

GSA Schedule Contracts:

Potentially a good move for A/E and environmental firms seeking to enter into or diversify within the federal government market.

by Dave Alexander, [Lincoln Strategies, LLC](#)

“Should my firm obtain a contract with the federal government’s General Services Administration (GSA)?” I get this question a lot from managers of A/E and environmental firms, including some who are trying to enter the federal government market for the first time—and others who want to expand or diversify their firm’s footprint in this arena.

My initial answer is usually a decisive, unqualified “maybe.”

If your firm is trying to decide whether to obtain a GSA Schedule contract, you might find this article to be helpful. It presents some pros and cons to consider, and some research you can perform right now to help you make a decision.

Background

Under one of its programs—“Multiple Award Schedules”—GSA maintains a stable of professional services firms, including many large A/E and environmental firms, as well as mid-size and smaller shops.

Each of these firms has negotiated a contract with GSA, with a set of approved hourly rates, which escalate over time, a 5-year initial period of performance, and options for up to 15 more.

Any federal agency can order services from these firms, with no dollar limit on any individual project or group of projects.

GSA has standing RFPs for these contracts. Firms can submit proposals at any time, covering any subset of services in the Scopes of Work, a few examples of which include:

- Construction management.
- Environmental services, in diverse areas, such as research and consulting

in support of regulatory development, site investigations, and remediation services.

- Energy audits and other types of energy efficiency services.
- Water conservation and stormwater management studies and services.
- Facilities maintenance consulting.

Many A/E and environmental firms hold these contracts. The following table presents a list of firms and their respective GSA Schedule contracts. The list of firms is largely derived from Michael O’Brien’s article in the February 2013 issue of *ROG+ Perspectives*: “Reading the Tea Leaves: The Industry Outlook for 2013 and beyond, as told by A/E public company performance.”

Examples of firms that hold 1 or more GSA Schedule contracts	Selected GSA Schedules					
	Environmental	Energy Efficiency & Water Conservation	Facilities Maint. & Mngmt.	Prof. Engineering Services	Information Technology & Services	Management Consulting; Prog. Mngmt.
AECOM	■		■	■	■	■
Arup	■					
Carter & Burgess, Inc.	■	■		■		■
CDM	■			■		■
CH2M Hill, Inc.	■	■	■	■		■
EMCOR	■					
Fluor				■		
HNTB				■		
Jacobs Engineering	■	■	■	■	■	■
Leo A Daly						■
Michael Baker Jr., Inc.	■	■		■	■	■
Stantec	■					
TRC Companies, Inc.	■					
Tetra Tech, Inc.	■	■	■	■	■	■
URS	■			■		■

Exhibit 1. Many firms hold multiple GSA Schedule contracts.

Should *your* firm pursue a GSA Schedule contract?

Advantages

You will win a contract. If you submit a responsive proposal, odds are very high that you will be successful. You can submit a proposal at any time, and there is no limit on the number of contracts that GSA can award. If you satisfy the RFP’s evaluation criteria, you will win a contract; you will not be competing against other firms.

The investment is relatively small. GSA RFPs are reasonably straightforward, with strict page limits on proposals. Nevertheless, the pricing section can be tricky, and it usually makes sense to seek the advice of an experienced consultant.

It can help your firm diversify in the federal market, or break into it for the first time.

Obtaining a GSA contract can be an excellent way to enter the federal government market for the first time. GSA RFPs do not require offerors to have any government experience, nor to have specialized accounting systems. (All work under a GSA contract is performed on a fixed hourly rate or firm fixed-price basis. Cost-plus contracting is not used.) If you are already in the market and are looking to diversity into new (to your firm) segments—again, a GSA Schedule contract can be a good part of the solution, especially in cases where you are looking to expand into an area in which your federal experience is thin or non-existent, but in which you have solid non-federal project experience or personnel qualifications.

Your GSA contract can be broad or narrow — it's your choice. Some firms find it strategically advantageous to offer only a narrow set of services under their GSA contracts. Other firms' GSA contracts include many specialty areas and even hold multiple GSA contracts. For example, AECOM currently holds 8 GSA Schedule contracts. Firms also can obtain a "Consolidated" contract that covers multiple GSA Schedules. For example, Michael Baker Jr., Inc., holds such a contract, and it covers Scope of Work items from 5 separate GSA Schedules.

Small firms are welcome. GSA welcomes their participation.

The customer base is huge. Any federal government department or agency will be able to order services under your GSA contract. Under some circumstances, State and

municipal government can order services directly from firms with GSA contracts—for example for help in recovering from natural disasters.

The contract is preferred by many federal buyers. Many federal buyers prefer to use GSA Schedule contracts, because doing so reduces their paperwork burdens compared to other contractual options. When using a GSA Schedule contract to "get" to a firm, a potential federal client can obtain several benefits, including: rapid project startup; no size limits on projects; no middlemen—a federal agency does not have to transfer funding to GSA in order to use a GSA Schedule contract; and full credit towards its socioeconomic contracting goals if the agency issues a task order to a qualifying firm (e.g., a veteran owned small business firm).

Disadvantages

Certain work is out of bounds. Under GSA Schedule contracts, architectural and engineering design services associated with real property cannot be performed, because that work is covered by the Brooks Act. For example, under a GSA Schedule contract a firm can help federal agencies plan how to retrofit buildings for greater energy efficiency, perform construction management tasks during the construction phase, or provide commissioning services for the new systems—but cannot create stamped drawings during the design phase.

GSA Schedule contracts impose compliance and administrative burdens. Will this be your first federal contract? If so, you have to consider the additional administrative burdens associated with virtually any federal contract.

In addition, firms have to shoulder certain administrative requirements that are unique to GSA contracts. For example, each participating firm is required to periodically remit an "Industrial Funding Fee" to GSA,

equal to 0.75% of the firm's gross sales under the contract. While this markup is explicitly paid for by the federal customer agencies, the GSA contractor bears the administrative costs of accounting for and remitting these payments to GSA.

GSA Schedule contracts impose unique price monitoring requirements. GSA contracts include the "Price Reductions Clause." If a firm offers additional discounts to certain commercial customers, the firm might have to reduce its prices under its GSA contract by a proportionate amount for the time in which the commercial discounts are in place. (Hint: Properly structured, the pricing section of a GSA proposal can help limit the overall impact of the Price Reductions Clause.)

There is no guarantee of sales. Many firms sell millions of dollars of work per year under their GSA contracts, but others make few or no sales. A firm's success will depend on how much time and effort are devoted to marketing and direct sales.

Action Items

As you assess whether having a GSA contract makes sense for your firm, here is some additional research you can do to help inform your decision-making.

Determine whether GSA contracts cover work in your firm's areas of expertise.

Examine the SOWs of all GSA Schedule contracts that are of potential interest to your firm. (You can find them at the "Schedules e-Library" portion of the GSA web site:

www.gsaelibrary.gsa.gov.)

Get a snapshot of sales in the relevant areas. After you find specific SOW areas of potential interest to your firm, see whether sales in these areas are robust. The easiest way to examine overall sales in each GSA scope area is to go to the "Schedules Sales Query" (SSQ) portion of GSA's website:

<http://ssq.gsa.gov>.

Research your competitors' GSA Schedule contracts. Knowing how your competitors use their GSA contracts might be useful in assessing whether such a contract might be a good fit for your firm. For any firm with a GSA contract, the SSQ can tell you how much they've sold of each type of service under their GSA contracts. The USASpending.gov website offers detailed information on individual sales under a firm's GSA contract.

Review key contractual clauses. Before you decide whether to pursue a GSA contract, ask whether your firm could live with the various clauses that will appear in the contract. You can find these clauses in GSA RFPs, and documents to which they refer (e.g., some clauses are incorporated by reference).

Summary

Many A/E and environmental firms find GSA Schedule contracts to be quite useful. These contracts offer many advantages, but also have some distinct disadvantages.

Winning a GSA Schedule contract can be moderately difficult, and the Brooks Act restricts the types of services that can be provided with respect to architecture and engineering services related to real property.

While these contracts are not panaceas, they can yield substantial revenues, and can be particularly attractive for firms looking to enter the federal market for the first time, or to diversify within the market. With some additional research, you can reach a good decision as to whether a GSA contract would make sense for your A/E or environmental firm.

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Mr. Alexander consults architectural, engineering, environmental, and other professional services firms on developing and implementing strategies for marketing and sales in the federal government arena. He will speak at ROG's 2013 Growth & Ownership Strategies Conference in Naples, Florida. (Topic: "Are You Developing a Strategy for the Federal Government Market? Here are 5 Issues You Must Address.")