

# Creating an Effective Capability Statement

Government contracting has developed into a very competitive marketplace, thanks to its potential for being very profitable. Companies of all sizes, from small, micro-firms with one employee to large, mega-firms with thousands of employees, have been successful in selling products and services to government agencies at the federal, state, city, county and municipal levels. Competition in government contracting has heightened as more companies try to break into, be competitive in, and stay successful in this market. Furthermore, fewer people are employed by the government to handle an increasing number of outreach and acquisitions, creating an acquisition workforce that is pressed for time. To be competitive in this market, contractors must know how to distill the information that is most important to a particular decision-maker, state it in a clear, concise manner, and reinforce its importance to the prospect, even more so than in the past.

A Capability Statement is a tool that will help you do just that! Five years ago, no one knew what a Capability Statement was. Now it is a critical tool to help you be as successful as possible no matter what size company you represent.

## Capability Statement: Definition and Uses

In its simplest form, a capability statement is a promotional or marketing statement about your business, a resume of your business detailing its capabilities and skills that advertises who you are and what you do. Capability Statements must be tailored to your audience...the government buyer or prime contractor.

Successful firms use their Capability Statement for a number of purposes:

- Required in many government registration processes
- A door-opener to new agencies
- Proof of qualification
- Proof of past performance
- It will set you apart from your competitors

## Capability Statement Format

A Capability Statement should be very brief (only 1 or 2 pages) and to the point. It is important that the document be visually interesting and have similar graphic elements to your company's brand and logo. Therefore, we recommend that Capability Statements are created in Word or Publisher using a template that reflects a firm's brand with its own logo, colors and graphic identity. It is important to fit all critical information on one side of one page. The second side, if absolutely necessary, may contain additional supporting data important to the targeted agency such as case studies of past successful projects.

**Tip:** It is best to call the document a Capability Statement and it should be stated at the top of the document. This is a term known by government contracting decision-makers and indicates that you have knowledge of the contracting process. A Capability Statement should also show a firm's logo and other branding elements for recognition and be free of long paragraphs. Use short sentences and bulleted lists for quick visual scanning.

Save and distribute as a PDF, not a Word, PowerPoint or other format. Save the document with your company's name in the file name. Many federal agencies block Word and Publisher documents because they may harbor viruses, however, a PDF file is much safer, usually smaller and stays visually consistent when mailed.

## **Capability Statement Contents**

The five key areas included in a successful Capability Statement are:

- 1. Core competencies / capabilities**
- 2. Differentiators / including facilities and equipment**
- 3. Past performance**
- 4. Corporate data including industry codes**
- 5. Contact information**

When composing a Capability Statement, use the following section labels:

### ***Core Competencies, Past Performance, and Differentiators.***

These are the key elements that government buyers are looking for so that they can make a speedy decision.

**Core Competencies** ~ These are short introduction statements relating the company's core competencies to the agency's specific needs followed by key-word heavy bullet points. This is NOT everything a firm is able to do, but the core expertise of a firm, specifically related to the agency this Capability Statement is written for, its mission and identified opportunities.

**Differentiators** ~ Doing business with the government is highly competitive. Contractors have the burden of dealing with this competitive market and rising above the other contractors. Many companies who are trying to increase sales to the government market do not have a clear value statement detailing what makes them different from their competitors. A succinct, clear statement that relates to the specific needs of the agency is what will help the procurement and purchasing staff, the program managers and end users understand why they should pick your firm over other competitors.

Sample Differentiator Questions:

How is your company best suited for the needs of this agency? What is it about your services that make you stand out from the rest? What is it about your people that give you the advantage over your competitors? Why are your products better solutions than the others that are available? If these benefits cannot be clearly communicated, it is impossible for a decision-maker to make a clear recommendation for your company over one of your competitors. Many companies fail to take this critical step. And they wonder why they are missing out on contracts.

**Past Performance** ~ Begin by listing past customers for whom your business has done similar work. Prioritize starting with related agency, to all federal to other government, to commercial contracts. If the past project(s) do not relate to the targeted agency's needs, do not list it/them.

**Tip:**

Ideally, include specific contact information for immediate references. Include name, title, email and phone. Use this information when meeting with decision-makers. Leave this information off the Capability Statement when you are sending the PDF as an initial outreach effort or leaving as a handout at conferences.

**Company/Corporate Data** ~ Include one or two short sentences with a company description detailing pertinent history. Include the size of your firm, your revenue, the number of employees you have, and the typical geographic area you serve.

**Tip:** Readers will visit your web site for additional information. Make sure your web site is constantly updated and government-focused. List Specific Pertinent Codes

- DUNS
- Socio-economic certifications: 8(a), HUB Zone, SDVOB, etc.
- NAICS (all) Do not include code descriptions, just use the numbers
- CAGE Code
- Accept Credit and Purchase Cards
- GSA Schedule Contract Number(s)
- Other federal contract vehicles
- BPAs and other federal contract numbers
- State Contract Numbers
- Name (a specific person)
- Address
- Phone (main and cell)
- Email (a personal email, not info@)

**Contact Information** ~ Show contact information, including web site and a specific person's name, email and phone number, on each side or page of the document. If your firm has won any awards, received accolades or has notable accomplishments relating to that agency, list them only if you have space. Using this information will help in creating a Powerful Capability Statement and open doors to contracting opportunities in the federal government. This document is the key to building relationship with important decision-makers in government contracting, providing them with a concise description of the goods and services your business can provide, and a consistent reminder of your firm.

When properly written, a Capability Statement is the tool that sets your company head and shoulders above your competition. The following page contains an example of a Capability Statement. This statement has been created based on a fictitious company.

Details bearing any resemblance to any actual company is purely coincidental.

Note: This document is provided as a tool to assist you to develop a Capability Statement. While the information contained herein should benefit you in your efforts to design a Capability Statement, following this advice will not guarantee you a contract award. The Montana PTAC assumes no liability for use of this document.

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