



Marketing to the Canadian Federal Government

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Summary

The Canadian Federal Government has announced a broad-based stimulus program titled Canada's Economic Action Plan. The plan provides approximately US\$10.5 billion for major investments in public works including public housing projects (worth approximately US\$6.9 billion), renovation incentives, tax cuts, and expanded government services. These programs are in addition to existing Canadian Government procurements which run in excess of US\$17.5 billion per year. This surge in government spending presents an excellent opportunity for U.S. companies to increase their export sales to Canada by focusing on the Government of Canada's (GoC) procurement needs and developing a relationship with this stable and highly regarded customer for U.S. goods and services. [Chapter Ten of the North American Free Trade Agreement \(NAFTA\)](#) provides national treatment in Canada for U.S. companies on Canadian federal government procurement. This report, prepared by the U.S. Commercial Service in Canada, is intended to provide marketing tips and guidance on responding to procurement opportunities issued by Public Works and Government Services Canada (PWGSC) and other Canadian Federal Government agencies.

PWGSC vs. Department Procurements

Knowing the customer is the first step to successful marketing, and having a good understanding of the complex federal procurement process can make this easier. Although all federal departments have unique procurement interests and needs, most federal government procurement in Canada is conducted by PWGSC, the official procurement arm of the GoC. Specifically, procurements that fall under the following categories must go through PWGSC.

1. Mandatory services, including those that must be provided by a common service organization, such as architecture, engineering, legal, and surplus disposal services;
2. Goods valued above US\$4,400 (CDN\$5,000);
3. Printing contracts valued above US\$8,800 (CDN\$10,000); and
4. Any other contract valued above US\$22,000 (CDN\$25,000).

PWGSC's objective is to establish a fair and open evaluation of all possible suppliers and service providers while reducing the need for each department to have their own specialist for large contracts. When a proposed contract does not meet the above requirements and PWGSC involvement is not required, most federal departments rely on their own procurement budgets and materiel managers, which are key contacts when promoting to the government.

Small and medium-sized enterprises (SMEs) that can focus on smaller contracts not under PWGSC's jurisdiction should work as closely as possible with materiel managers at individual departments. This can build strong working relationships and enable the firm to learn about the unique needs of each department and can tailor their product and service offerings accordingly. A stronger working relationship can result in increased customer loyalty. Care must be taken, however, to avoid losing profitability due to redundant contract negotiation costs.

Although larger contracts are not beyond the reach of smaller U.S. firms, they can be more difficult to attain. However, partnerships and joint ventures with other companies can enable SMEs to participate in any contract. Companies should still foster close relationships with individual departments. Once a request for bids has been issued, PWGSC does not allow direct contact between an interested company and the government department, emphasizing the importance of established relationships. Further, a good relationship with a company can result in the department naming it as a preferred supplier. Involving PWGSC

can be useful to forestall accusations of anticompetitive behavior from other firms or the public, and negotiating through a single government body can reduce redundant promotional efforts. On the other hand, because these contracts are higher value, the risk of losing them can be dangerous when small firms rely heavily on winning. Companies should pursue partnerships and diversification to minimize this risk.

Though knowing the end customer is key regardless of the size of the contract, firms should also contact the PWGSC procurement officer responsible for the sector or material of interest. PWGSC can assist businesses not familiar with the procurement process and provide useful leads. PWGSC officers can also answer questions and clarify the request for bids, but answers are made public to all companies that expressed an interest. Further, PWGSC has the largest budget of all government departments and pursues its own procurement efforts for public works projects in the course of delivering various other services to the government.

Targeted Promotion

Marketing to the government must be highly focused because procurement decision-making authority tends to be highly concentrated. Mass advertising would be a wasted effort. Instead, firms should first select government departments most likely to use the good or service for sale.

Once specific departments are selected, promotions should be targeted at key contacts. Most departments have specific procurement contacts, and many have regional and/or sector-specific material managers as well. Speaking to these individuals can help a company prepare an appropriate product or service offering as well as improve awareness of the firm's brand.

In addition to contacting key material managers, companies should also contact relevant PWGSC purchasing agents. Each agent is responsible for one or more product or service industries. Contacting the officer for the relevant industry can help SMEs stay informed about emerging opportunities and procurement procedures.

In all cases, trade shows, networking events and other methods of generating personal contacts can be of great help when working with government departments. The U.S. Commercial Service can assist in identifying the relevant contacts of a federal department and Canadian marketing opportunities. The U.S. Commercial Service can also assist in developing networking and promotional events for American firms.

Tactics for Successful Promotion

Product and service promotion relies upon quality and perceptions thereof. Knowing the needs of the customer is crucial to meeting or exceeding quality expectations, which will build customer loyalty. U.S. Commercial Service market research can help identify these needs and available opportunities to fulfill them.

For smaller companies, a reputation for quality is frequently harder to establish. Meeting Canadian General Standards Board (CGSB) requirements and having products approved on its program list can help prequalify companies during bidding. Additionally, adopting ISO 9000 or better classification and attaining necessary security clearances before bidding can help establish a company's credibility.

Successful promotion also relies on differentiation. Companies should highlight their unique attributes, especially if those attributes directly benefit the government department. For example, registering on a government-sponsored directory of "green" products can be very helpful in appealing to departments of the Canadian government.

Many procurement opportunities are listed on www.MERX.com, the government electronic tendering service which lists all federal opportunities that are subject to trade agreements. PWGSC, other federal departments, and many provincial and municipal departments post requests for bids and related notices on MERX, and a basic subscription allows the user to view and respond to federal government requests for bids or proposals free of charge. Browsing requests can give companies a good idea of what sorts of opportunities are currently available.

Responding to a Request for Bid (RFB) or Proposal RFP

Usually, firms will encounter a Request for Bid. These have clear requirements and a company's response will be evaluated in terms of how well it meets the department's requirements, how reliable the firm is, and what price the firm intends to charge.

Other times, PWGSC will encounter requirements for solutions that are less defined; therefore, PWGSC may issue a Request for Proposal when an innovative approach or solution is required. In responding to RFP, a company must work especially hard at understanding and addressing the problem before offering a potential solution.

In general, the following tips should be kept in mind when responding to a Request for Bid or Proposal:

1. Submit all responses on time.
2. Prepare a front page for your proposal that includes the following information:
 - i. the reference number you've assigned to the proposal for legal purposes;
 - ii. the PWGSC file number and date;
 - iii. and the name, address and phone number of your contact person
3. Include an executive summary that emphasizes the sections that carry the most important points.
4. Include a table of contents, with page numbers that clearly indicate where all the mandatory requirements are located in the document.
5. Often times proposals are taken apart and reviewed by different members of the evaluation team, so be sure to put your logo or company name along with the PWGSC file number on each page.
6. Respond to each mandatory requirement clearly and directly. It is recommended that you respond to the mandatory requirements in the order in which they appear in the RFP using the same numbering sequence. These requirements are evaluated on a pass/fail basis. Only proposals that have met **ALL** of the mandatory requirements will be considered.
7. After the evaluator has determined that all mandatory requirements have been met, the evaluator moves on to the point rated criteria. Point rated criteria are used to evaluate the "value added" factors. The RFP will state the maximum points that can be achieved for each criterion. When this method is used, proposals have to achieve a minimum number of points overall to be considered, and in some cases, you must even achieve a minimum number of points within a particular criterion. Be sure to address each point directly, and provide as much relevant information as possible.
8. The technical section of your proposal requires the most detail. This is your opportunity to persuade the evaluators that you not only understand the requirements of the job, but that you are the best candidate for the job.
 - i. Commence with an overview of the project, its needs, objectives, and the reasons for carrying it out as proposed.
 - ii. Describe your work plan in detail. Talk about the methodology and techniques you are proposing. Discuss feasibility, the degree of success expected; identify any problems anticipated and contingency plans in the event that problems do arise. Identify specific tasks and deliverables and the schedule for completion.

- iii. Provide information about how many people will be assigned to the various tasks, their levels of expertise, and how much time each person will be assigned to each task.
 - iv. Describe how you would carry out the job if you were awarded the contract.
 - v. Outline the qualifications of the management team and what role they will play in meeting the objectives of the contract. Include a description of their relevant education and experience. If you are planning on using subcontractors provide the same information for those employees.
9. The RFP will clearly outline what cost items will be considered as part of the financial evaluation. Be sure to provide a detailed breakdown of your price by these cost elements. Check and double-check your figures.
10. Finally, sign the RFP and attach it to your proposal. This makes your proposal a legally binding offer. Note that your response will provide the basis of the final contract if your organization is awarded the contract.

Above all, when promoting to the federal government, companies should strive to be professional while remaining sensitive to cultural and legal differences between the U.S. and Canadian business environment. The U.S. Commercial Service can provide resources with which companies can overcome these and other potential barriers.

For More Information

The U.S. Commercial Service in Ottawa, Canada can be contacted via e-mail at: lucy.latka@mail.doc.gov; Phone: 613 688-5219; Fax: 613 238-5999; or visit our website: www.buyusa.gov/canada.

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