



SHUTDOWN

## As shuttered agencies reopen, patience and empathy are virtues

By Ross Wilkers     Jan 28, 2019

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Just because government agencies reopen for business Monday after five weeks of a shutdown does not mean things return to business as usual, especially considering the prospects of things closing again three weeks from now.

In fact, service providers and other market observers are largely giving companies that do business with the government one piece of advice as their agency customers catch up: Patience and empathy will both be virtues.

Matt McKelvey, president of financial and proposal consulting firm The McKelvey Group, advises contractors to give shuttered agencies a generous catchup ratio of one month for every week they have been closed.

This tracks closely with the results of our shutdown survey released Friday where contractors said they expected it would be months before the market recovered.

In essence, it will likely very well be until summer before operations are back to normal. Tony Moraco, CEO of Science Applications International Corp., said at a Defense One-hosted event Wednesday that agencies will need at least two or three months to catch up on unpaid invoices and other administrative functions.

Unless of course another partial shutdown happens in three weeks, then all bets are off at that point.

“The simplest way to do it is to let the government clients know that they’re ready to come back in and support as needed but they’ll wait for direction, and that goes across the spectrum whether it’s proposal responses or contract modifications or

actual daily operations,” McKelvey said. “Because they need to let the government employees get back to their desks, breathe and start catching up.”

Generally speaking, the 800,000 furloughed federal civilian employees were not allowed to check email or telephone messages during the shutdown. That includes many employees responsible for processing invoices to pay contractors for their work.

Or as Guidehouse CEO Scott McIntyre told me during the fourth week of the shutdown, companies like his must “start with paying attention to and having real empathy for clients in the federal government.”

There is also the matter of lifting stop-work orders on contracts at closed agencies, plus processing unpaid invoices for work dating back to before the shutdown started Dec. 22 and during the stoppage. Those returns to normalcy and others surely will be welcome relief for all contractors, especially smaller firms finding themselves in a cash crunch.

In an interview with Government Matters that aired Sunday, Professional Services Council CEO David Berteau said companies can file claims for costs they have incurred as a result of stop-work orders on their contracts but have only have 30 days to do so.

But for whatever reason contract work was halted, Berteau said “you need to get back where you were and then move forward” to restart. This covers either stop-work orders, funds running out or absence of government officials with decision authority over that contract.

Companies should also “file their invoices that the government couldn’t accept while they go get themselves back on a financial footing to recover the costs they’ve incurred,” he added.

McKelvey has words of caution for contractors anxious to see their invoices get processed and broke them into two categories. He said invoices approved and incurred before the shutdown that remain unpaid “should move through fairly quickly,” anywhere between 10 and 15 days.

Invoices incurred during the shutdown or those to be incurred afterward are another matter. McKelvey is telling contractors to prepare for a waiting period of anywhere between 30 and 60 days for invoices in those two categories.

“The government contractual shops are already stretched thin, they were already stretched thin long before this shutdown,” McKelvey said. “Going through the process of validating and approving invoices could be delayed. So there’s going to be a cash crunch for a while still.”

That said, lenders that extend credit lines to contractors will be flexible for the next three weeks as invoices under the first category get cleared out of the system, he said.

The fact of contracting and acquisition offices inside government being thinly staffed and resources also applies for proposal activity. But the advice is simple from McKelvey with respect to due dates: “only go on the last documentation until otherwise,” and have your work ready to submit in absence of communications.

In one instance, the Homeland Security Department is giving contractors seven days after the shutdown ends to respond to opportunities. That notice also owes to the fact that many civilian employees in acquisition shops were on furlough during the shutdown.

Giving the federal civilian acquisition workforce more time to catchup and then proceed onward is key if the government is to proceed on its overall network transformation efforts, according to Tony Bardo of Hughes Network Systems.

Bardo, assistant vice president of government solutions at Hughes, said one of the last things agencies should want to do is keep deadlines the same and then rush them out without taking into account the gap in time.

“Why not give these people the time to do the job right and do it in the interest of the government getting the right new technology, transforming the networks, saving money (and) getting more bandwidth,” Bardo said.

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