

Infrastructure

A BUSINESS

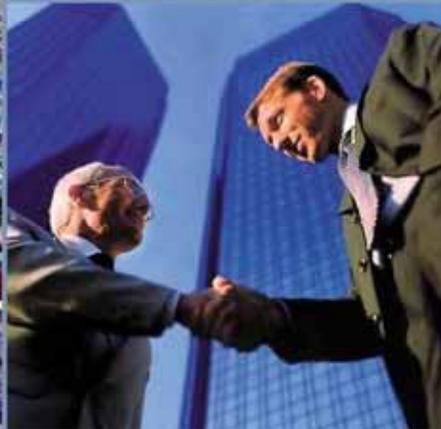
FOUNDATION

FINANCE



ENTREPRENEURSHIP

BUSINESS DEVELOPMENT



DEI presentation | **8a**
Annual Meeting



CONTRACTS

9 July 2008 Jacksonville, FL



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...committed to excellence.

Agenda

- Entrepreneurship...William (Bill) Patton
- Business Development...Dave Miller
- Contracts/Finance.....Joe Friedel
- Q&A Panel / Wrap-up
- End



Entrepreneurship

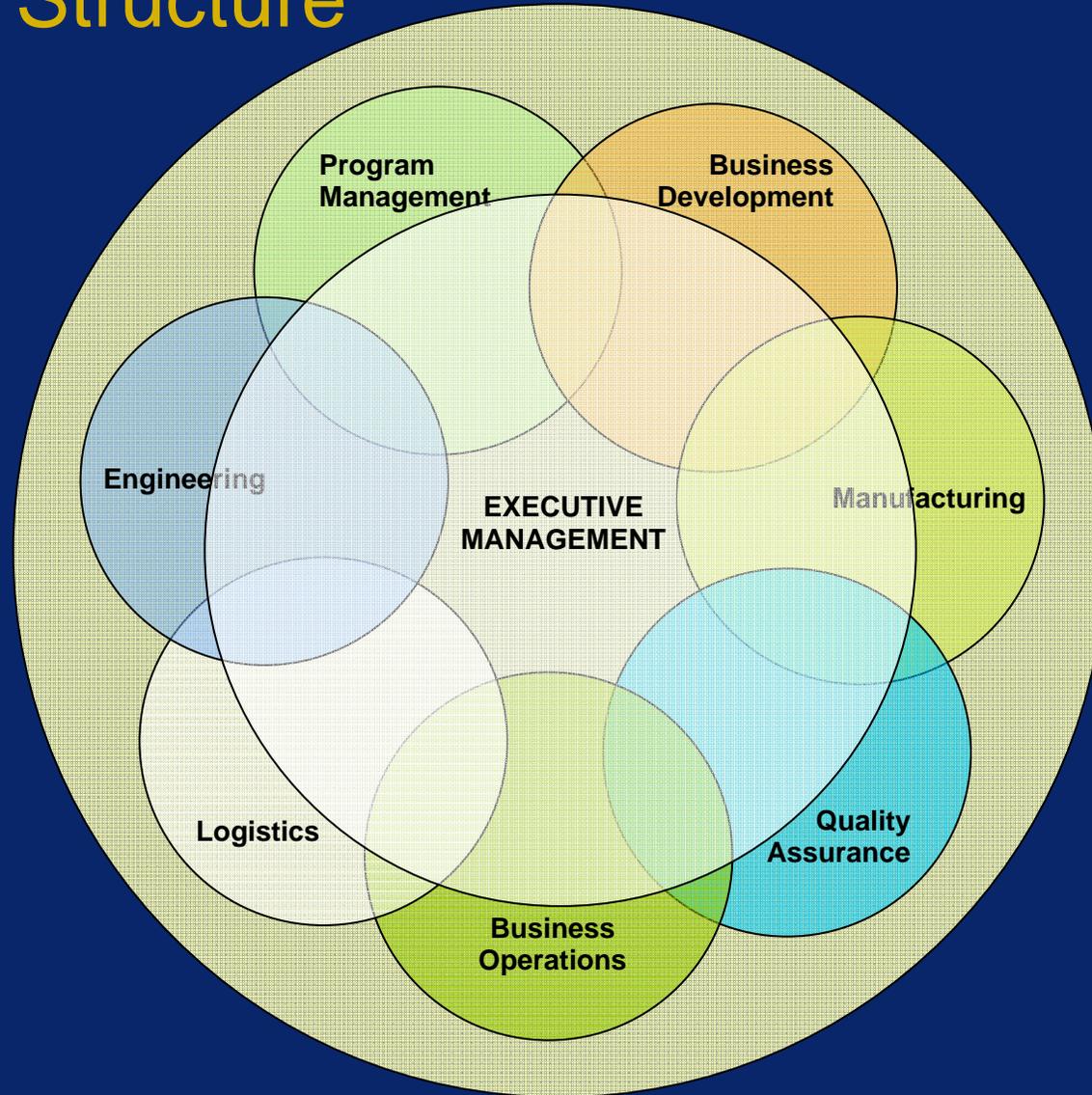
Mr. William Patton

SR. VP DEI Services Corp

Topic for Discussion

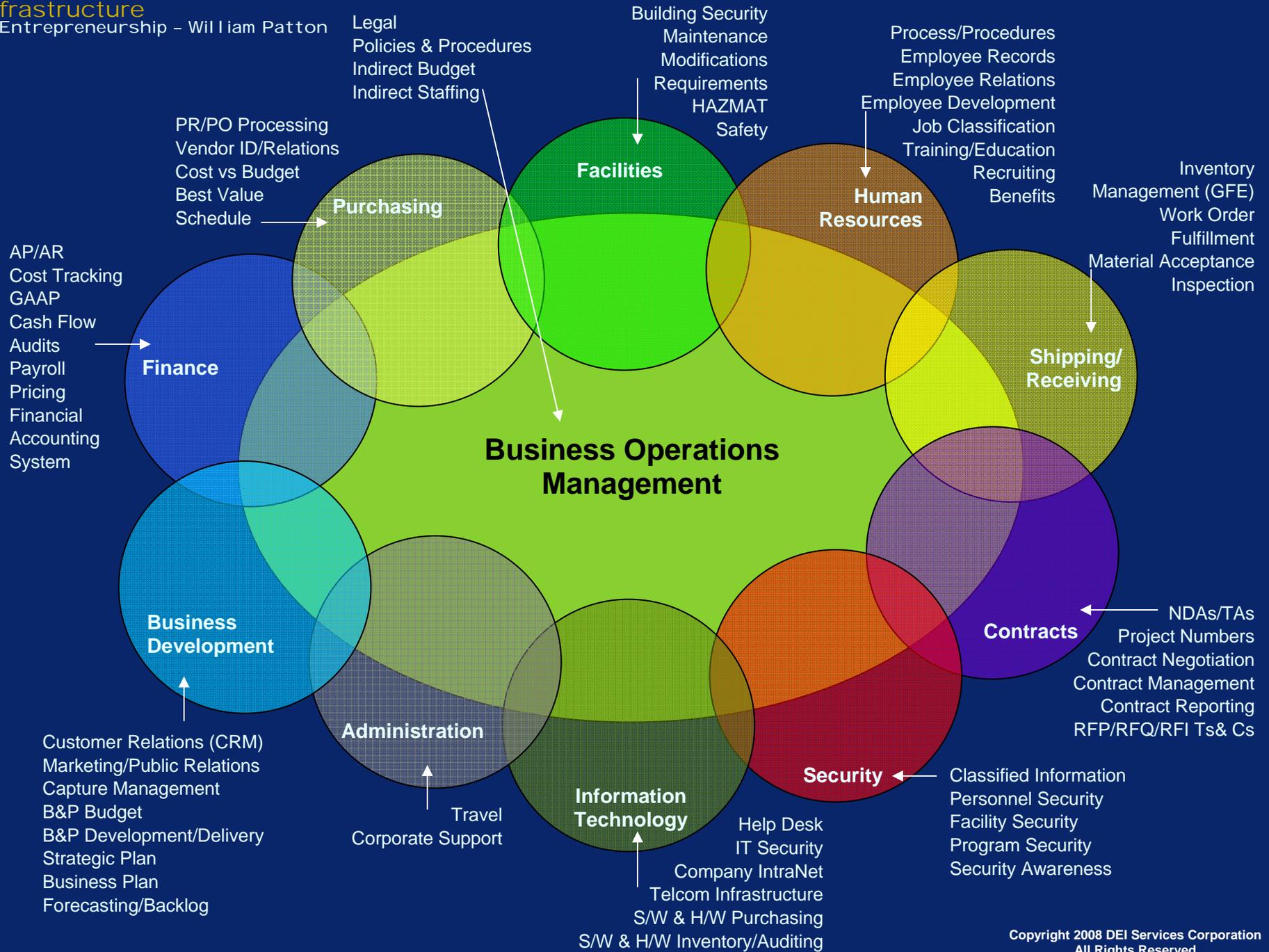
- The Entrepreneurs Journey to Success
 - Vision
 - Proactive
 - Competition
 - Capital
 - Mission
 - Decisions
 - Leader
 - Creativity
 - Goals
 - Limit Mistakes
 - Making a Difference
 - Achieving Excellence

Company Structure



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Entrepreneurship - William Patton



- **Vision**

- Do you have a vision about where you want to go or how you will get there?

- **Proactive**

- You want this more than water if you were in the desert
- You must follow your vision
- Be creative and turn your vision (dream) into reality
- Have the guts and courage to do all the things necessary to see it grow



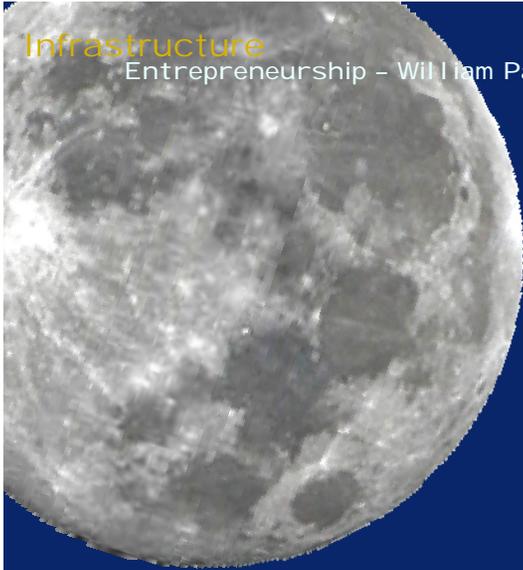
- **Competition**

- You must prepare to be competitive to survive in the business world
- Nothing is ever FREE



- **Capital**

- How do you raise capital?
- Are you ready to talk about your equity?



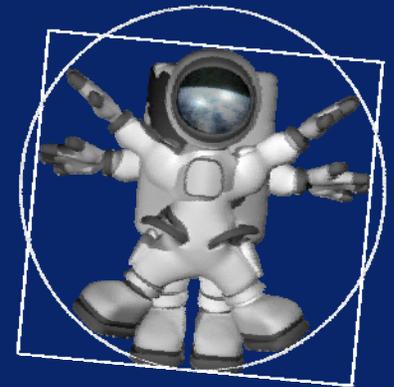
- **Mission**

- How are you going to get there?
- Strategic Plan
(plan to accomplish the mission)
- Business Plan
(requirements to meet the strategic plan)



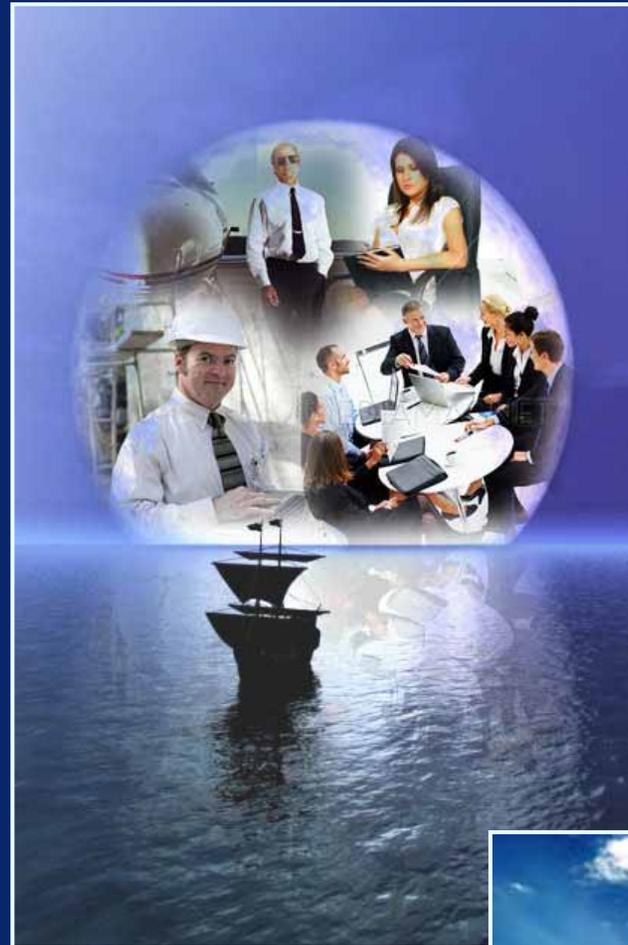
- **Dream**

- Building your business
- Operating your business
- Everything comes to you and stops with you



- **Journey**

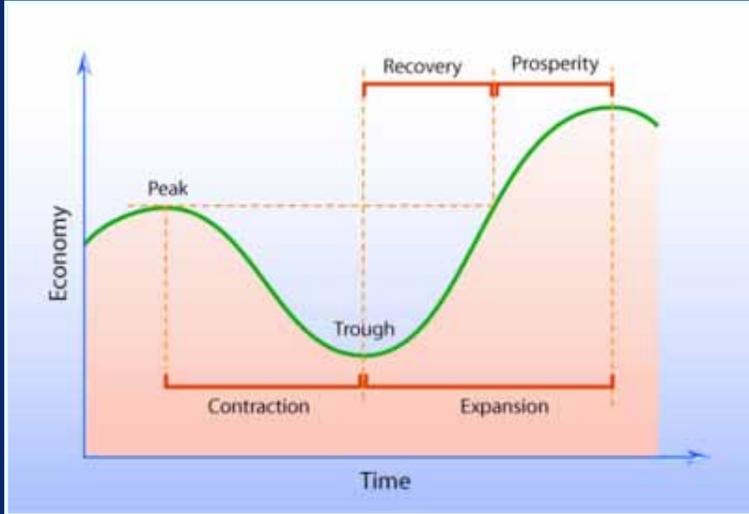
- Finish by reaching your goal
- Your Journey will have challenges
- Only one expert in your business and that is YOU
- Look at the possibilities, determine the pros and cons



- **Leader**

- Leaders have the ability to have others follow them
- Leadership capabilities
- You must know how to follow to be a leader





• Changes

- Business cycle moves so fast and is changing
- All changes will cause ripples in a company
- Changes will come and change is good



• Approach

- Involve your people
- Use the knowledge and experience of the people in your company



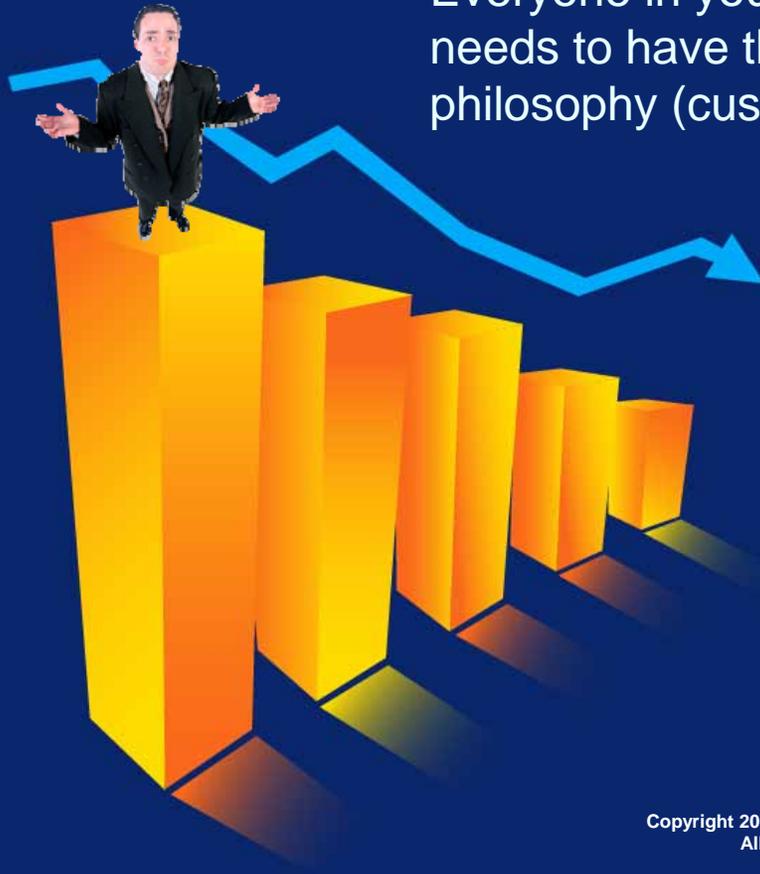


- **Goals**

- What do you consider success?
- Are you happy with where you are?
- Do not try and move too fast
- Life is short, set your goals within reach
- You will find that you will enjoy the view a lot more than you thought

• Customer Loyalty

- How do your customers see you? You must create that image
- Your reputation is your most valuable asset
- Everyone in your company needs to have the same philosophy (customer focused)



• Planning

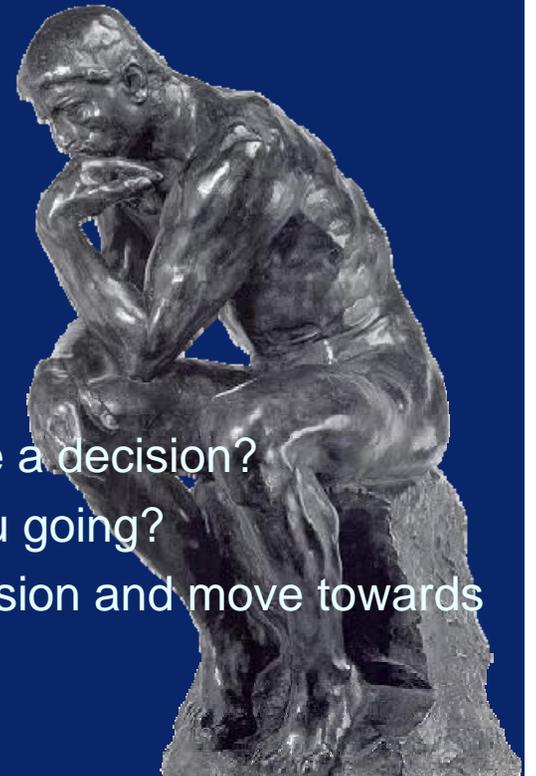
- No plan for success
- Don't understand what could be accomplished
- Without a road map (a plan)

• Dreams

- How did you get to where you are right now?
- Dreams can become reality
- “I can do this”

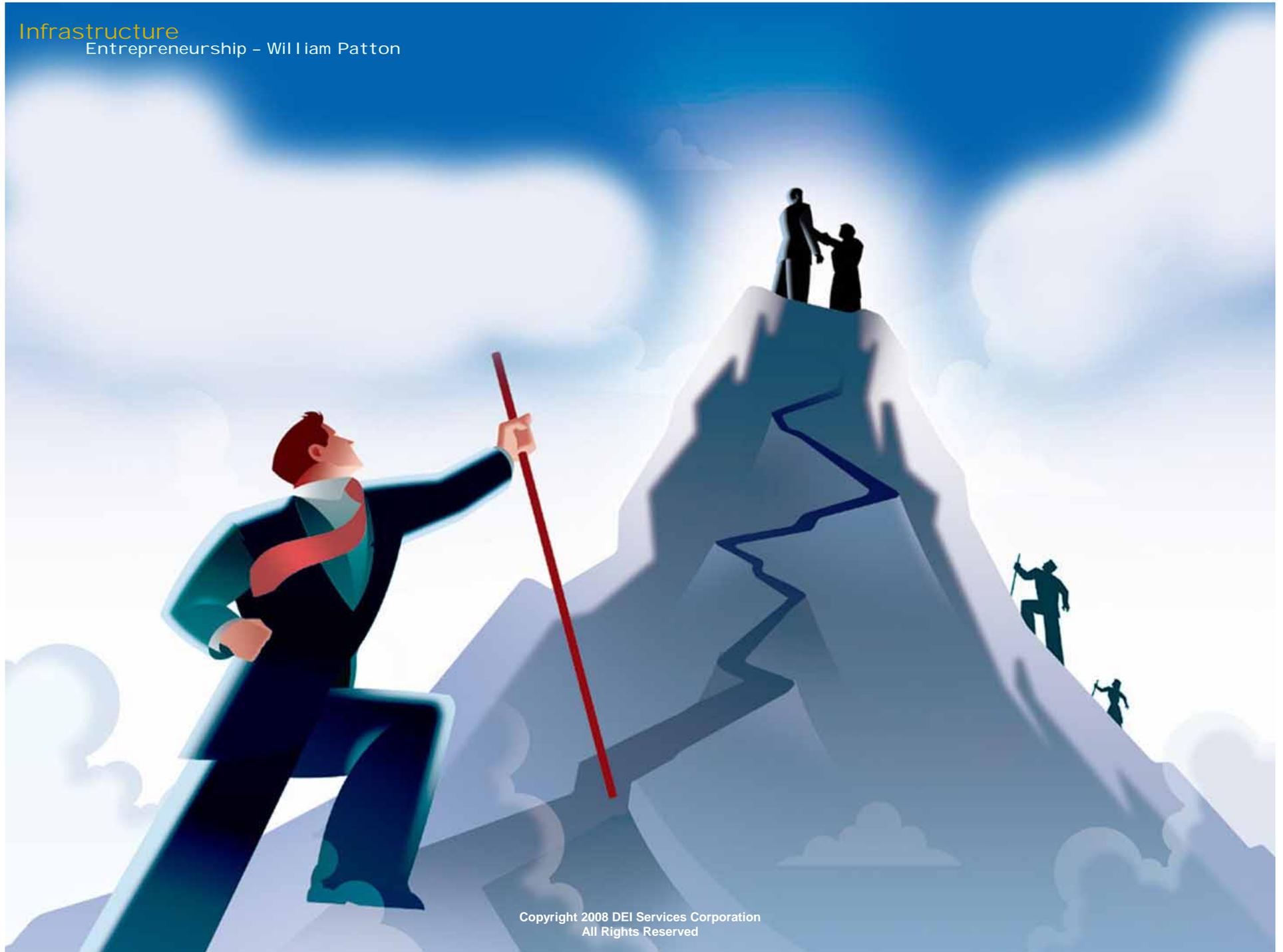
• Decisions

- Can you make a decision?
- Where are you going?
- Make the decision and move towards your future



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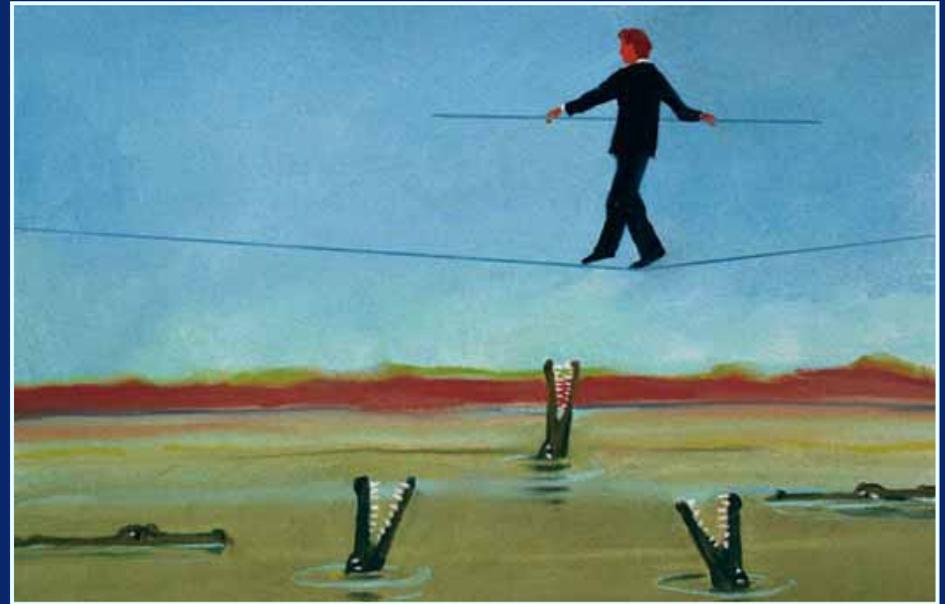
Entrepreneurship - William Patton



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- Risk

- How much risk are you able or willing to take?
- Are you willing to go where you have never been before?
- You must learn from taking risks



- Wisdom

- Wisdom is much better than being smart
- Having wisdom is the ability to reach deep inside, your head, your heart, and your gut
- Look inward and relax

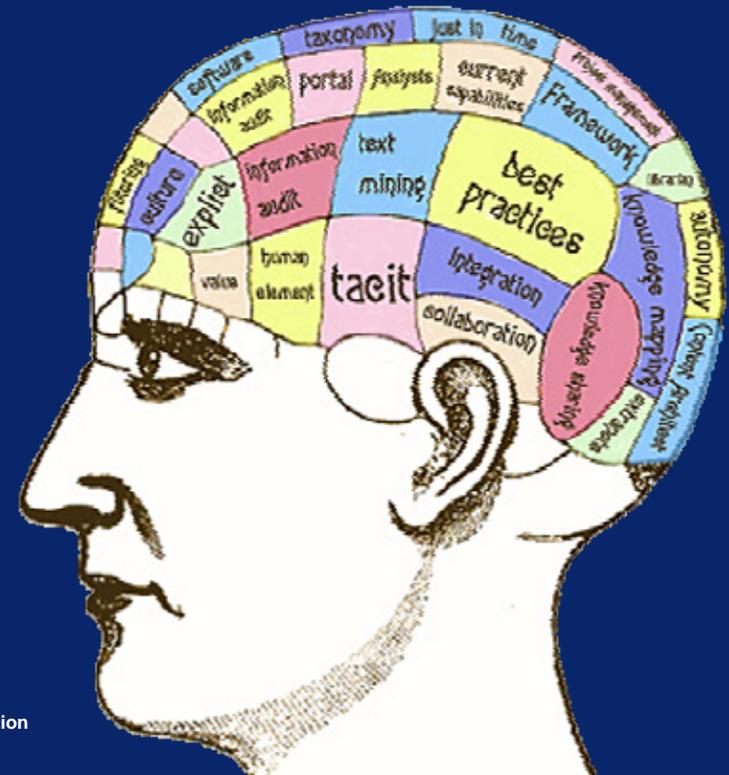


• Believe

- Can you make things happen, do you have the ability?
- Make decisions
- Trust the decisions, they are going to move you forward towards the goals you have set

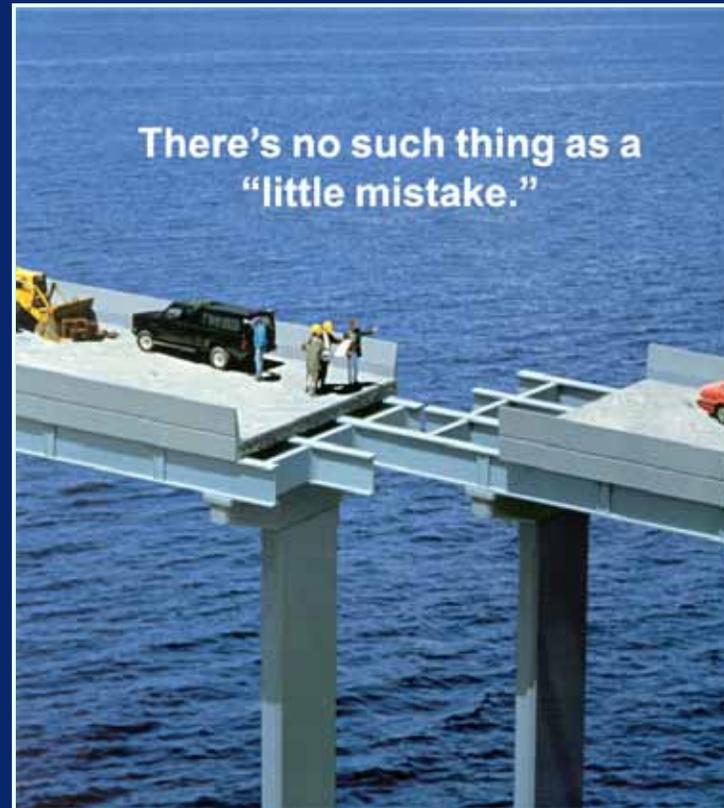
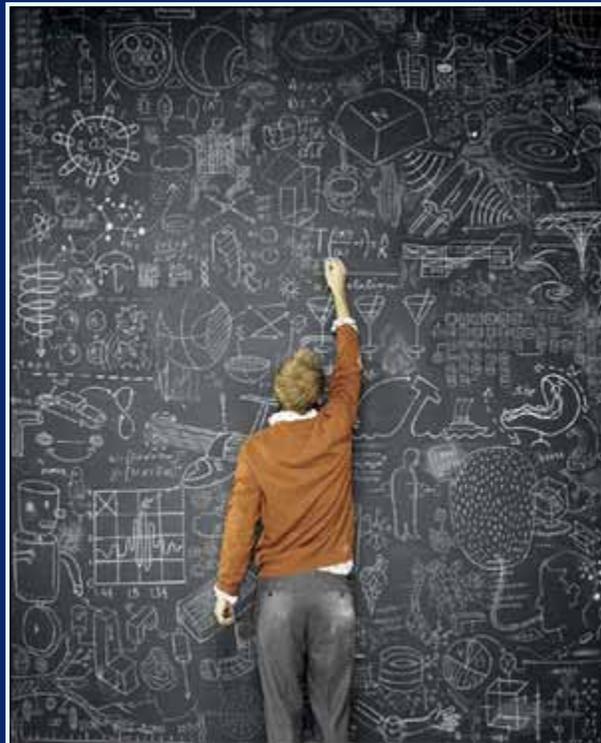
• Knowledge

- "Knowledge is power"
- Training and learning will make you stronger each day
- Training, learning, study; these are great tools



- **Limit Mistakes**

- There is no doubt that you will make mistakes



- **Ideas**

- What do you do with your ideas, write them down, forget them, and use them?
- There will come a time when those ideas are going to be used for the right purpose



• Recognition

- Remember that you did not get to where you are by yourself
- Recognize all those people who were there as you were gaining success



• Learn

- You must learn from your mistakes
- There is never a need to pay more than once
- You are the person that makes a difference

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Entrepreneurship - William Patton

- You see age does not matter
- Are you ready to step up to challenges?



• Worrying

- Worry is the worst enemy
- What makes me happy?
- What is the most important thing in my life? This is where your happiness comes from





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Entrepreneurship - William Patton



"Today I made a difference and tomorrow I will once again make a difference".

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Business Development - Dave Miller



Business Development

Mr. Dave Miller

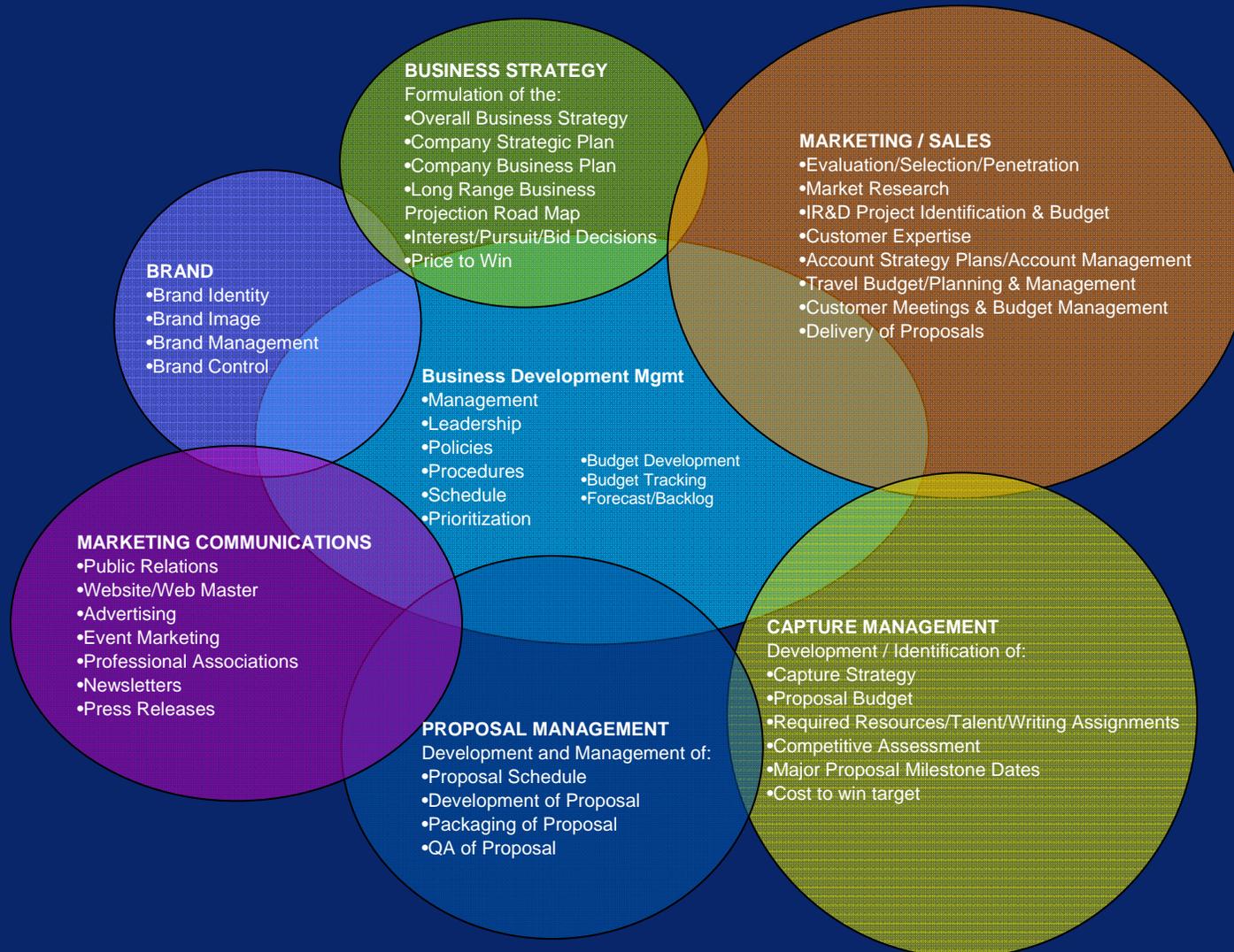
Manager, Business Development

DEI Services Corp

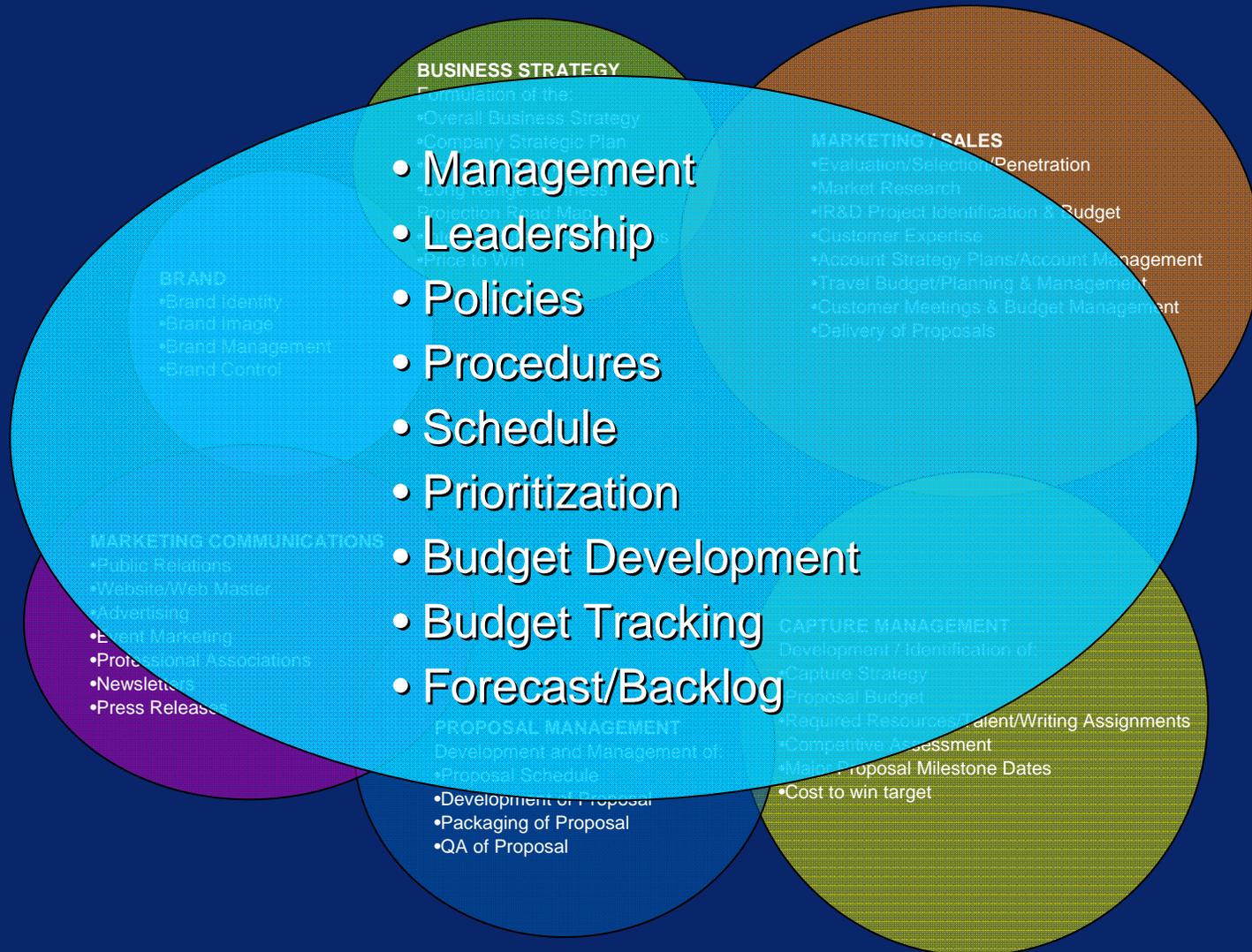
Topics for Discussion

- **The Institution of Business Development**
 - Business Development Management
 - Business Strategy
 - Brand Management
 - Marketing / Sales
 - Marketing Communications
 - Proposal Management
 - Capture Management
- **Vision**
- **Mission**
- **Strategy**
- **Strategic Plan**
- **Business Plan**
- **Making it all work together**

The Institution of Business Development



Business Development Management



Business Strategy

Formulation of the:

- Overall Business Strategy
- Company Strategic Plan
- Company Business Plan
- Long Range Business
- Projection Road Map
- Interest/Pursuit/Bid Decisions
- Price to Win

BRAND

- Brand Identity
- Brand Image
- Brand Management
- Brand Control

MARKETING / SALES

- Evaluation/Selection/Penetration
- Market Research
- RFP/Bid Identification & Budget
- Expertise
- Account Strategy Plans/Account Management
- Budget/Planning & Management
- Tender Meetings & Budget Management
- Delivery of Proposals

MARKETING COMMUNICATIONS

- Public Relations
- Website/Web Master
- Advertising
- Event Marketing
- Professional Associations
- Newsletters
- Press Releases

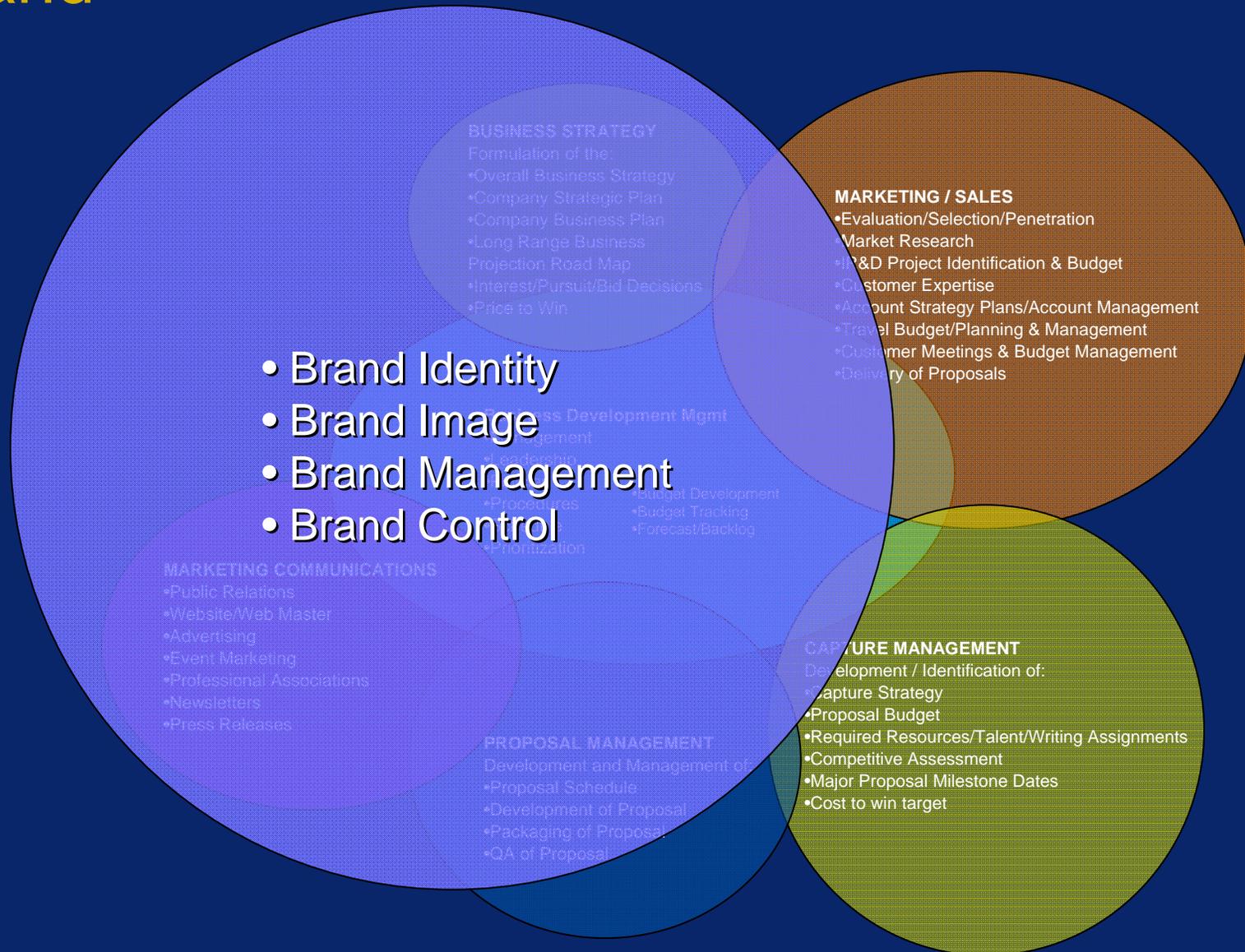
PROPOSAL MANAGEMENT

- Development and Management of:
- Proposal Schedule
- Development of Proposal
- Packaging of Proposal
- QA of Proposal

CAPTURE MANAGEMENT

- Development / Identification of:
- Capture Strategy
- Proposal Budget
- Required Resources/Talent/Writing Assignments
- Competitive Assessment
- Major Proposal Milestone Dates
- Cost to win target

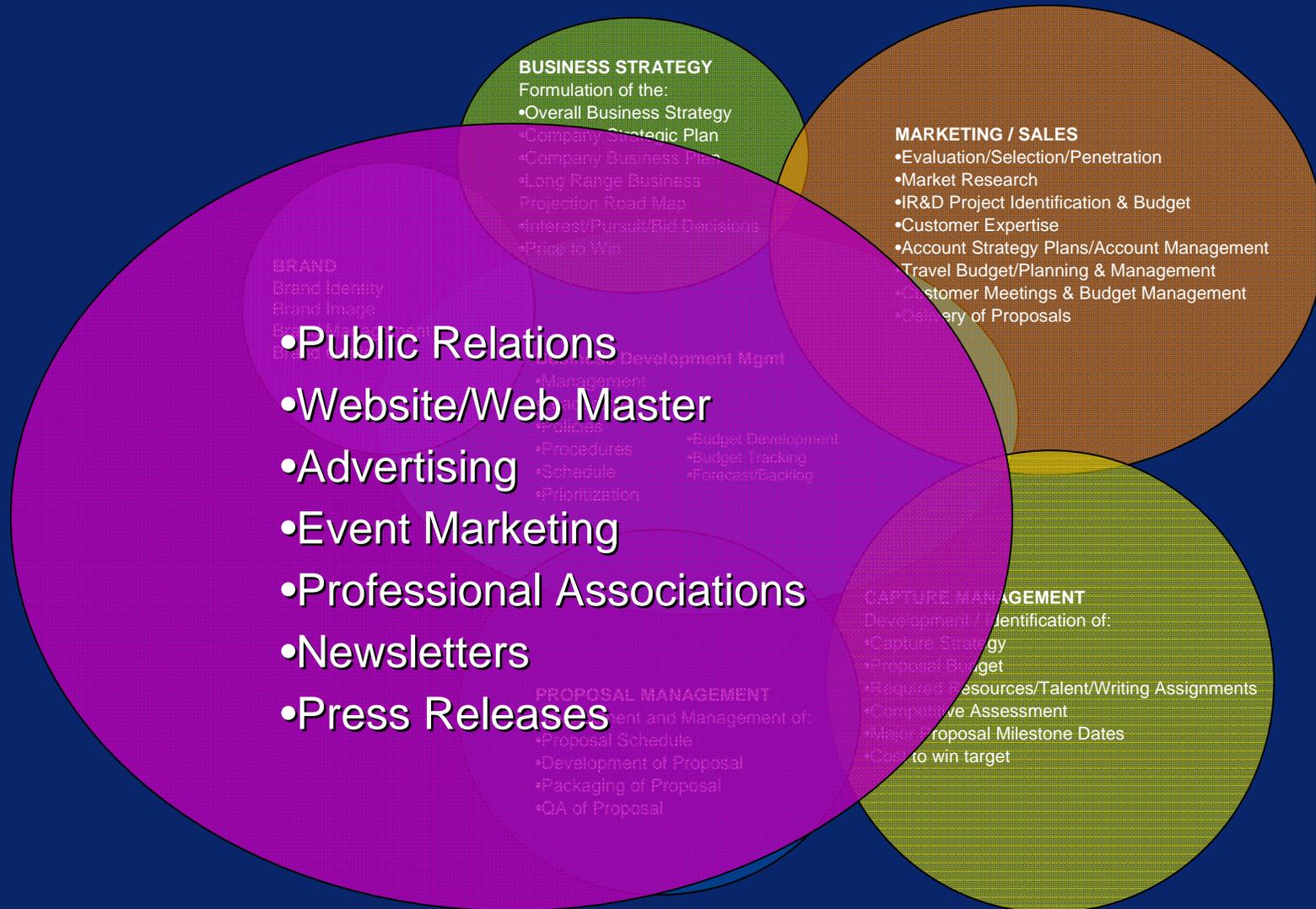
Brand



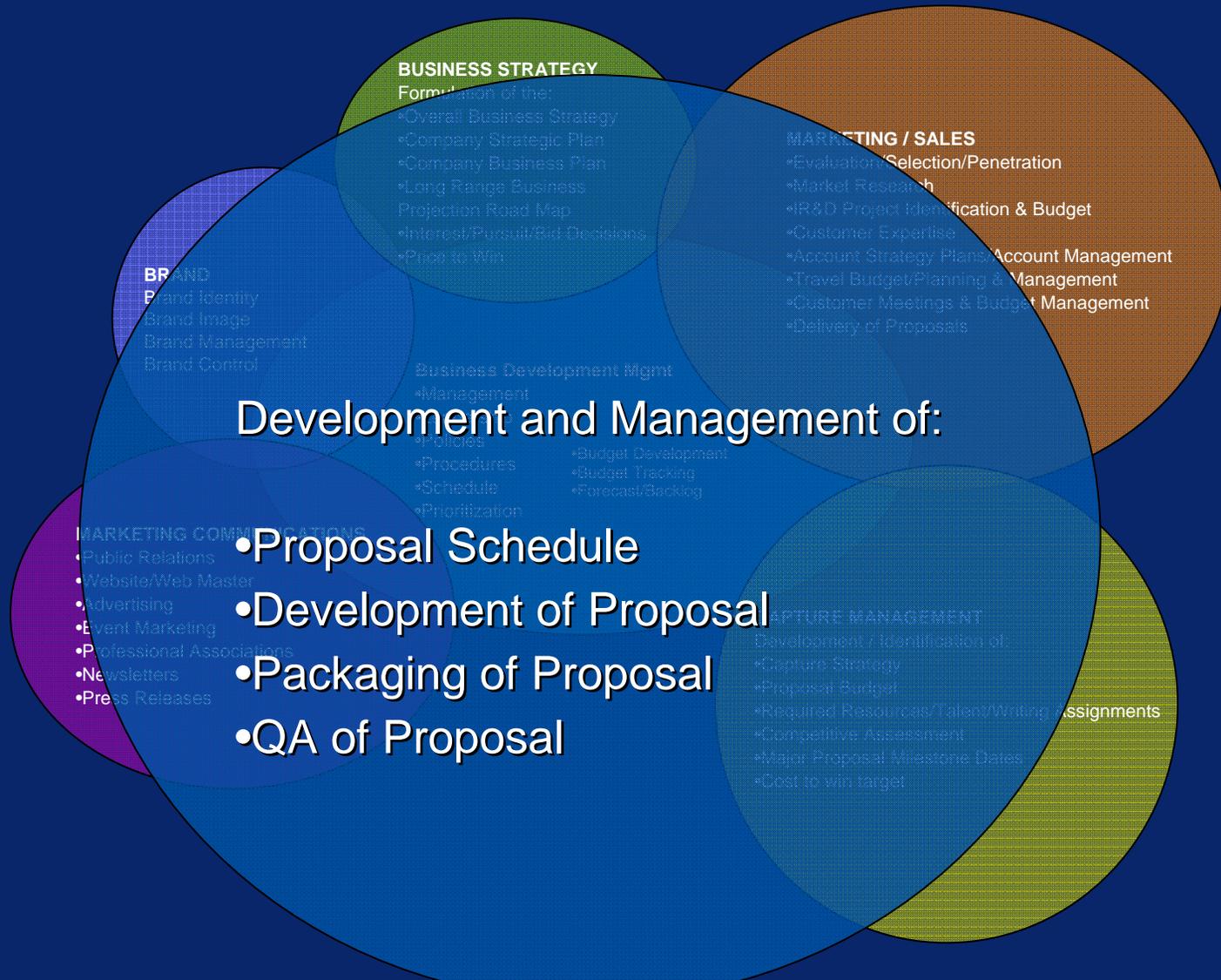
Marketing / Sales



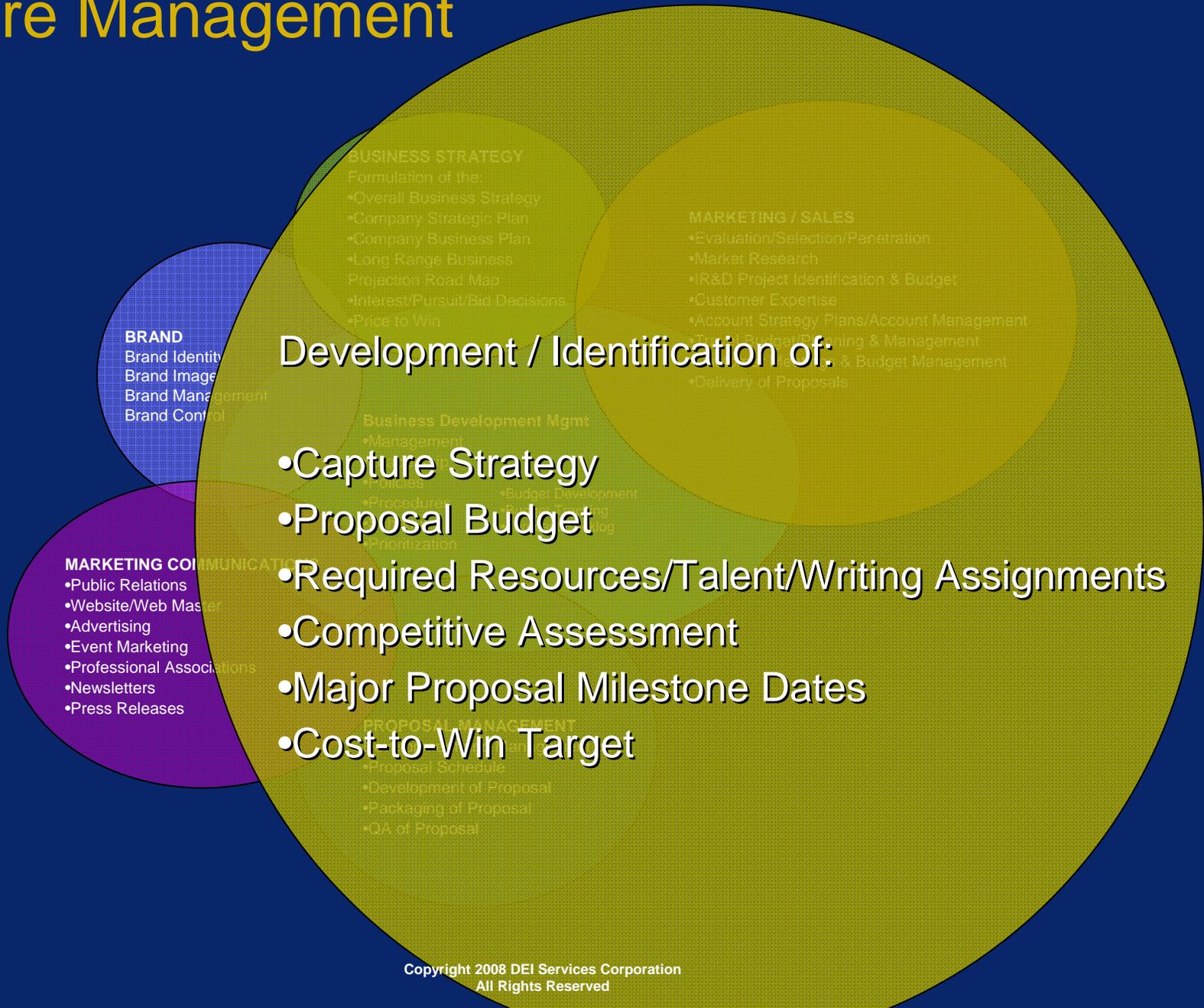
Marketing Communications



Proposal Management



Capture Management



Vision

INTERNAL – Describe the dream

What will your company be like at some future point in time

What markets / market segments will you be serving

How big will your company be at that point in time

What products / services will you be providing

Who will be your future customers

Should lay out a path for your company

Simple

Believable

Achievable



Mission

Mission Statement

Simple is often best

One or two sentences

Reflects what your company offers to clients and the implied benefit

Examples

EPA

EPA's mission is to protect human health and to safeguard the natural environment — air, water, and land — upon which life depends.

3M

"To solve unsolved problems innovatively"

Mary Kay Cosmetics

"To give unlimited opportunity to women."

Merck

"To preserve and improve human life."

Wal-Mart

"To give ordinary folk the chance to buy the same thing as rich people."

Walt Disney

"To make people happy."

Strategic Plan

A Strategic Plan is a practical, action-orientated guide based on an examination of the company's internal and external activities that direct goal setting and resource prioritization to achieve measurable results over time.

Elements of the strategic plan are:

- A cover page
- Overview
- Background
 - Current Situation
 - Strengths
 - Weaknesses
 - Threats
 - Opportunities
- Vision Statement
- Mission Statement
- Corporate Values
- Business Objectives
- Key Strategies
- Major Goals
- Strategic Action Programs

Business Plan

Executive Summary

Vision/Mission

- Present Situation
- Vision and Mission
- Goals
- Objectives

Company Overview

- Legal Business Description
- Management Team
- Board of Directors
- Strategic Alliances

Product Strategy

- Current Product
- Research and Development
- Production and Delivery

Market Analysis

- Market Definition
- Customer Profile
- Competition
- Risk

Marketing Plan

- Sales Strategy
- Distribution Channels
- Advertising and Promotions
- Public Relations

Financial Plan

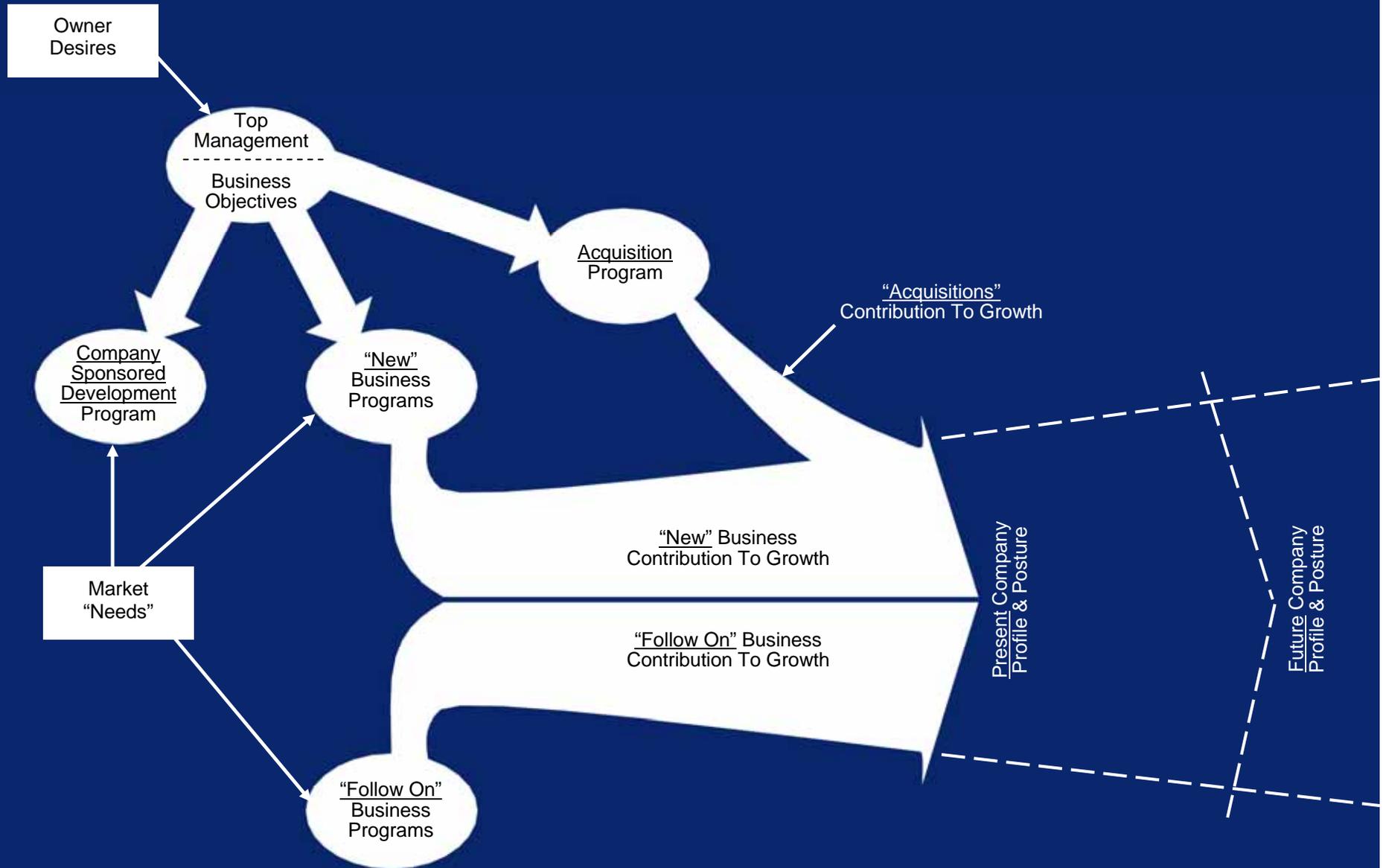
- Assumptions
- Financial Statements
- Capital Requirements
- Exit/Payback Strategy
- Conclusions

Supporting Documents

Making it all work together



Making it all work together



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Contracts/Program Management
Interface/Finance – Joseph Friedel



Contracts/Program Management Interface Finance

Mr. Joseph Friedel

Director, Contracts
DEI Services Corp

Topics for Discussion

- **Contracts**
 - Contract Information
 - Binding Contract
 - Contract Types
 - Contract Interpretation
 - Federal Acquisition Regulations (FARs)
 - Federal Contract Formation Essentials
 - Contract Performance
 - Contract Performance Controls
 - Contract Change Management
- **Program Management / Contracts Interface**
 - Planning
 - Contract Award
 - Risk Management
 - Invoicing
 - Closeout Phase

Topics for Discussion

- **Finance**
 - Establish Line of Credit
 - Sufficient Cash for 90 to 120 days
 - Develop Revenue Forecast
 - Establish Overhead and G&A Rates
 - Establish Good Rapport with Government Audit Agencies
 - Establish Good Rapport with Administrative Contract Office (ACO)
 - Seek Help from Government Agencies
 - Maintain All Supporting Documentation
 - Establish Accounting Policies & Procedures
 - Always Make Required Disclosures

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Contracts - Joseph Friedel

• Contracts

- Contract Information



The collage features several contract documents:

- TEACHER'S CONTRACT:** A form with fields for Name of Agency, Address, and contact information.
- SERVICE TERMS:** A document for JOHN SMITH, Freelance Copywriter, detailing terms of service.
- OXFORD UNIVERSITY JUGGLING CLUB CONTRACT:** A contract for a juggling club with various clauses.
- Wife's Contract for White Dogs:** A decorative contract with a floral border.
- CONTRACT FOR GARDEN KEEPING SERVICES BETWEEN:** A contract for garden services with fields for 'WHOM CALLED THE "WINNER"' and 'WHOM CALLED THE "DEFECTOR"'.

- **Contracts**

- Binding Contract

- Mutual Agreement to enter into a contract

- Objective versus subjective intent

- Offer and acceptance

- Valuable consideration



• Contracts

- Contract Types

- Fixed price contract
- Fixed price incentive contract
- R & D contract
- Cost plus incentive fee
- Cost plus fixed fee & CPAF

A detailed image of a DD Form 254, DSC MO (M2), which is a Security Classification Authority (SCA) form. The form is titled "SECURITY CLASSIFICATION AUTHORITY" and "CLASSIFICATION AND DECLASSIFICATION". It contains various fields for identifying the document, the authority, and the classification. The form is divided into several sections, including "GENERAL IDENTIFICATION OF THE INFORMATION", "CLASSIFICATION AND DECLASSIFICATION", and "CLASSIFICATION AND DECLASSIFICATION". The form is a standard government form used for classifying and declassifying information.

- **Contracts**

- Contract Interpretation

- Interpretation is the process of what the parties agreed to in their contract
 - Meaning of words and resolving ambiguities
 - Liability is with the drafter of the contract, specifications, statement of work and drawings



- **Contracts**

- Federal Acquisition Regulations (FARs)



- The primary purpose is to provide uniform policies for all federal agencies
 - The contractor is not obligated to follow all FARs only those in the contract
 - Other agencies (NASA) have supplements to the FARs to cover their unique requirements

- **Contracts**

- Federal Contract Formation Essentials

- Specific requirements for the Request for Proposal Process

- Specific requirements for contract performance

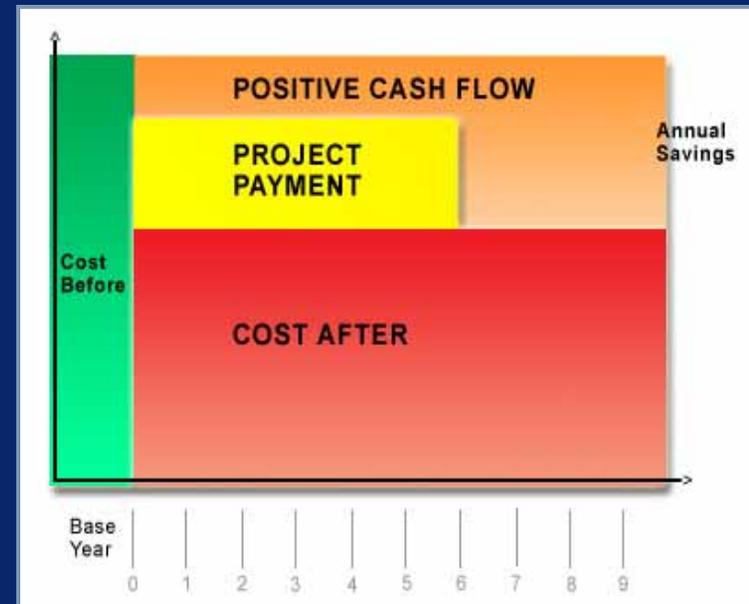
- Specific requirements for disputes regarding defective information, intent of the parties, and claim preparation



• Contracts

– Contract Performance

- Keep a log of all correspondence whether written or oral
- Remember schedule slippage can lead to a plethora of problems
- Keep track of change orders and defective specifications
- Justify every action
- Do not exceed contract requirements



• Contracts

- Contract Performance Controls
 - Establish a database to track all aspects of contract performance
 - Track the technical plan
 - Control communications between the parties
 - Do not accept oral changes
 - Identify problems early and resolve
 - Program meetings and status reports
 - There is no such thing as good will.



- **Contracts**

- Contract Change Management
 - Communication between authorized personnel
 - Document and report to program manager and log
 - Seek compensation for changes promptly
 - Have clear acceptance / rejection criteria
 - Submit a claim if necessary
 - Follow dispute clauses



- **Program Management / Contracts Interface**

- Planning

- **PM** Plan the requirements for the SOW / Specifications, data items deliverables, services, risk management, and program schedule

- **Contracts** Assure that plans are in compliance with the RFP



- **Program Management / Contracts Interface**

- Contract Award

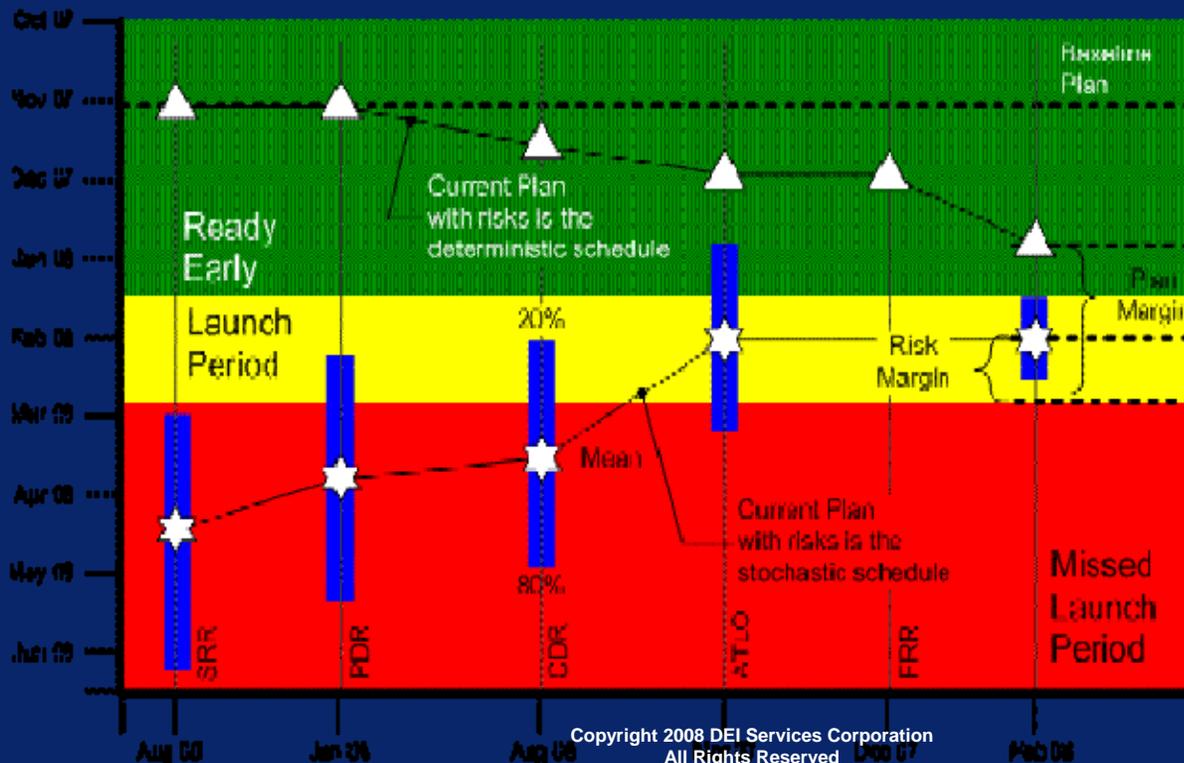
- **PM** Review the entire contract award and identify all problem areas
- **Contracts** Coordinate with all parties involved in negotiations to ensure that the final contract delineates the agreement reached at negotiations. Sign contract if acceptable and distribute to all appropriate functions
- **PM** and **Contracts** work as a team to ensure that normal contract administration is effective and compliant



• Program Management / Contracts Interface

– Risk Management

- **PM** Identify technical risk as well as cost, schedule and performance risk
- **Contracts** Monitor contract risk and develop and track success of mitigation plans



- **Program Management / Contracts Interface**

- Invoicing

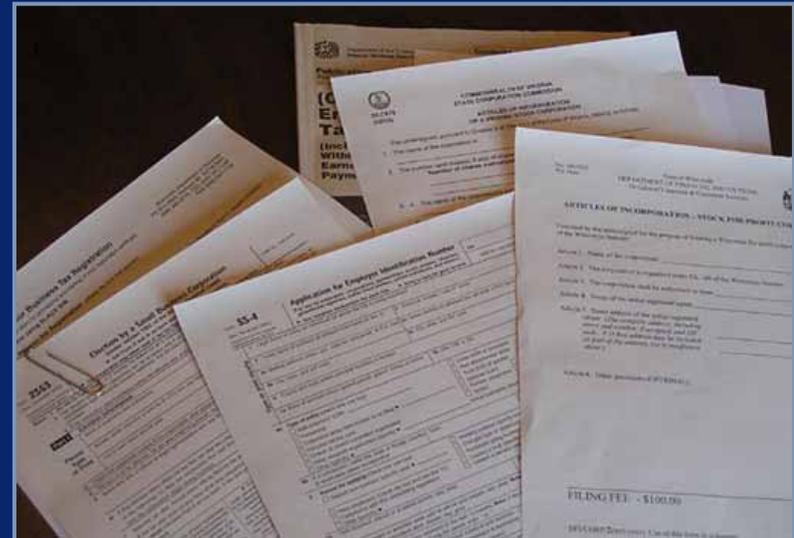
- **PM** Review payments and verify that completion criteria has been met
- **Contracts** Verify that invoice is in accordance with contractual requirements and authorize finance to invoice the Government



- **Program Management / Contracts Interface**

- Closeout Phase

- **PM** Certify that all products and services have been accepted by the Government
- **Contracts** Obtain all forms, reports and clearances required at closeout
- **PM** Complete the program closeout report
- **Contracts** Settle all outstanding issues, and prepare final contract closeout documentation



• Finance

– Establish Line of Credit



- This is a must for all small businesses to ensure solvency if your receivables are slower than expected
- Establish the LOC when your organization does not have an immediate need for it. Banking institutions normally do not lend when there is a need
- Continue to increase the LOC ceiling when the LOC is not being used by working with your banking institution
- Realize that most banking institutions will only lend based on corporate assets not Government Contracts
- Establish relationships with financial institutions that understand Government contracting.

• Finance

- Sufficient Cash for 90 to 120 days



- Need to have positive cash flow as some contracts have progress payments that are slower than milestone payments
- Understand the different types of payments and the timelines of receiving these payments.
 1. Performance Based
 2. Cost Reimbursement
 3. Progress Payment
- Develop cash flow plans for each individual project rolling up to a corporate cash flow.
- Update cash flow plans on a quarterly basis at a minimum

• Finance

– Develop Revenue Forecast



| Jan | Feb | Mar |
|------------------|------------------|------------------|
| 100,000 | \$120,000 | \$140,000 |
| 100,000 | 130,000 | 160,000 |
| 120,000 | 135,000 | 150,000 |
| 130,000 | 133,000 | 136,000 |
| 60,000 | 70,000 | 80,000 |
| 50,000 | 60,000 | 70,000 |
| 40,000 | 50,000 | 60,000 |
| 80,000 | 90,000 | 100,000 |
| \$680,000 | \$788,000 | \$896,000 |
| 4.45% | 5.15% | 5.86% |

- Create monthly revenue forecast from all contracts and compare with a similar forecast for payables to ascertain if there are any shortfalls and establish a recovery plan which if necessary could be solved via the line of credit

| 2000 | | |
|-----------------|--------------------|--------------------|
| Q1 | Q2 | Q3 |
| 360,000 | \$540,000 | \$720,000 |
| 390,000 | 660,000 | 930,000 |
| 405,000 | 540,000 | 675,000 |
| 399,000 | 426,000 | 453,000 |
| 210,000 | 300,000 | 390,000 |
| 180,000 | 270,000 | 360,000 |
| 150,000 | 240,000 | 330,000 |
| 270,000 | 360,000 | 450,000 |
| \$64,000 | \$3,336,000 | \$4,308,000 |
| | 41.12% | 29.14% |

- Forecast will allow you to plan for infrastructure needs and control of infrastructure growth

• Finance

– Establish Good Rapport with Government Audit Agencies



- The DCAA normally will give you guidance regarding the documentation required for government contracts
- Understand the role of the DCAA agency
- DCAA is an auditing agency and they are a component used by procurement agencies for:
 1. Actual Rate Structure validation
 2. Forecasted Rate Validation
 3. Accounting System Audit
 4. Financial Stability Audit
 5. Others

- Finance

- Seek Help from Government Agencies



- Most government agencies will be very helpful because they will recommend that you provide documentation that will mirror the format of their audit reports WIN / WIN for both parties

- Finance

- Maintain All Supporting Documentation



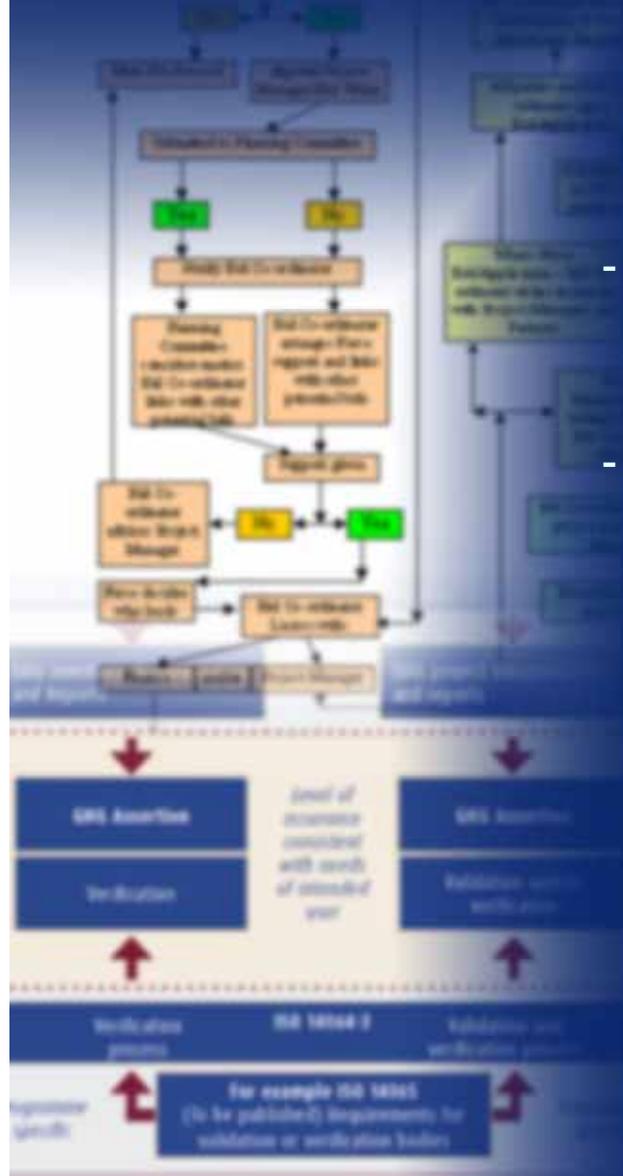
- This is required in order to show a paper trail that supports your processes
 - Keep all documentation used to derived your position and be consistent across projects

• Finance

- Establish Accounting Policies & Procedures



- This is an absolute must if you wish to do business with the Government
- Your processes and procedures are a living document which will evolve from a minimum number of processes (written or verbal) to multiple well documented written processes and procedures based on the size of your organization and the types of contracts that you have



- **Finance**

- Always Make Required Disclosures



- If you do not make disclosures you may not get paid in a timely manner which could affect your cash flow which will affect your Performance and ultimately your business Reputation and Creditability

Q & A Panel

- Questions?