



Strategic Space Development

Business Development Secrets to Success

The time to sale dilemma

Jim Cantrell

Special points of interest:

- Learn about the concept of time to sale and how it can destroy your business if not managed properly
- Learn how to factor the time to sale into your sales forecasts and business development strategies
- Understand how the US intelligence community and in particular the National Reconnaissance Office does business

There is a common misconception that leads to decisions and behavior that eventually dooms your revenue forecasts and even worse: dooms your company: that new business can be had in little to no time with the right people making the sale, the right contacts and the right sales pitch. While almost all of us can find examples to the contrary, the painful reality is that a fixed amount of time is required to develop most business opportunities to fruition and very few of the factors that determine this length of time are under your control. Despite the best attempts, it is often impossible to shorten this sales cycle time.

A lack of understanding of the time to sale dynamic is the most common problem that we encounter in our consulting practice. By not factoring time to sale into your business strategy, poor revenue performance and inappropriate resource allocations result.

All purchase decisions exhibit the same basic decision mechanics. Each decision point or mechanism has a time factor associated with it. This is particularly true in government dominated industries such as aerospace. Aerospace procurement decisions are often complex



Time to sale varies strongly as a function of revenue size. Extraordinarily large

and larger dollar procurements require more decision criteria, more decision levels, and more decision makers. This is also true of acquisitions that have implied risk and both conditions lead to increased decision time and increased time to sale.

The single biggest factor in determining the time to sale is the size of the procurement. Put simply, the larger the dollar figure, the longer the time to sale. Small dollar procurements, such as consulting contracts, might be closed in as little time as a week. Larger programs, such as aircraft orders or spacecraft systems, can require several years between initial opportunity awareness and the first sale. Large software systems might likewise require several years to close the deal. Different

industries also exhibit differing time scales due to relative risk tolerance and competitive pressures but aerospace and large municipal construction projects tend to exhibit the longest times to sale.

In our consulting practice, working mostly with aerospace programs, we have found a very strong correlation of program size with time to sale. We have been tracking this parameter for many of our efforts and have arrived at the correlation shown in the Figure on page 1. These data show that pursuits for programs valued at under one million dollars in size, the time to sale is measured in months to a year.

Programs with value in excess of one million dollars have a characteristic time to sale measured in years.

Inside this issue:

- Dealing with the long time to sale **1**
- Doing business with the NRO **3**
- Business development courses in Los Angeles **4**

Time To Sale Continued



Like the wheels of justice, the wheels of procurement turn slowly and there is little that can be done to affect this basic dynamic of the sale. Shrewd practitioners of sales and business development innately understand this dynamic and factor it into daily decision making.

“In our consulting practice, we have worked with companies both large and small who have found themselves trapped in the time to sale dilemma.”



Time to sale will shape your overall business development and sales strategy.

With time scales like these, the strategic implications of time to sale are profound. Much like cash flow, time to sale has to be integrated into bid strategies, bid/no bid decisions and business development resource allocations. Also very important is the fact that individual managers not involved in business development on a daily basis typically do not understand this basic time dynamic. Managers and leaders who do not understand this will not have realistic expectations of revenue forecasts and will not understand the dynamic that can cause serious harm to the business if not properly managed.

In our consulting practice, we have worked with companies, both large and small, who have found themselves trapped in the time to sale dilemma. This typically arises when the corporate backlog is worked down from an all time high and little attention has been paid to maintaining the new business pipeline in the process of executing the backlog. The dilemma arrives when the backlog reaches a low enough level to affect company near term revenue. We have seen both large and small businesses who have let the new business pipeline “dry up” and begin the long struggle to build new backlog.

The job of rebuilding a contract backlog is greatly impacted by the time to sale phenomenon. Larger contracts will take substantial time to develop and will not contribute to near term cash

flow needs. If you are faced with a depleted new business pipeline along with a small contract backlog, your choices are very constrained.

In order to build backlog quickly, developing the shortest time to sale prospects which will tend to be smaller in dollar value will be a priority to meet cash flow needs. Simultaneously, larger prospects can and should be pursued but the contracts resulting from these pursuits will occur well after the critical near term need. Dollar for dollar, smaller programs have a higher cost of acquisition compared to the larger revenue programs. This situation can become a death knell for a business that does not immediately recognize the gravity of the situation and understands the underlying mechanisms. Often, a low backlog situation coupled with a depleted new business pipeline is most fatal for large companies especially when they are not willing to make the expensive investments in new business and simultaneously shed excess expenses and people in the organization.

In our consulting practice, we have formulated the following criteria to help clients avoid being trapped by the time to sale dilemma.

Maintain a new business pipeline that has an adequate volume of new business in the short, medium and long term time frames.

Manage the individual new business volumes in each time frame differently and according to the needs of those opportunities. For example, opportunities that are mature and are closer to closing will require frequent interactions with the customer and a higher rate of resource expenditure.

Run revenue forecasts every quarter and use realistic time to sale and realistic win probabilities. Nobody is served by overly optimistic revenue forecasts.

Maintain revenue pipeline volumes of two times estimated revenue needs for short term opportunities, five times for medium term opportunities and ten times for long term opportunities.

If **worst case scenarios** put your company in a potentially compromising short term revenue crunch, work an appropriate combination of short term pursuits in parallel with long term pursuits.

Use long term business opportunities as your growth mechanism as this will give you the best return on your business development investments.

The phenomenon of time to sale is a fact of life and has to be well integrated into business development strategy and management processes. If not taken into account, time to sale can turn a short term business down turn or market change into a business threatening event.

Doing Business With The NRO

Hans Carlson

In our consulting work we are often approached by small and mid-size companies with the question: “How do we get that first piece of work that opens the doors to us within the Intelligence Community (IC)?”. The answer to this question is not simple but there are techniques that will enhance your chances of success.

The dilemma is this: The NRO and most of the intelligence community operates under special security clearances which are required to perform NRO work. However, an existing contract is required to get a security clearance. This is a classic catch 22 situation.

The key to winning new business in the NRO is understanding its landscape of activities. It is essential to identify potential teaming partners, individuals providing perspective and guidance, the Government architectures which define operational requirements and future acquisitions, and how your technology fits into the context of existing programs. Ignoring these fundamental questions and “blindly” fishing for openings will ultimately be frustrating and largely unsuccessful. The NRO has an adequate supplier base and there is little motivation for NRO personnel to educate “outside companies” on the technology needs of the agency.

The first approach to gaining the right access is to team with NRO prime contractors and sub-

contractors. Instead of trying to navigate the situation on your own, demonstrate your value to a company or individual with access to the NRO and use them to guide your efforts. If you are a small or mid size company, you will probably want to leverage the large system prime contractors.

Another attractive option is to hire appropriately cleared people and use their access to guide your efforts. The right person with the right perspective can be valuable in identifying the right NRO contacts, the right opportunities to pursue, and the right products to develop. Having your own eyes and ears within allows you to make strategic decisions about near-term opportunities and opens the door to more work down the road.

The third option is through unclassified procurements like the Director’s Innovation Initiative. Because the NRO is generally interested in what technology is being developed, it has provided some resources to assist in making that first step through the wall of security. The Acquisition Center of Excellence (ACE) is the portal into all NRO acquisitions. They provide people, facilities, and guidance to government personnel in most NRO acquisitions.

The ACE maintains both a classified and unclassified webpage for NRO acquisition information. Think of ACE as the NRO’s FedBizOpps. Although



most of the high value information can only be accessed on the classified side via the CWAN, any company can register on the unclassified site and add their information to the NRO’s Contractor Registry. This site can be found at <https://arc.westfields.net> which provides information about a number of NRO programs including the Tech Forum, Tech Fellows, and Directors Innovation Initiative. There is also contact information and a page to sign up for the semi-annual “ACE Overview Briefing.”

Networking with the right companies and hiring the right people opens doors within the Intelligence Community. While not simple, gaining a new business foothold in the NRO is possible but has to be approached with the right information and strategy.

The key to success in penetrating the NRO is understanding the landscape of National Security Space.

“Ignoring these fundamental questions and “blindly” fishing for openings will ultimately be frustrating and largely unsuccessful. . .”



Resources for accessing the NRO:

- ACE website
- NRO Acquisition Manual (NAM)
- ACE Overview Briefing
- NRO Competition Advocate

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Strategic Space Development is a business development consulting firm specializing in aerospace and defense sector business and competitive intelligence. Strategic Space has a many top drawer clients in the high tech and aerospace sectors and works with companies to grow revenues, identify and pursue new business opportunities, and make sound strategic decisions. Our efforts focus on working the client factors that increase the probability of winning new business. SSD's staff hails from DoD, Intelligence Community, and civil space backgrounds and has a breadth of business and engineering experience to work across the large domain of technical sales and strategy considerations. SSD also offers professional development courses in business development, competitive intelligence, strategy development, and engineering disciplines.

Strategic Space Development Delivering Increased Win Probability
www.strategicspace.net and www.bdcourses.com

Business development courses offered in Los Angeles

Join us in Los Angeles on December 7th and 8th for a business development seminar. This course is an ideal way to hone your business development skills and to get an overview of the business development process as it applies to the aerospace and high technology industry.

This course is meant for both experienced business development professionals and those new to the profession and focuses on:

- ***Understanding the sales process***
- ***Developing the new business funnel***

- ***The role of marketing and brand generation***
- ***Developing Competitive Intelligence***
- ***Proposal strategy development and execution***

The cost of the course is \$1,500 for early registrants (one month before seminar) and \$1,800 for normal registration. Group and client discounts are available. Space is limited so be sure to make your reservations early. Contact Rachel Searle (email rachel@stratspace.net) to reserve a spot. More information can be found at our website www.bdcourses.com. We

hope to see you there. Additional courses and dates are also offered on our site.

We also offer courses on site at your place of business. The advantages of an on site course are lowered course costs, eliminated travel time and costs and wider exposure within your company. Call us today for details.



This course will emphasize an overall understanding of business development processes and techniques fundamental to your success.