

BUSINESS DEVELOPMENT (BD) TIP #33:

Budget Sequestration Cuts – Ten Steps You Should Be Taking

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I find it interesting that one of the online medical definitions of *sequestration* is, “loss of blood or its fluid content...within the body, so that the circulating volume diminishes.” The entire body of government contractors faces a serious loss of economic fluid if Congress fails to act in time to prevent automatic budget cuts. So the question arises: What prudent actions should contractors take in order to stay successful during a time of budget sequestration cuts?

1. Assess the fiscal spending risk to your existing book of business. If necessary, use outside consulting support.
2. For each of your current projects, develop a one-page description of the potential negative impact to government operations if your contract's funding were to be affected.
3. Discuss contingency plans with your existing government customers, and share your one-page impact statement when appropriate.
4. Develop existing/new business revenue and sales projections for best, most likely, and worst-case scenarios. Adjust indirect spending as necessary.
5. Re-assess your company's [core competencies and target agencies](#). Will the government continue to buy your services? Are the opportunities that you are pursuing likely to be funded? And, most importantly, are you using [analytics](#) to weed out the losers?
6. Take a closer look at your [cost competitiveness](#). Sequestration fears will only serve to increase the quantity of Lowest Price Technically Acceptable (LPTA) procurements.
7. Prioritize your spending to emphasize business growth activities in agencies that stand to retain their funding within your core service areas.
8. Now is the time to make [improvements](#) to your business development process—and the time for [business intelligence](#) with a laser focus!
9. With fears of budget sequestration cuts currently at hand, this may prove to be difficult summer and fall for many of our government partners. And, it is likely that we may see a reactive set of agency budget cuts in next year's fiscal budget even if sequestration does not completely kick in.
10. Take steps to strengthen your relationships with your customers. This will become extremely important when clients are making the tough decisions about which programs to cut.

It's not too soon to get your house in order. [Let us know how we can help!](#)

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