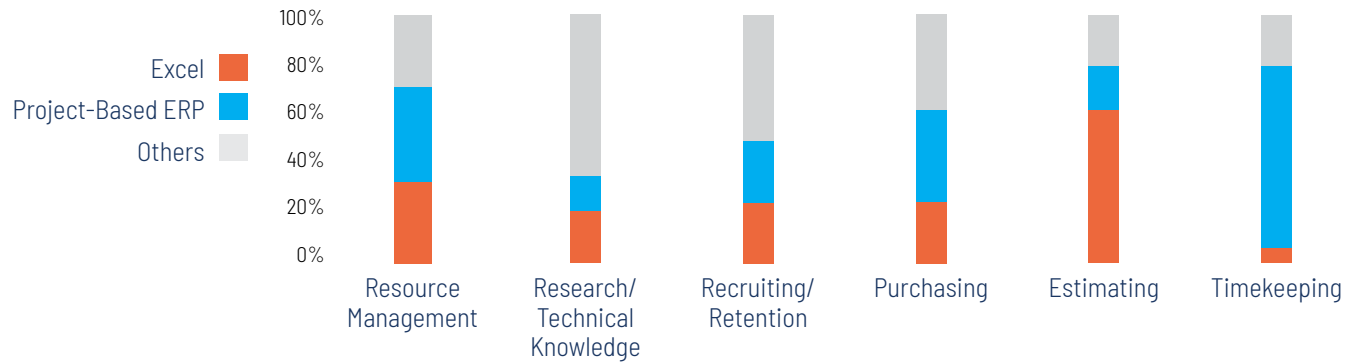- **23%** Unallowables
- ESG Programs **21%**
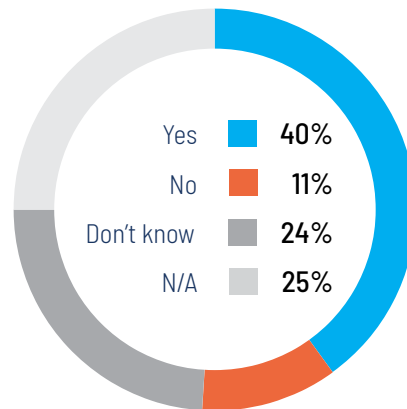
Which of the following DCAA Audits did your company endure last year?
(Select all that apply)

Audit Type	Total	By Annual Revenue			
		$0 – <$10M	$10 – <$25M	$25 – <$50M	$50M+
Incurred Cost Submission	26%	21%	27%	18%	39%
Accounting System-Post Award	17%	15%	17%	15%	22%
Pre-Award Accounting/SF1408	16%	14%	17%	9%	24%
Proposal	14%	10%	5%	15%	29%
Forward Pricing	9%	4%	8%	3%	22%
Labor Floor Check	9%	3%	3%	9%	25%
CAS	5%	4%	2%	3%	14%
Property System	5%	1%	0%	15%	12%
Purchasing System	5%	1%	2%	6%	14%
Estimating System	5%	3%	3%	0%	12%
MMAS	2%	1%	0%	3%	6%
Defective Pricing	2%	3%	2%	0%	4%
Earned Value System	1%	1%	0%	3%	2%
N/A for the Year	52%	63%	54%	44%	39%

What specific technology tools do you use in each of the following areas?
(select one for each area)

Legend:
- Excel (orange)
- Project-Based ERP (blue)
- Others (gray)

Categories: Resource Management, Research/Technical Knowledge, Recruiting/Retention, Purchasing, Estimating, Timekeeping

Proposal Do's and Don'ts: Proposal Team Intelligence

DO

- ☐ Meet with the client and acquisition team. Find out what they want as well as what the hot button issues and concerns are.

- ☐ Find out who is the incumbent and who is the competition. Perform SWOT analysis on all.

- ☐ Perform background research on the Source Selection Committee, the acquisition strategy and the influencers. Meet with them.

DON'T

- ☐ Wait until the last minute to see if all gaps are filled.

- ☐ Proceed without enough intelligence to properly assess whether you should be bidding on this opportunity and can produce a supportable PWin.

A.
ACCOUNTING

Government contractors account for cost in a detailed and specific manner. Here, we dive into how size and processes affect gross margin, invoice cycles, and Days Sales Outstanding (DSO). Use this section to review how you allocate your cost by location, function, customer or product/service, and what your largest indirect cost is (other than labor) affecting your earnings for a potential sale.

Key Takeaways

- Approximately one-third of respondents have DSO between 31 and 45.

- Very few respondents merged in the past year, however, about a quarter state that buying is a priority for next year (similar to last year).

- Gross margin remains a key deal element in M&A as buyers focus on direct cost margins much more than indirect cost.

- Revenue is earned mostly from the top three: FP, T&M and CP, but OTAs climbed to 3% this year.

- Over the past three years, 1-3 and 4-10 times are the most common frequencies of requests for certified cost or pricing data.

- A third of respondents have an average invoice cycle of between six and 10 days.

- Just over one-quarter of respondents report a gross profit margin of over 45% in 2021.

- Location leads as the most common basis used for overhead rates, followed by Function and then Product/Service, used commonly in companies with revenue primarily from commercial sources.

- Respondents rank healthcare as the most substantial indirect cost, however, IT cost doubled in the rankings from 10% to 20% from the prior year, while facilities dropped from 50% to 40%.

FOCUS on WINNING

Compliant business system implementations are paramount for large RFP requirements, yet 26% of respondents said they either cannot afford to implement them, or will have to wait until an RFP requires a particular system. Whether you need one today or tomorrow, we suggest you start building an understanding now of what a federally compliant business system entails.

What is your approximate Days Sales Outstanding (DSO)?

DAYS	
60	8%
45	16%
30	36%
15	28%
	12%
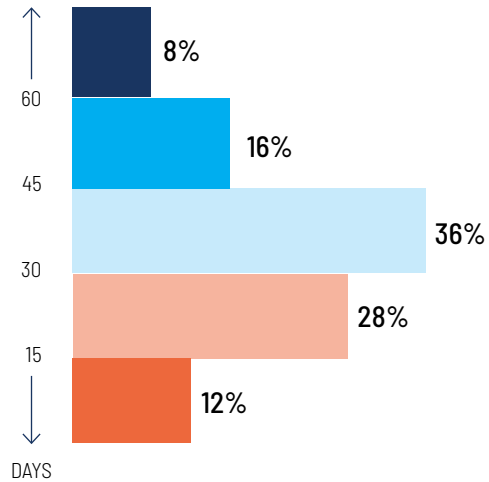
What is your Gross Margin as a percent of revenue?
(Direct Contract Cost/Revenue)

GROSS MARGIN	
50%	15%
45%	12%
40%	14%
35%	13%
30%	16%
	30%
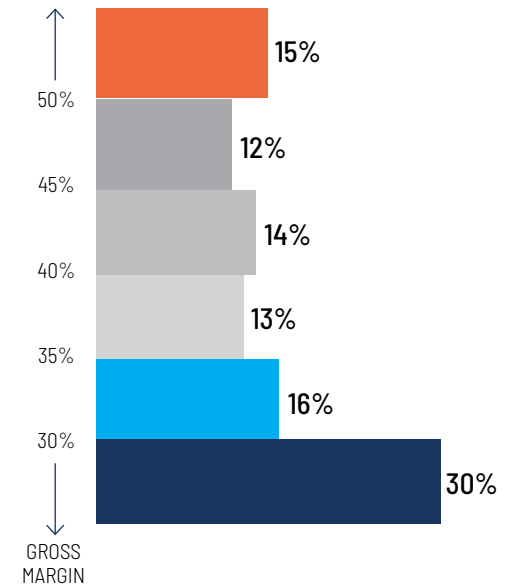
Which of the following do you use as a basis for your overhead rates?

Basis	Total	By Annual Revenue			
		$0 - <$10M	$10 - <$25M	$25 - <$50M	$50M+
Location	34%	33%	37%	35%	33%
Function	29%	23%	28%	35%	33%
Product/Service	22%	28%	23%	8%	22%
Customer	8%	3%	10%	16%	8%
Standard Costing (Manufacturers)	7%	13%	2%	6%	4%

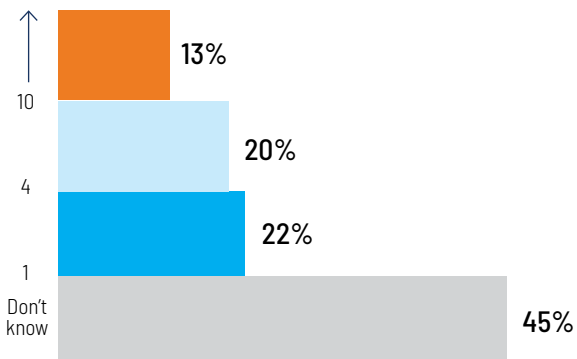## What percent of your revenue came from the following types of contracts?

Fixed Price	39%
T&M	29%
Cost Plus	20%
Commercial	9%
OTA	3%
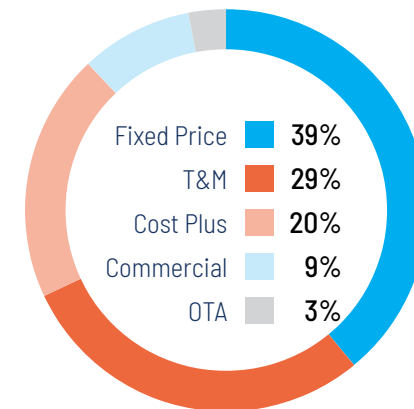
Are you thinking of selling or purchasing a business (or business unit/subsidiary) in the next 12 months?

Purchasing	■	19%
Selling	■	26%
Selling a unit/ subsidiary	■	4%
Don't know	■	51%
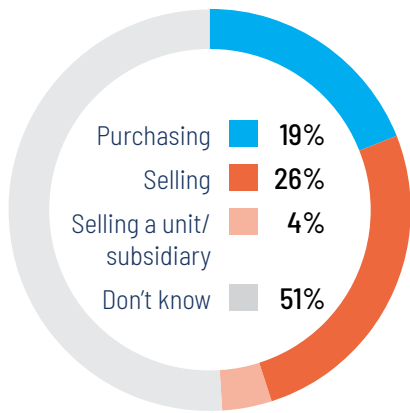
Rank the following indirect costs other than labor from highest to lowest expense.

Healthcare
Facilities
Business Development
Bonuses
IT
Pensions

0%   20%   40%   60%   80%   100%
PERCENTAGE OF RANKINGS

■ First
■ Second
■ Third
■ Fourth
■ Fifth
■ Sixth
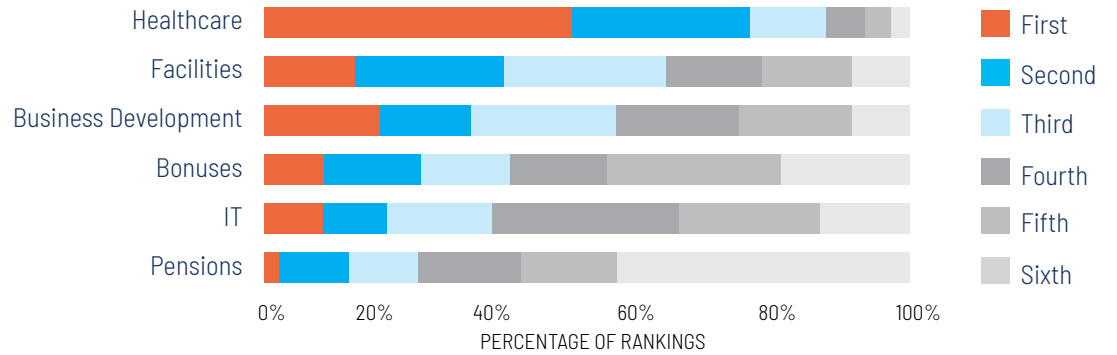
Over the past three years, how many times has your compamy been requested to submit certified cost or pricing data?

10 — 13%
4 — 20%
1 — 22%
Don't know — 45%

Rank the following financial challenges from most to least significant.

Organic growth
Uncertain Federal spending
Increasing EBITDA
Cash flow
Executive alignment
Managing invoice process

0%   20%   40%   60%   80%   100%
PERCENTAGE OF RANKINGS

■ First
■ Second
■ Third
■ Fourth
■ Fifth
■ Sixth
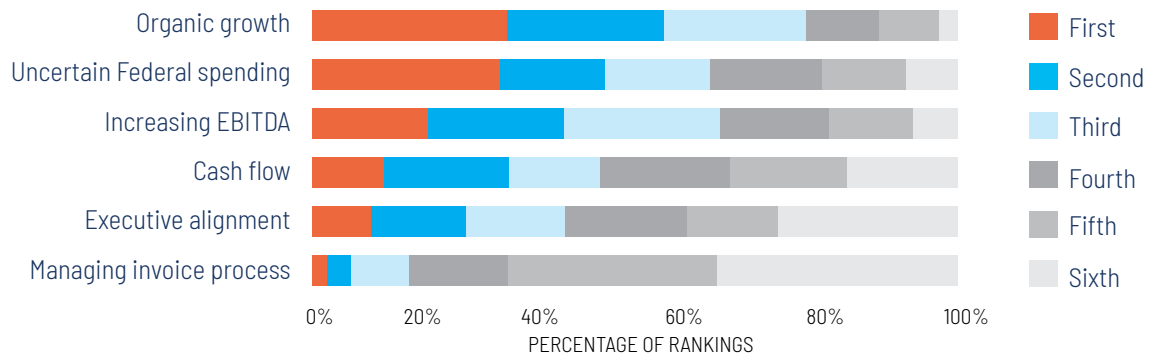
What is your company's average Invoice cycle in days?

Average	By Annual Revenue			
	$0 – <$10M	$10 – <$25M	$25 – <$50M	$50M+
16%	14%	5%	24%	23%
20%	13%	26%	30%	18%
34%	22%	45%	27%	41%
30%	51%	24%	19%	18%

DAYS (15, 10, 5)
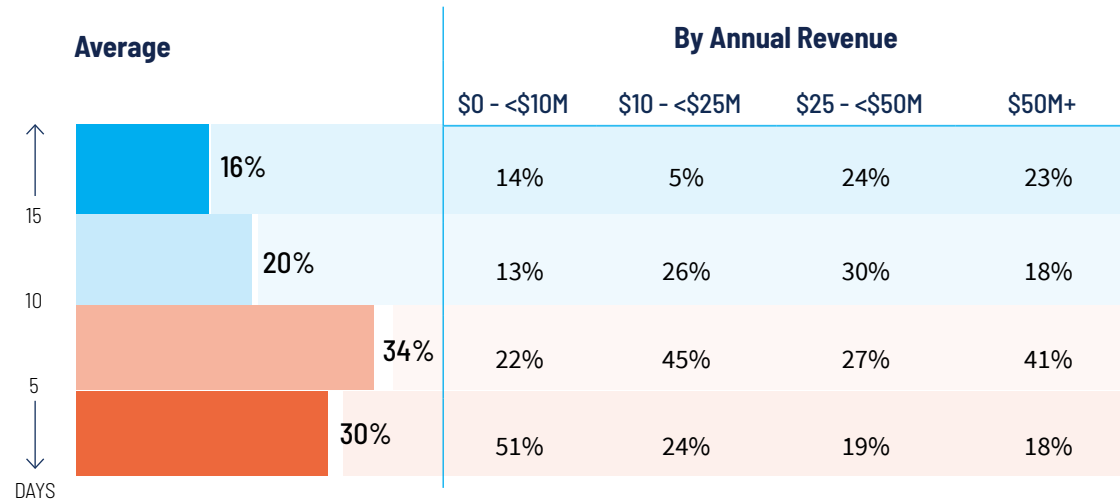
Proposal Do's and Don'ts: Structure & Governance

DO

☐ Conduct standing pre-RFP capture meetings 6, 12 or 18 months out, depending on the size and acquisition lifecycle timeframe.

☐ Assign a pre-RFP capture lead to drive the process.

☐ Ensure you are prepared for gate review before RFP hits: Make a go/no-go decision.

DON'T

☐ Shut out less experienced staff. Assign them action items, have them take notes, and promote learning within the organization.

☐ Operate without a standing agenda. Leads should be reporting on action item status regularly.

☐ Rely on individuals to take their own notes. Email meeting summaries and updated action items immediately after meetings.

U.
UTILIZATION

Although winning contracts is key, to effectively follow through on a profitable proposal, a government contractor's management team must successfully manage people, subcontractors and consultants. This most popular section focuses on utilization of people and the efficiency of the contractor's project management practice. We also review workforce expectations and what full-time equivalents look like by functional back-office area.
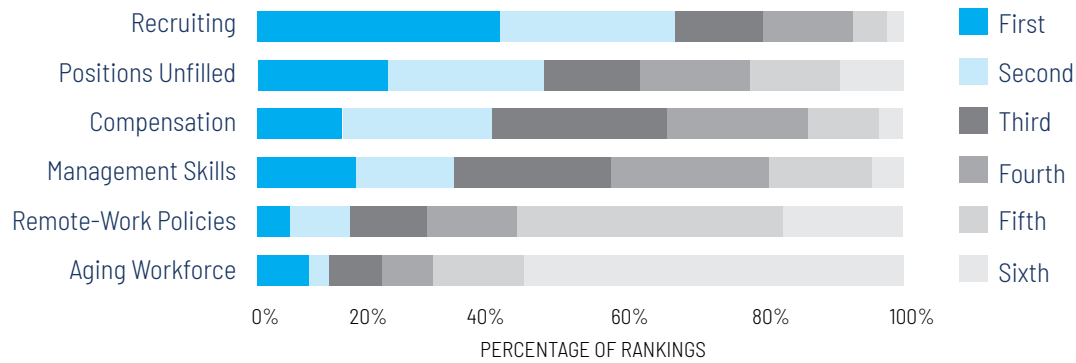
Key Takeaways

- Over half of respondents indicate that more than 75% of their firm's projects are on or under budget, or delivered on time or sooner—similar to last year.

- Recruiting is seen as the most significant human resource challenge, followed by unfilled positions. Not surprisingly, with the COVID-19 pandemic, remote-work policies moved up in the rankings above aging workforce.

- Business development and accounting have the largest FTE headcount on average.

- Many respondents rank their project and resource management maturity as high.

- Three-quarters of organizations project their company's workforce size will grow in the upcoming year.

- Forecasting and inexperienced project managers are the top project management challenges among respondents.
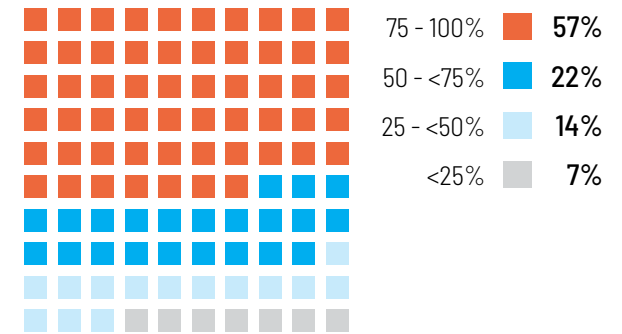
FOCUS on WINNING

63% of respondents "sometimes adhere" to their company's business development cycle. As your business grows, so does the size and the complexity of your proposal team, therefore making processes and strategies for winning and capturing an increasingly important part of your business' culture.
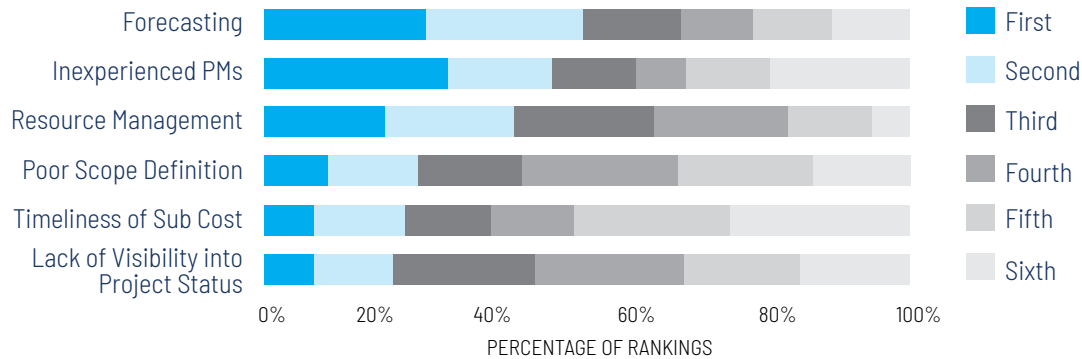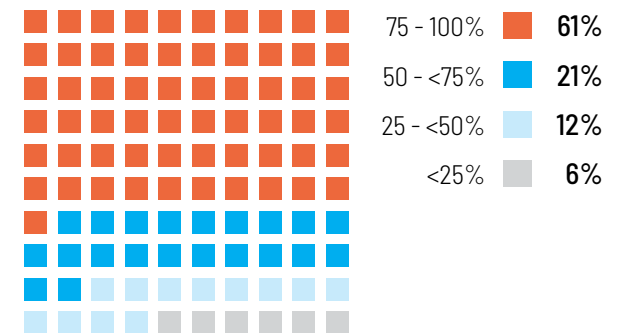
Rank the following human resources challenges in order.

	First	Second	Third	Fourth	Fifth	Sixth
Recruiting						
Positions Unfilled						
Compensation						
Management Skills						
Remote-Work Policies						
Aging Workforce						

PERCENTAGE OF RANKINGS

What percent of your company's projects are reported as on or under budget?

75 - 100%	**57%**
50 - <75%	**22%**
25 - <50%	**14%**
<25%	**7%**

Rank the following project management challenges in order.

	First	Second	Third	Fourth	Fifth	Sixth
Forecasting						
Inexperienced PMs						
Resource Management						
Poor Scope Definition						
Timeliness of Sub Cost						
Lack of Visibility into Project Status						

PERCENTAGE OF RANKINGS

What percent of your company's projects are reported as on time or sooner?

75 - 100%	**61%**
50 - <75%	**21%**
25 - <50%	**12%**
<25%	**6%**

How would you rate your company's project management practice?

Very Mature	⬛	**14%**
Somewhat Mature	⬛	**44%**
Somewhat Immature	⬛	**33%**
Very Immature	⬛	**9%**

PERCENTAGE OF RANKINGS
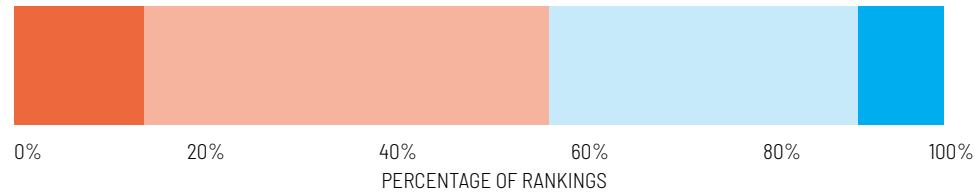
How would you rate your company's resource management practice?

Very Mature	⬛	**9%**
Somewhat Mature	⬛	**48%**
Somewhat Immature	⬛	**35%**
Very Immature	⬛	**8%**

PERCENTAGE OF RANKINGS
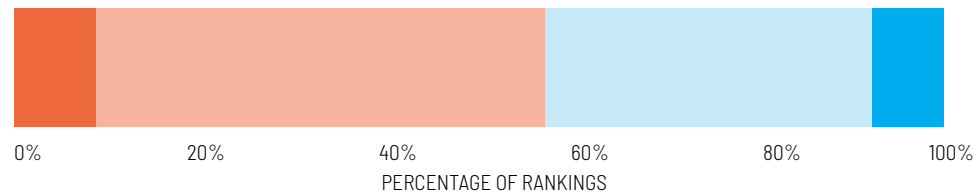
What change in your company's workforce size do you expect in the upcoming year?

- Grow Significantly
- Grow Slightly
- Remain the Same
- Shrink Slightly
- Shrink Significantly
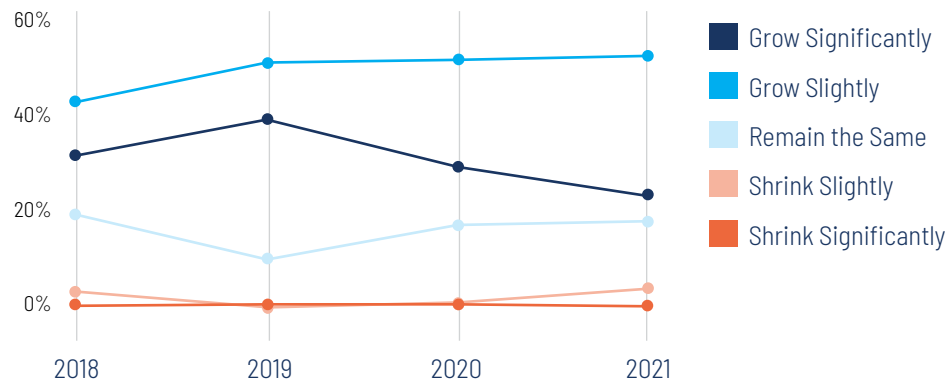
For each of the following functions, list the full-time equivalent (FTE) headcount at your company.

FTE		By Annual Revenue				NAICS Code					
	Average	$0 - <$10M	$10 - <$25M	$25 - <$50M	$50M+	Aerospace Mfg (3364)	Archt & Engr (5413)	Comp. Systems Design (5415)	Mgmt/ Sci/Tech Consult. (5416)	Scientific Research & Dev (5417)	Other Prof/Sci/ Tech Svcs. (5419)
Business Development	4.4	1.6	2.9	5.5	9.2	7.7	3.3	4.1	4.2	3.2	3.4
Accounting	4.3	1.7	2.5	4.2	9.9	6.7	4.5	2.9	3.6	3.2	2.9
IT	3.7	1.2	1.9	4.5	8.5	6.3	2.8	3.3	3.0	2.6	2.6
Project Controls	3.3	1.0	2.0	4.4	7.3	5.5	2.6	2.4	3.2	1.5	2.4
Human Resources	2.9	0.8	1.7	2.6	7.4	5.2	2.6	2.0	2.2	2.2	1.9
Contracts	2.8	1.0	1.6	2.2	7.1	7.4	2.3	1.5	2.4	2.1	2.0
Recruiting	2.3	0.5	1.4	2.3	5.8	3.9	1.3	2.0	2.2	1.2	2.0
Compliance	1.8	0.8	0.7	1.7	4.5	4.5	0.9	0.8	1.5	1.0	0.9
Legal	1.3	0.2	0.2	1.0	4.4	3.3	0.3	0.4	1.3	0.2	0.7
Internal Audit	1.1	0.3	0.3	0.6	3.5	3.1	0.1	0.3	0.9	0.3	0.6

Proposal Do's and Don'ts: Meaningful Content Development

DO

☐ Use simple wording and clear sentence structures. Use a professional proofreader, and ensure the content is easy to read.

☐ Use similar formatting — fonts, sizes and styles — throughout the entire proposal, including resumes.

DON'T

☐ Parrot back the solicitation requirement. Explain how you are going to accomplish the feat!

☐ Adjust the customer's problems. Provide a solution as requested in the solicitation.

☐ Make the reader hunt. State your solution early in the paragraph.

G. GROWTH

During the life-cycle of government contracting, the business needs good data on growth rates, profit expectations, and business development challenges and opportunities. A key to winning proposals is knowing how, what and why to bid on contracts which requires an understanding of which bids will be evaluated as either Low Price Technically Acceptable (LPTA) or Best Value.

Key Takeaways

- Over half of respondents report that individual awards make up the greatest share of their government revenue; IDIQ vehicles are the largest source of revenue for another quarter of respondents.

- One-third of respondents won 25% or fewer of the contracts they bid in the past 12 months, though some are optimistic their win rate will climb over the next year.

- There was no change in win rate for about half of the respondents.

- A focus on key differentiators is considered the most important pre-RFP activity from a business development standpoint.

- Respondents plan to address multiple business development challenges in the coming year; primarily smart targeting of opportunities and looking for partners.

- Almost half of the respondents don't have, or don't know if they have, a formalized capture or gate process for federal proposals.

- Lack of funds and personnel for business development is the single most significant challenge for companies, but the absence of past performance information, teaming partners, and reporting tools remain significant challenges.
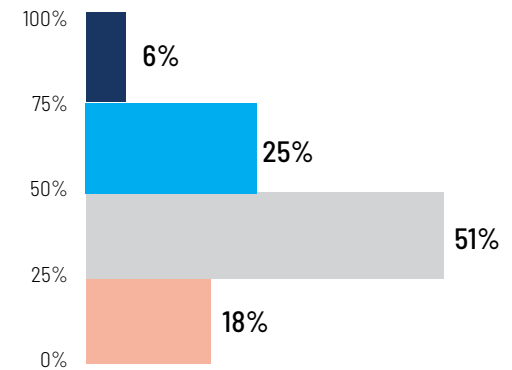
FOCUS on WINNING

The vast majority of proposal writing, 78% among respondents, occurs in-house. Companies are bidding on Best Value vs. LPTA procurements at a ratio of 3:1. For the first time in years, growth may be possible without having to take a contract away from an incumbent. Federal opportunities are flourishing in the areas of cyber-services, new IT initiatives, and (maybe) infrastructure.
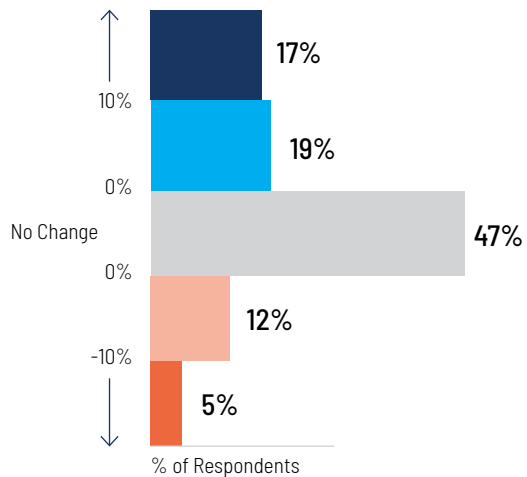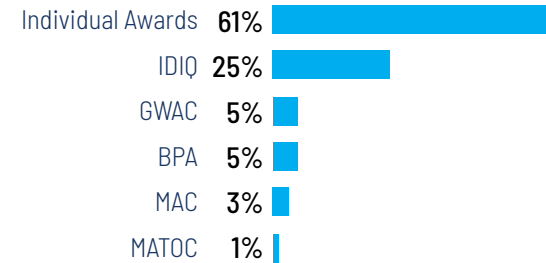
Actual Win Rate Year Over Year

Legend:
- 2021
- 2020
- 2019
- 2018

PERCENTAGE OF RANKINGS
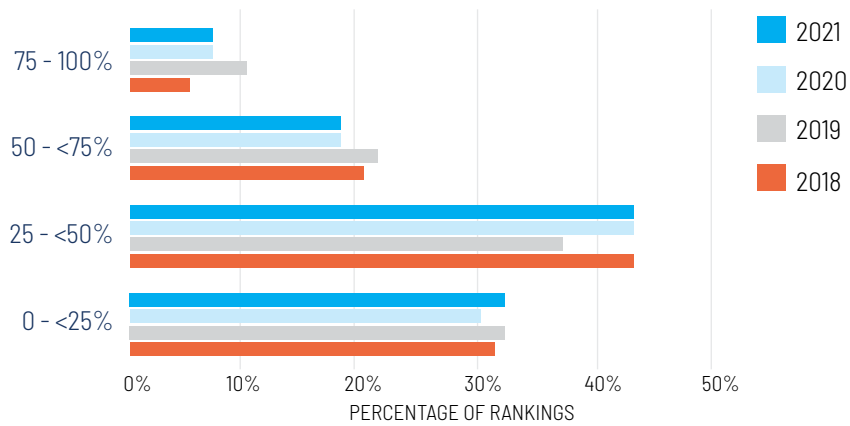
Projected Win Rate Over Next 12 Months

- 100% – 75%: 6%
- 75% – 50%: 25%
- 50% – 25%: 51%
- 25% – 0%: 18%

Contract/Vehicle Type Comprising Greatest Proportion of Company Revenue

- Individual Awards: 61%
- IDIQ: 25%
- GWAC: 5%
- BPA: 5%
- MAC: 3%
- MATOC: 1%

From last year to this year, indicate the change in your company's growth rate.

- 17%
- 19%
- No Change: 47%
- 12%
- 5%

% of Respondents

Rank the following business development challenges for your company.

- Lack of BD funds and personnel
- Lack of past performance
- Lack of a teaming partner
- Limited reporting tools

PERCENTAGE OF RANKINGS

Legend:
- First
- Second
- Third
- Fourth
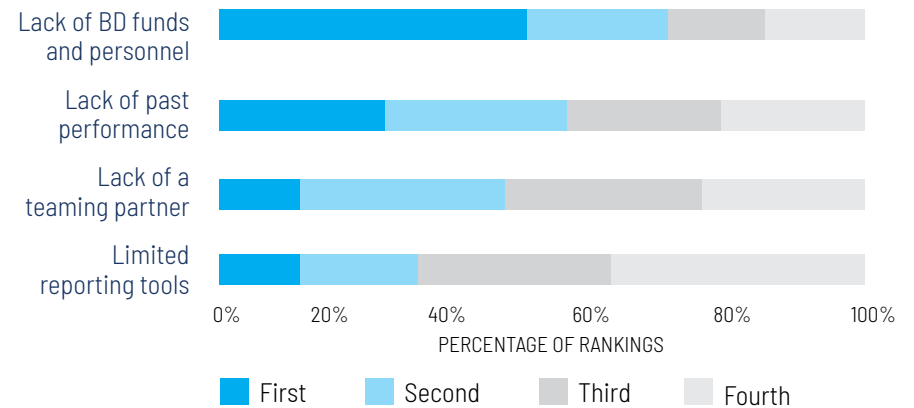
Which of the following capture challenges plan to be addressed this coming year?

(Select All That Apply)

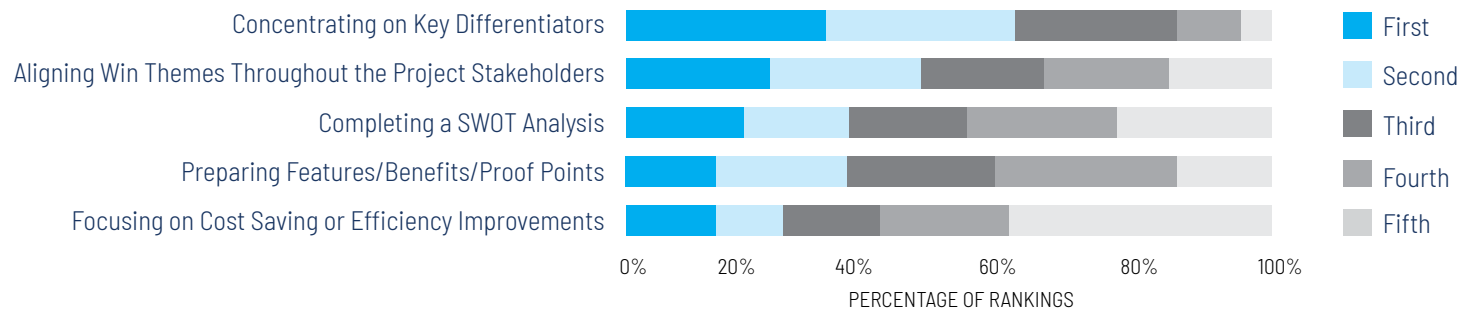|	
Target Smart - Upfront Vetting of New Opportunities	65%
Look Early and Often for Partners to Team With	57%
Push More Resources to Our Business Development and Capture Teams	49%
Develop a Clearer Understanding of Bidding Strategy	48%
Look for a Mix of Commercial and Government Work	31%
Purchase (or Start Using) a CRM/Proposal Automation Tool	13%
Look at Less Crowded Agencies	10%
Other	2%

Do you have a formalized capture or gate process for federal proposals that is followed within your organization?

Yes	55%
No	34%
Don't Know	11%
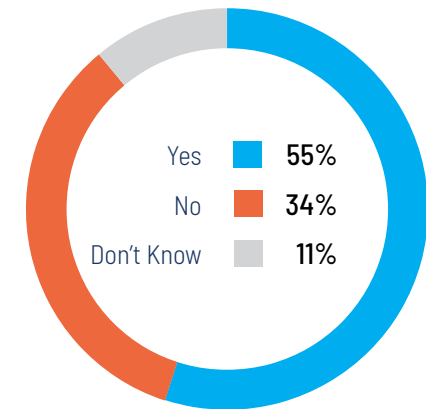
Rank the most important pre-RFP activities from a business development standpoint.

Concentrating on Key Differentiators
Aligning Win Themes Throughout the Project Stakeholders
Completing a SWOT Analysis
Preparing Features/Benefits/Proof Points
Focusing on Cost Saving or Efficiency Improvements

0%   20%   40%   60%   80%   100%
PERCENTAGE OF RANKINGS

Legend: First, Second, Third, Fourth, Fifth

How many proposals does your company prepare in a 12-month period?

Proposal Type	By Annual Revenue					NAICS Code					
	Average	$0 - <$10M	$10 - <$25M	$25 - <$50M	$50M+	Aerospace Mfg (3364)	Archt & Engr (5413)	Comp. Systems Design (5415)	Mgmt/ Sci/ Tech Consult. (5416)	Scientific Research & Dev (5417)	Other Prof/Sci/ Tech Svcs. (5419)
Major Contracts	23	20	12	48	22	16	51	30	10	10	22
Task Orders	20	17	13	22	30	11	40	16	19	8	21
Modifications	19	8	14	19	39	15	23	17	16	16	14

Proposal Do's and Don'ts: Solicitation Compliance

DO

- ☐ Read the ENTIRE solicitation.
- ☐ Start the Compliance Matrix with Sections L & M requirements, then fill in with Section C Statement of Work.

DON'T

- ☐ Overlook other sections: Packages and Marking, Inspection and Acceptance, Deliveries or Performance, Contract Administration, Special Contract Requirements and the Clauses.

E. EFFICIENCIES

Our second most popular section, Efficiencies, addresses indirect rates/wrap rates, how efficient contractors are with their rate composition, and remaining competitive while providing the proper benefits to their workforce. Here we dive into Fringe, Overhead (onsite and offsite), Material/Subcontractor Handling, and General & Administrative rates by all sizes and types. The goal is to help contractors at every level be as strategic as possible when gaining new work and attracting the right workforce.
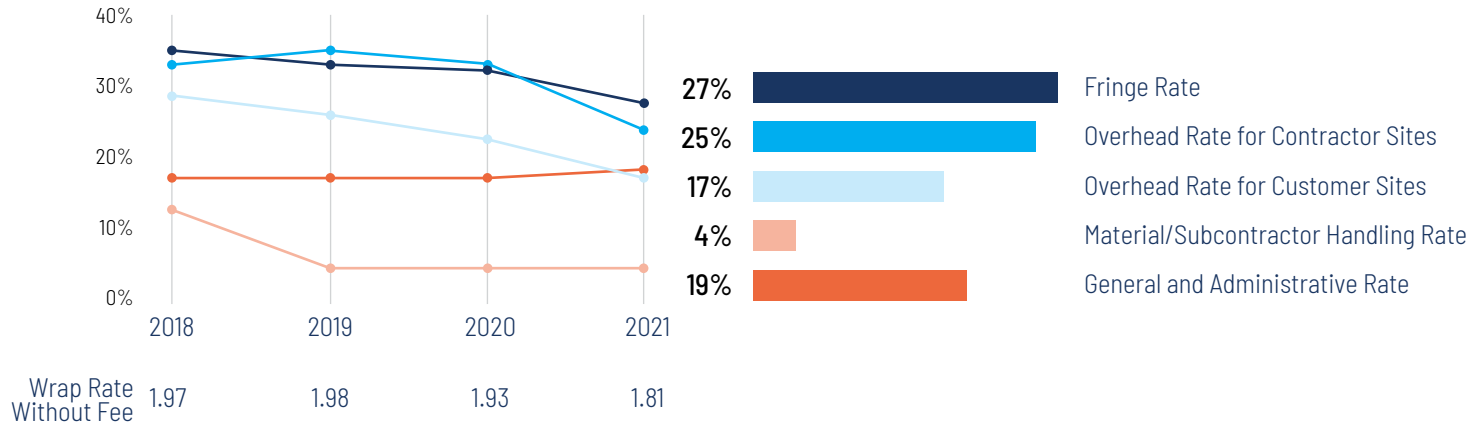
Key Takeaways

- Customer and Contractor Overhead Rates are reducing the gap in numbers, and may be non-existent in the future.

- Over a third of respondents indicate that their indirect rate structure was changed within the past year.

- Half of all respondents have a centralized PMO model, while almost a third do not have a PMO at all.

- Companies are facing multiple issues with indirect costs. Rate Composition and Allocations, as well as Consultant Costs, are the most common indirect cost issues, followed by Timekeeping.

- About two-thirds of respondents plan well in advance for their federally-compliant business system implementations (the exceptions are smaller revenue companies).

- Most respondents have a G&A based on Total Cost Input, while a quarter utilize Value Added.

- Fringe and Overhead Rates remain higher across most verticals, followed by G&A and Overhead for Customer Sites.

- Size doesn't matter; all company sizes can be a Mentor or a Protégé or both. While these relationships are critical for contract vehicle awards, half of respondents are not considering them at all.
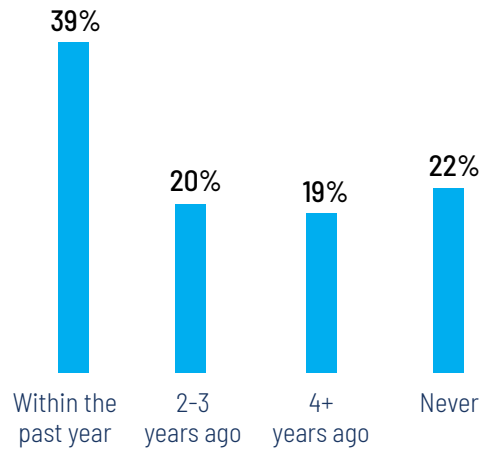
FOCUS on WINNING

Companies with lower win rates (0-25%) more often report they have no Project Management Office (PMO). Organizations need an efficient, structured, repeatable capture process to ensure consistent quality proposals are priced to win. Effective PMOs across the entire portfolio can help create a track record of existing projects, yielding CPARS ratings to support both winning recompetes and expansions within existing customers.
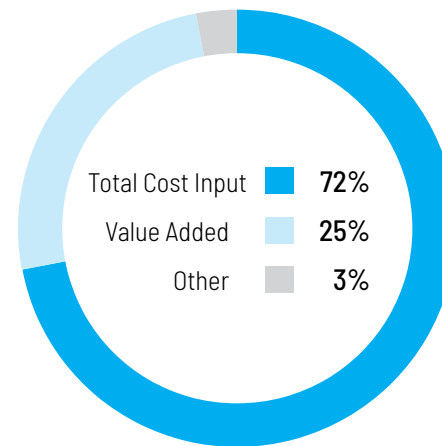
What are your orgnization's average indirect rate and overall wrap rate year over year?

	2018	2019	2020	2021
Wrap Rate Without Fee	1.97	1.98	1.93	1.81

- **27%** Fringe Rate
- **25%** Overhead Rate for Contractor Sites
- **17%** Overhead Rate for Customer Sites
- **4%** Material/Subcontractor Handling Rate
- **19%** General and Administrative Rate

When was the last time you changed your company's indirect rate structure?

- 39% Within the past year
- 20% 2-3 years ago
- 19% 4+ years ago
- 22% Never

Is your company's G&A base Total Cost Input (TCI) or Value Added?

- Total Cost Input — 72%
- Value Added — 25%
- Other — 3%

Select the option that best describes your Project Management Office (PMO) model.

- Centralized **50%**
- Decentralized **20%**
- No PMO **30%**
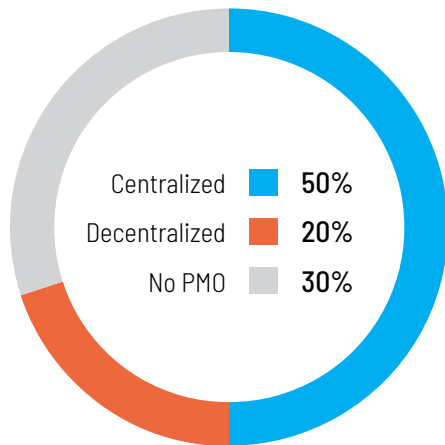
What are the most common indirect cost issues and deficiencies for your organization?
(Select All That Apply)

Rate Composition and Allocations	**39%**
Consultant Costs	**37%**
Timekeeping	**32%**
Executive Compensation	**24%**
Internal Controls Deficiencies	**24%**
Travel Costs	**22%**
Employee Morale Costs	**21%**
Legal Costs	**19%**
Other	**10%**
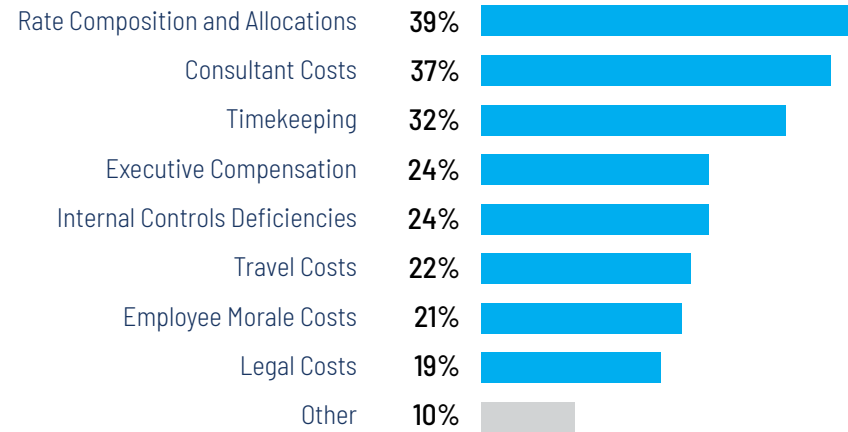
Is your company part of a Mentor/Protégé?

Mentor	**26%**
Protégé	**21%**
Not Considering At This Time	**53%**
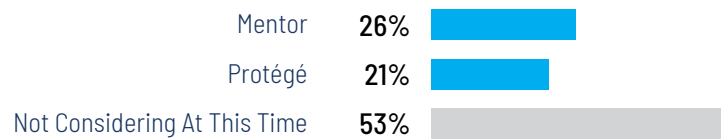
When do you plan to implement a Federally-Compliant Business System?

Well in advance based on customers/ revenues/type of work to be done	**63%**
When an RFP requires it	**15%**
When we can afford to implement	**11%**
After an applicable award	**1%**
Not Applicable	**10%**
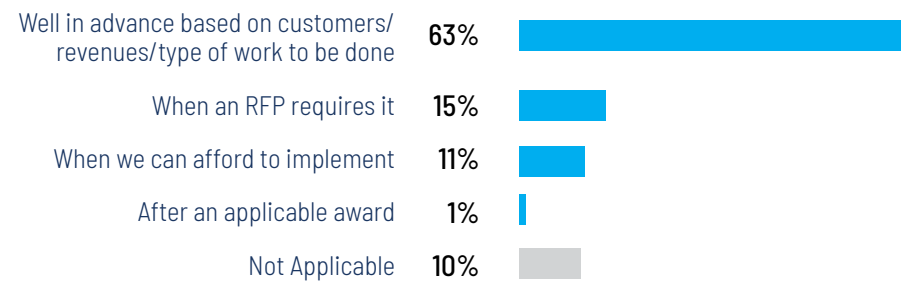
Indirect Rates – By Revenue and NIACS

Indirect Rate Type	By Annual Revenue					NAICS Code					
	Average	$0 – <$10M	$10 – <$25M	$25 – <$50M	$50M+	Aerospace Mfg (3364)	Archt & Engr (5413)	Comp. Systems Design (5415)	Mgmt/ Sci/ Tech Consult. (5416)	Scientific Research & Dev (5417)	Other Prof/Sci/ Tech Svcs. (5419)
Fringe Rate	27%	26%	28%	24%	29%	25%	22%	26%	30%	31%	28%
Overhead Rate for Contractor Sites	25%	18%	30%	37%	20%	23%	43%	16%	23%	33%	31%
Overhead Rate for Customer Sites	17%	13%	21%	21%	16%	14%	33%	12%	17%	20%	15%
Material/Subcontractor Handling Rate	4%	5%	3%	3%	3%	5%	2%	3%	3%	2%	3%
General and Administrative Rate	19%	21%	22%	20%	11%	15%	23%	19%	21%	19%	19%
Wrap Rate Without Fee	1.81	1.74	1.93	1.93	1.65	1.70	2.03	1.69	1.85	1.95	1.89

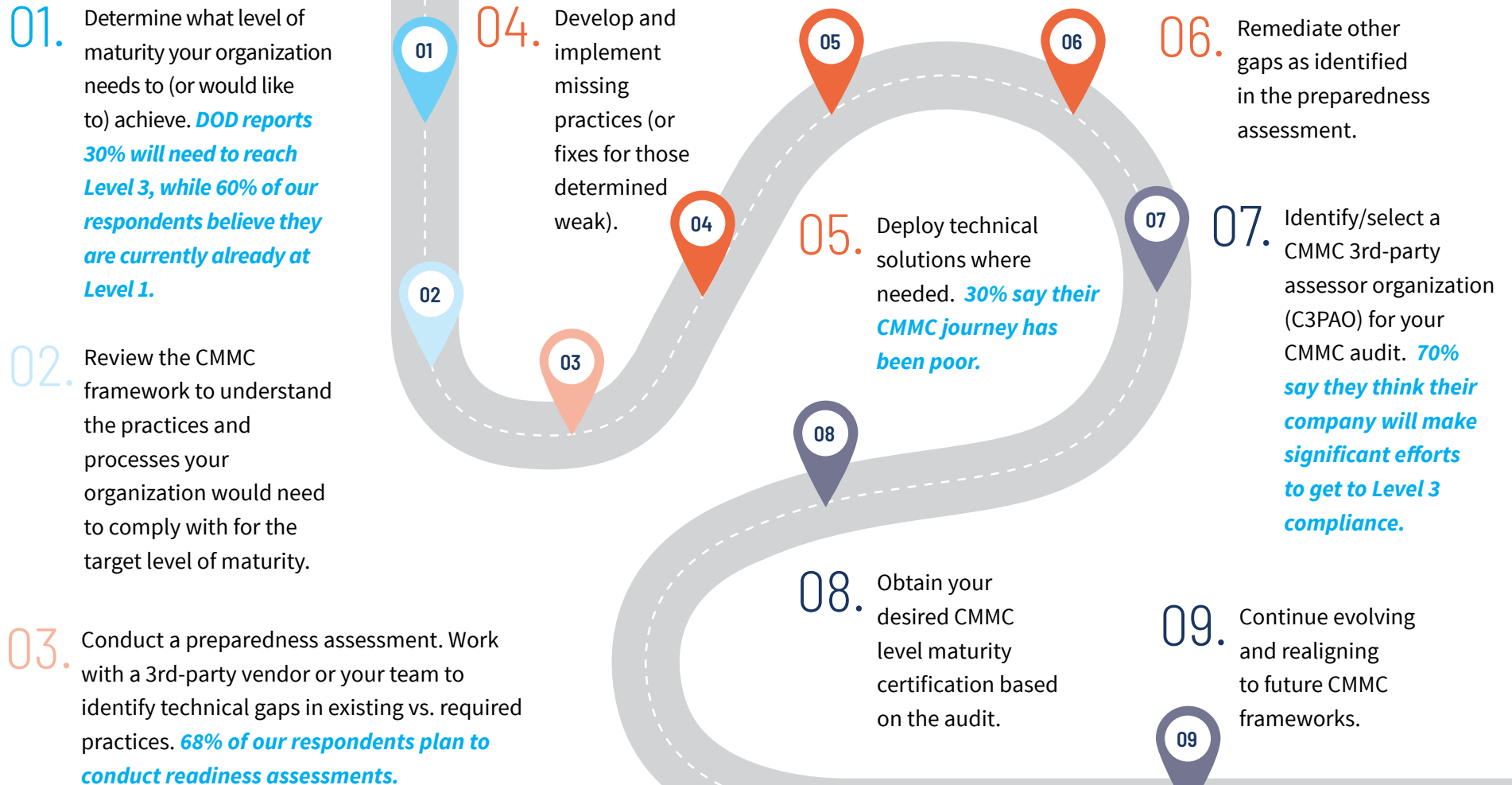## Proposal Do's and Don'ts: Protest

DO

- ☐ Familiarize yourself with FAR Part 33.
- ☐ File with an appropriate organization: the procuring agency, the GAO, and/or the U.S. Court of Federal Claims.
- ☐ Know the possible outcomes. Pre-award protests may preclude an award announcement. Post-award protests may stay an award already made.

DON'T

- ☐ Wait too long: Protests generally must be filed within 10 days of an award.
- ☐ Protest just because you didn't win. A protest is a challenge of alleged impropriety in a solicitation, or other procurement error, that could result in prejudice against the protester.

CMMC JOURNEY

01. Determine what level of maturity your organization needs to (or would like to) achieve. *DOD reports 30% will need to reach Level 3, while 60% of our respondents believe they are currently already at Level 1.*

02. Review the CMMC framework to understand the practices and processes your organization would need to comply with for the target level of maturity.

03. Conduct a preparedness assessment. Work with a 3rd-party vendor or your team to identify technical gaps in existing vs. required practices. *68% of our respondents plan to conduct readiness assessments.*

04. Develop and implement missing practices (or fixes for those determined weak).

05. Deploy technical solutions where needed. *30% say their CMMC journey has been poor.*

06. Remediate other gaps as identified in the preparedness assessment.

07. Identify/select a CMMC 3rd-party assessor organization (C3PAO) for your CMMC audit. *70% say they think their company will make significant efforts to get to Level 3 compliance.*

08. Obtain your desired CMMC level maturity certification based on the audit.

09. Continue evolving and realigning to future CMMC frameworks.

Voice of the Customer: A Q&A on CMMC

In this day and age of cybersecurity threats and attacks, the federal government is counting on government contractors and the government contracting community at large to protect IT environments from hackers; and so, CMMC, a Cyber Maturity Model Certification, was born. CMMC came to be after previous attempts at similar, yet less invasive, frameworks and requirements. Beginning in 2021, DOD contractors may have to comply with some level of CMMC; between levels one and five. This could be a game changer for go/no-go decisions. Our **CMMC journey map** will help you figure out your own organization's plan and level that fits your needs.

Our GAUGE moderator interviewed CISO's from two major Fortune 500 companies who perform as both a prime and subcontractor to the federal government. Our interviews occurred in May of 2021 and since then the U.S. cybersecurity landscape has expanded and continued to change. Cybersecurity has been front and center in the political arena in Q2 of 2021 with the White House's creation of a new public office and appointment of a Cyber Czar to coordinate cybersecurity efforts, the issuance of the National Security Memo calling for DHS to set cybersecurity goals by September 2021, and the appointment of an acting CISO for acquisition and sustainment for the DOD. The previous CISO was the mastermind behind the CMMC level modeling. It's an understatement to say there were a lot of cyber updates in the first half of 2021. **In order to provide "real-world examples and perspectives" on cybersecurity and CMMC, the Voice of the Customer was added to the GAUGE as a Q&A on CMMC.**

Q1 At this point, what are the biggest questions you have about the CMMC?

A Major Contractor 1 Answer:
Here's my biggest question: "Is the CMMC model even achievable and realistic in a company as big as we are or as small as some of our subcontracting partners, where the sub is just a couple of people?"

There's a dichotomy going on of a balance between pure compliance for compliance's sake and doing the right thing to achieve the mission. Achieving the mission is the U.S. priority, and that means information needs to be controlled. Unclassified information is being siphoned off to wherever and being used by our adversaries to gain a competitive advantage. On the other side of the coin, we have a model that's based on pure compliance. When you do compliance for compliance's sake, it doesn't always bring the outcomes that you want.

I believe there needs to be some middle ground in terms of the validation of fixing over time and performing risk management decisions. Risk management is built into NIST 800-171, which CMMC is based on, yet risk management didn't make it to the CMMC model. NIST 800-171 says you can make a risk-based decision, however, you have to justify it and track concerns. The problem with CMMC is that you can't pass with deviations, so the other question is how will that really work?

A **Major Contractor 2 Answer:**
I think about and listen to the questions that come up at the CMMC advisory board town halls every month. They have been meeting once a month and they'll put questions to the floor. A lot of the questions are, "How long will it take me to actually be able to get an assessment once there are assessors that are certified to conduct these? What's the cost? How long do I have to wait if I fail? How easy is it to get a waiver for certain things that we don't feel apply?" There are a number of outstanding items about the program, but overall I think that the government and the advisory board are doing a very good job in managing this.

I think what we're consistently seeing is the complexity of this being so big. I don't think that anybody fully understood exactly what was going to be involved in pulling something like this off. But what we have seen is the schedule sliding to the right. So now companies are asking, "When's this really going to be a requirement? How's this going to affect me? How soon am I going to need to be certified? How is this going to affect existing contracts that I have? Am I going to be grandfathered in, or am I going to have to retroactively have this requirement put on me in order to maintain my incumbent work?"

Q2 **How do you think your journey to CMMC certification has been thus far?**

A **Major Contractor 1 Answer:**
We have a cyber policy and cyber requirements that passed all 10 of our business units. Our policy since 2007 has been based on NIST 800-53 Controls. And once you get the NIST 800-53 base, you can go to NIST 171. So generally, we implemented the 800-53 controls. It's roughly what would be FISMA moderate. We've been operating under this context of NIST 800-53 controls for the better part of 13 years before CMMC. The first event was when DFARS 252.204-7012 came out. The ground work was in 2013, 2015 is when the rubber hit the road, and 2017 was when we had to comply.

So when CMMC came out, I am glad that they didn't reinvent the wheel and they used NIST 171 as a base. If they had not, that would have been a challenge. NIST is the guide for all federal organizations; not only just federal agencies, but federal contractors. And so we were already in a position for the better part of 13 years to roll into this thing. But not everyone benefits from that. That foresight, that was a benefit of our cyber program and the rigor we put into it for a long time.

A **Major Contractor 2 Answer:**
I'll give you an answer from my personal perspective; from trying this in a couple of places, or being responsible for helping to bring this about in a couple of places. There's been an awful lot of questions and I think that the release of answers to questions hasn't necessarily been as consistent or as rapid as I think the industry would've liked. I still have teammates on some of our existing work that don't fully understand the imminent nature of the CMMC requirement. I think there's some people that are still debating about whether or not this is actually going to come about.

From that standpoint, I think broader, more open, more comprehensive communication is needed around, "Hey, here's what's happening," and a schedule. Of course, you can't always do that with something like this. When you're building something, schedules will invariably slip. I think that the availability of information and an easier path to getting answers to questions might make the journey easier.

Q3 **What is the highest level of CMMC you think your company will require to compete for DOD business you are interested in — Level 1, 2, 3, 4 or 5? And Why?**

A **Major Contractor 1 Answer:**
Level 3 is what we need to do. We could do four right now, but I don't even know if they're letting the assessors go to four. My target date is as soon as possible.

A **Major Contractor 2 Answer:**
When we voted on what makes the most business sense for us in terms of where we want to go and the contracts we want to bid on, five people voted Level 1, I voted for Level 3, just because I'd rather be more secure than less. But, I also made the statement that I didn't disagree with anybody's decision or anybody's opinion or vote to go for Level 1, just because of the nature of what we do. We're not working on the Joint Strike Fighter. We're not working on any nuclear submarines or anything of that nature. I don't believe the complexity of our network requires us to have all of those controls in place at this point.

Q4 **What is the biggest impediment/challenge you are concerned about in not reaching CMMC?**

A **Major Contractor 1 Answer:**
A part of the CMMC model is continuous monitoring. To do this, we are going to have to use open source intelligence tools that make assumptions about our network based on external information.

So my biggest concern is no matter how good we are in the three-year audit cycle, at some point in time, we are going to have to update monitoring tools. Open source intelligence tools are riddled with false positives and there are certain things, for instance outdated web browsers, that have a long patching cycle. These could negatively impact our score. What is going to cause my customer, DOD specifically, to come knock on my door and say, "Hey, we're concerned with what we've seen in your continuous monitoring." That's my number one concern.

And the number two concern is breaches happen. I think in our community of CISOs, over the last five or plus years, have been going to our executives and saying, "Hey, look this is going to happen." This is a resiliency thing. This isn't a defensive mode thing. This is applying investments where we can, responding appropriately and in a quick and transparent fashion, and making sure the businesses are resilient to some sort of cyber breach or attack.

And if a cyber break or attack occurs, what is going to be the effect on this whole CMMC model? Because DOD can't just say, "Oh, because you had an attack, we're going to revoke your CMMC model and you can't bid on contracts." The challenges are when a large RFP hits and the small business partners will have to figure out what it's going to take to get them to the necessary level.

A **Major Contractor 2 Answer:**
I think in some cases, the interpretation of the actual requirements and fully understanding what an assessor's going to be looking for in an assessment is the biggest challenge. I hope it's going to be consistent across companies. They're going to need someone on the assessor side that knows what the assessor's going to be looking for to help interpret. We will need assistance in defining exactly what the implementation of a certain requirement or control needs to look like. And I think that's been a big challenge for us; not in every one of the control areas, but in many.

Q5 **Has your company performed CMMC readiness or gap assessments to determine what you will need to reach a certain level? Why or why not? What's your largest expenditure?**

A **Major Contractor 1 Answer:**
From our perspective, we are 100% ready. We have no gaps to get to Level 3. We have two weak points currently and there's a little bit more of a significant expense from a capability perspective.

A **Major Contractor 2 Answer:**
We basically captured all the requirements we thought we were going to have to meet, anticipating we were going to go to Level 3. We did a first pass at what we had in terms of trying to document the environment. Then, we basically went down the list, seeing what we had and what we needed to have, and classify requirements as being N/A, being met, or need to work on.

Our largest expenditure is labor hours for us, internally. Scoping our environment to determine what's within scope that should be looked at as part of CMMC: documenting what we have in place, doing our own internal assessment of what's missing or what we need to have or what we should have, reading the reviews internally and doing the implementation of those things that we need to have in place.

Q6 **To what extent do you think your company has the right skills and training to establish, maintain, monitor and improve CMMC requirements and maturity? Are you looking at assessors?**

A **Major Contractor 1 Answer:**
I wonder how the heck assessors are going to staff audits? There are nearly 300,000 companies by DOD's own account in the ecosystem that need an assessor at some point. Assessors have four years to perform, and we already have a significant shortage of cyber talent. We have an even bigger shortage of cyber literate people who can audit and assess, and this is an equal opportunity to introduce risk within our supply chain from a delivery standpoint.

A **Major Contractor 2 Answer:**
I do think we're in good shape; and that will or will not be unveiled when CohnReznick performs the gap assessment for us. We will need to maintain compliance with Level 3 controls and requirements. With a certified assessor, especially someone whose business has been and continues to be looking, auditing and verifying, we should be in good shape.

We did a search and a review of the businesses that were identified as being a third party assessor. We've narrowed it to who will be our trusted partner who also needs to give us that tough love to get us ready for the assessment. I think anybody that goes through that program is going to be able to do an honest look and say you pass, or you don't pass.

BENCHMARKING TOOL

Our Benchmarking Tool

We are proud to bring back our GAUGE Benchmarking Tool. Plot your business performance against hundreds of your peers in the government contracting industry.

For the past five years, the GAUGE has been a critical asset for government contractors to understand where the industry is going and how similar companies are performing. Intelligence gathered over the years — spanning business development metrics, audit & compliance trends and program management best practices — has been offered through the GAUGE to guide decisions on how to invest resources and tackle tough challenges. Our GAUGE Benchmarking Tool brings this intelligence to life. Simply enter some basic information about your organization and hit "Submit" to receive the visualization of how your company stacks up against others in the industry.

Start the journey toward a better understanding of how you rank among your government contracting peers, and dive into suggestions for how to reach the next level! Join in at www.gaugebenchmarking.com.

A Word of Thanks

A very special thank you to our respondents and contributors for participating in our fifth annual survey and providing valuable insights and suggestions. We continue to listen to our readership, incorporate feedback and stay up-to-date with current events for the report. We hope that you find it a useful benchmark and source of insights.

About CohnReznick

As a leading advisory, assurance and tax firm CohnReznick helps forward-thinking organizations achieve their vision by optimizing performance, maximizing value and managing risk. Clients benefit from the right team with the right capabilities; proven processes customized to their individual needs; and leaders with vital industry knowledge and relationships. Headquartered in New York, NY, with offices nationwide, the firm serves organizations around the world through its global subsidiaries and membership in Nexia International. For more information, visit www.cohnreznick.com.

About Unanet

Unanet is a leading provider of project-based ERP and CRM solutions purpose-built for government contractors, architecture, engineering, construction and professional services. More than 3,200 project-driven organizations depend on Unanet to turn their information into actionable insights, drive better decision-making and accelerate business growth. All backed by a people-centered team invested in the success of your projects, people and financials. For more information, visit www.unanet.com.

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GAUGE
2021 REPORT

Unanet

5TH EDITION
Industry Roadmap of Benchmarks and Trends
for Government Contractors

CohnReznick