



Business Development: Secrets to Success

David and Goliath - Competing with the Big Guys

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"As Goliath moved in for the kill, David reached into his bag and slung one of his stones at Goliath's head. Finding a hole in the armor, the stone sank into the giant's forehead and he fell face down on the ground. David then took Goliath's sword and killed him. When the Philistines saw that their hero was dead, they turned and ran".

If you are a small company, you may identify with this famous biblical story. Possibly your business is a group of enthusiastic technical specialists and have been very successful as a start-up but are now running into competition with the larger companies. Can you win against a determined competitor ten times your size? Can you win against a large company that can outspend you and has more legal backing than your small company? The answer is of course you can! However, it is not easy and it takes a realistic evaluation of your situation along with a sound and sober strategy to take on a formidable company that now stands in your way of growth.

I have personally been involved with several "David and Goliath" stories in the aerospace industry. Spectrum Astro builds satellites and is a small 300 person company based in Phoenix Arizona. They decided to take on Boeing and Lockheed as incumbents on an \$18 billion missile defense program. It took the best minds in the industry working together with the best strategy that we could conceive, but we took that contract away from the incumbents after two years of effort. More recently, the NASA spacesuit program was won by a rag tag group of small companies that beat out 40-year incumbent, Hamilton Sundstrand. I was a part of this effort as well and it had many of the same hallmarks of the Spectrum Astro feat that happened 10 years prior.

This month, I am discussing the general strategy of a small company that competes with a much larger and much more capitalized company. Don't walk away from these fights but do choose them wisely and devise the right strategy for winning. Small businesses can compete - and win - against bigger companies by leveraging the strengths and strategies

that distinguish them from their larger peers. The following are core strategies that can be implemented in whole or in part to compete with a larger company and successfully win their customers over!

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Niches - Small businesses can compete against the big boys by focusing on niches within the larger market. These niches can be based on geography, product lines, or other market segments. What you specialize in isn't nearly as important as making sure it is profitable and that your company delivers it better than anyone else. Large companies may have larger product lines, but on a product by product basis they cannot compete with smaller businesses that have cornered a market niche.

Service - Large companies frequently struggle to provide personalized attention to their customers. On the other hand, small businesses have earned a reputation for a personal touch. Leverage that ability in your interactions with potential customers to differentiate yourself from larger competitors.

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David and Goliath cont.

Long-term relationships - Another small business advantage is their ability to create long-term relationships with their customers. Big companies often fail to develop long-term relationships simply because customers tend to relate to people rather than organizations. Small businesses are all about people and that makes it easy for customers to put a face on your business.

Loss leaders - Small businesses can also play the loss leader game. Taking a loss on select products can increase a business base and expose customers to the advantages your small business has to offer.

Professional excellence - Small business owners possess the unique ability to exert hands-on control over the professionalism of their employees and the quality of their services. In large companies, the people at the top are often separated from the people who interface with customers by several levels of middle managers. In smaller companies, the owners have the opportunity to regularly interface with all their employees and observe their employees' interaction with their customers. This is a tremendous advantage because your first-level employees can hear directly from you what you expect from them. It also gives you the opportunity to model professionalism to your employees and encourage them to do the same.

Employee retention - Small businesses also have the advantage of being able to retain a much higher percentage of employees than their big company counterparts. The result is lower training costs, better service, and a healthier company overall. By taking time to develop relationships with your employees you will foster loyalty in your employees and give your business the edge you need to compete in the marketplace.

Work with other small firms to compete - The key is that you can engage in normal business activities with other firms that don't specifically target one competitor to provide a wider array of capabilities and a broader resource base.

Work with larger firms to compete - The possibilities are endless. Small hardware and service providers can work with more powerful mid-level prime contractors to market or even manufacture their product. In a closer partnership, the smaller firm may even license its product to the larger firm, which completes all of the manufacturing and may even sell the product under its own name.

However, there are some strategies that are either unwise or should be considered as a last resort. A set of these strategies is as follows:

Legal action - Don't take legal action against a larger competitor even if it is selling below cost in your market. The chances that you can prove that it is intentionally deploying tactics specifically designed to drive you out of business are remote. And even if the court system finds in your favor, the legal costs could run into hundreds of thousands of dollars, your time could be tied up for years, and the result just may be a pledge from the large competitor to stop practicing the specific activities that were found illegal. It won't prevent the giant from attacking you in any other manner.

Acquisitions and mergers - You could consider selling your business to the larger competition if it is interested in it. In any case, this should be a last resort.

Cut expenses and save cash for the day a giant competitor emerges - Unfortunately, this is exactly what many firms do—at their peril. By cutting important expenses such as business development and IR&D, they become more vulnerable to competition and hasten their own decline. Don't start cutting expenses until you work through a carefully detailed strategy.



Capture Management: Pitfalls to Avoid

Pitfall #2: Failing to Meet Requirements

Pat Dougherty
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The second fatal “pitfall to avoid” during the capture process is failing to meet the customer’s requirements. Typically, the most difficult customer requirements tend to be related to the technical design of the system being pursued. Ideally, you will have worked with the customer in the months prior to release of the RFP and have suggested, based on your expertise, that the design is technically achievable based on various constraints, such as time, schedule and funding. So, when the requirements are released, they should not be a surprise and should be achievable by your team.

If your team has not had the opportunity to assist the customer scope the requirements, it is likely that someone else has. It might be one of your competitors or even a paid consultant. Regardless, the customer is probably basing requirements on current technology, which, on average, can be successfully extended to meet new requirements. Customers do not like to fail any more than we do. The bottom line is that requirements in the RFP generally evolve to a point that is considered achievable and so the customer expects them to be met in submitted proposals.

It is amazing the number of times a capture team, which has not worked closely with the customer prior to the RFP release, will try to catch up with their design and then quickly determine that the requirements “just cannot be met.” The team then continues along their way with a non-compliant design and readily accepts this as an indisputable fact. They forget that it is likely that another team will meet the requirements (or at least say

they will) and then beat them in the competition. Not meeting the requirements suggests to the customer that your team is not familiar enough with the technology to know what is truly achievable and that they should avoid selecting your company.

When your engineers tell you that the requirements cannot be met, take the following steps to make certain that they have exhausted any alternatives. You need to ensure that your technical team does the following:

- ◆ Possesses enough technical expertise available to address all aspects of the issue (multiple engineers are needed here).
- ◆ Maintains an optimistic frame of mind that there is a solution.
- ◆ Evaluates the wording of all the documentation and ensures that all interpretations of the requirements have been considered.
- ◆ Meet specifications closely as possible and then present a roadmap that could allow you to get to the specification after you have won the program (less desirable, but use only as a last resort).

An exception to this line of thought is the case where a customer is intentionally pushing state-of-the-art technology. This exception should be evident to you by the nature of the program or expressed directly by the customer as a desire. Under these conditions it may be fully acceptable to not meet the requirements.

SSD Unveils Two New Websites

SSD will unveil two new websites in March! With the intent to augment SSD’s already strong brand image, the marketing team gave both sites a fresh look to reflect the innovative and expanding business.

Stratspace.net showcases SSD’s main enterprise of BD consulting and strategic planning in the aerospace and defense sectors. In addition to the usual business profile, this site will be host to numerous resources for those in business development.

Bdcourses.com was created to facilitate the other rapidly growing seminar and courses business at SSD. As an outgrowth of their successful consulting work, SSD has increased their course offerings and trainings. This site was created to be more functional in selecting and registering for courses and requesting quotes. It also

allows those interested in our monthly newsletter to now subscribe online.

“Our consulting business has been successful in the last 8 years by continually striving to provide client value at every turn. We are now heading into an era where more and more client interactions and consulting services will be provided online through webinars and online publications. Our new websites and seminar offerings are laying the foundation for an exciting future where we will be moving into online content and expanded service offerings via our websites. We believe that this will enhance our value to existing clients”.

Jim Cantrell, President and CEO of Strategic Space

Users can download brochures and publications, link to many resources and find detailed information regarding our consulting and trainings. Come visit us!

2009 Calendar - Open-enrollment Courses

Date	Course	Location/Venue
March 11	<i>Introduction to Spacecraft Design</i>	Chantilly, Virginia Westfields Marriott
February 27	<i>The Successful Capture Manager</i>	Tucson, Arizona JW Marriott Star Pass Resort
April 17	<i>BD: Secrets to Success</i>	Online
April 30	<i>Competitive Intelligence: Practices and Techniques</i>	Online
May 1	<i>Strategic Planning for the Aerospace Professional</i>	Tucson, Arizona JW Marriott Star Pass Resort
June 3-5	<i>BD: Secrets to Success/Competitive Intelligence: Practices and Techniques</i>	Key West, Florida Casa Marina Resort
September 16-18	<i>BD: Secrets to Success/Competitive Intelligence: Practices and Techniques</i>	Arlington, Virginia Key Bridge Marriott
October 22	<i>Strategic Planning for the Aerospace Professional</i>	Crystal City, Virginia Crystal City Marriott
December 1-4	<i>BD: Secrets to Success/Competitive Intelligence: Practices and Techniques/The Successful Capture Manager</i>	Los Angeles, California Renaissance LAX

To register for any open-enrollment course - go to bdcourses.com

On-site Courses

Set up the classroom right at your facility!

On-site course length can range from a condensed single day overview of business development practices and management techniques to a more extended three-day course covering all or part of the material offered in our open-enrollment courses.

Select from our catalog of trainings and tailor to fit your company's needs:

- ◆ *Business Development: Secrets to Success*
- ◆ *Competitive Intelligence: Practices and Techniques*
- ◆ *The Successful Capture Manager*
- ◆ *Project Management: A Return to Fundamentals*
- ◆ *Strategic Planning for the Aerospace Professional*
- ◆ *Introduction to Spacecraft Design*

General Cost

We offer a tiered-fee system based on the number of days and number of attendees. We have a minimum requirement of five students. All costs include labor and travel.

Sources

For full details on our courses, go to bdcourses.com.

To request a quote, contact Rebecca Stowers at rebecca@stratspace.net or 1-888-327-3993 ext. 7 or visit bdcourses.com

"I hope that my competitors don't take this course!"

Ted Cheng
CEO Vision Composites

"Jim is perhaps the best business development person that I have ever met."

Chris King
Director of Directed Energy Weapon Programs, Raytheon Missile Systems



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A consulting firm specializing in aerospace and defense sectors, Strategic Space Development works with many high-tech and aerospace clients 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.

Here's what they are saying about our courses:

"A must for anyone in BD. A huge help, certainly in terms of awareness for someone working in a near-BD environment (like me)."
Bob Hall, AGI, Technical Director, Space Superiority

"A great lesson in the basics of Business Development. The experience that Jim brings to the class provides excellent real-life examples to accompany these lessons."
Sean Olding, L-3 Communications, Cincinnati Electronics/Business Development Engineer

"Outstanding course with great exchange highlighting the real needs for Business Development."
David Cela, Raytheon, Sr. Manager

"Excellent insight into BD "things to avoid" and "ideas for success" - great for a BD newbie!"
Michael Marsicano, Raytheon

Introduction to Spacecraft Design Chantilly, Virginia • March 11, 2009

It is often important for non-technical experts (e.g. program managers, contracts/finance specialists, business development staff) to understand the tradeoffs involved in the design and development of spacecraft.

This one-day course will provide an introduction to satellite and spacecraft design. The goal of this introduction is to provide the non-technical expert a background in the design tradeoffs for the major spacecraft subsystems: structural, thermal, power, communications, attitude control, the launch and space environments, etc.

The course will assume only limited technical background and essentially

no math. It will describe the key satellite subsystems, the issues involved in their design, and the available and emerging technologies used. The concepts and technologies discussed will enable the non-technical expert to participate in discussions with engineering discipline experts in their day-to-day activities.

Rates
\$1800

To register or for more details, visit bdcourses.com.

Contact:

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