

**THEN AND NOW**

# Beltway battler: How Sharon Virts built her government contractor into what it is today

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In 1991, [Sharon Virts](#) decided it was time to return to the Beltway.

For years, the Loudoun County native had been managing programs at [Computer Sciences Corp.](#), then went to New York to head up government programs for Prentice Hall Publishing. But she knew she was a government contractor at heart and what better place to call home than the federal government's backyard? So, she began interviewing for jobs with CSC, Planning Research Corp. and [Martin Marietta](#), the predecessor to Lockheed Martin Corp.



Sharon Virts shows off the new Ashburn space, built out for FCI Federal's expansion. It looks upon the contractor's old space next door, where she'll keep her executive office.

Still, something didn't feel right.

"I felt like I wanted to do something different," she says.

She told all three she wanted to work for them simultaneously. "Two of them said 'OK,'" says Virts, now 53. "One of them said, 'You're crazy.'"

And with that, a combination of inspiration and insanity, Virts started a new company. Founded on Oct. 15, 1991, Federal Consulting Services would advise both big and small IT companies on navigating the federal market, competing for contracts and winning business.

It was hardly as easy as that sounds, of course. Virts was a 29-year-old single mother of two, running the company out of her brother's basement. It took her a few months to generate cash flow, but in March 1992, the company won a massive job, helping with [AT&T's](#) market strategy with the [U.S. Department of Treasury](#). She began hiring market researchers and experts. By early 1993, she had taken out a \$40,000 loan and signed a lease for office space on 8229 Boone Blvd. in Tysons.

The business hummed along for close to a decade. Virts slowly built an impressive list of clients, including PRC, Advanced Technology Systems Corp. and McDonald Bradley. In 2000, the company counted 40 customers.

But it wasn't long before the government services landscape consolidated, and all her clients were getting swallowed up by giants looking to enter new markets through acquisitions. One, Northrop Grumman Corp., bought PRC, turning what were once two customers — and two paychecks — into one. The same thing happened when CSC bought DynCorp International Inc. — and so on until Federal Consulting Services' 40 customers dwindled to 18 between 2001 and 2003. Revenue peaked at \$6 million in 2000, and yet, the company was juggling a peak 27 full-time employees and more than 60 independent consultants.

"We had built an engine, an overhead and a staff to support 40 clients," Virts says.

Revenue dipped below \$3 million in that same period. Virts says that she was slow to react to the changes in the market.

"I didn't see it," she admitted. "I didn't see it coming in the market. I didn't see the consolidation. I didn't realize what it was going to do to us, and I kept that overhead up, I kept those offices, I kept those people, I kept running the same model. But my revenue was shrinking and shrinking and shrinking to where I lost all my margin."

From that point, the company limped along as Virts looked to bandage the wounds. She renamed it FedConsulting Inc. in March 2002. That same year, she shifted company assets into an S-Corp to take advantage of special tax benefits and to restructure the company's debts. The offices moved to Reston, where real estate was less expensive.

But the stopgap measures weren't enough and, by September 2004, Virts had had enough. She closed the doors, left her office space, moved back to her home in Leesburg and laid off nearly all her employees.

For Virts, 2005 was a year for soul searching. She sat with an old friend, Dick Braun, whom she brought on as an adviser to the company during the crisis years. He was one of her earliest clients when he worked at PRC. The two mapped out a strategy that would have FedConsulting competing for contracts, rather than merely advising clients on how to win them. Because she had advised IT companies, she steered away from that market for ethical reasons — she didn't want to compete with the companies she was advising — and instead positioned the company to take on program management, business process outsourcing and adjudication support — typically helping vet applicants for government programs and benefits.

Virts was lucky in that her old company did have some limited experience working directly with the federal government. In 1996, the company had some management and consulting work with the U.S. Department of Transportation. The company also did training services with the Internal Revenue Service and, in 1998, provided back-office support for the Federal Law Enforcement Training Center. These jobs threw off some extra cash, but were hardly enough around which to build a whole business.

It was enough for FedConsulting to build a resume and score three more contracts. But by 2006, one thing had become obvious: It still wasn't enough to cover overhead. Virts continued consulting for General Dynamics Corp. and Perot Systems, the two largest customers still left from the original 40 — consulting by day to help pay the bills and writing proposals by night.

Her patience was running thin. In 2007, she focused every effort on competing for a contract with the President's Emergency Operations Center, which wanted to outsource all of its paralegal services and Freedom of Information Act requests. Virts put all her eggs in one basket.

And lost.

“We lost, and I basically bet the farm on it,” Virts says. “That's the only thing I really worked on all year.”

Since changing direction, the company had little to show for its efforts in 2005, 2006 and now 2007. At that point, she had only two contracts that weren't enough to carry the business. The economy was headed for one of its worst recessions, and deep federal budget cuts were around the corner. Discouraged was an understatement for her state of mind. “I was thinking again, ‘I'm done. Maybe I should just quit, sell my two federal contracts off and get myself a real job,’” Virts says.

Not yet, she ultimately decided. “I said, ‘No, I'm going to give it one more summer,’” she says. “One more round of proposals.”

She began aggressively pursuing new contracts. In May 2008, she was working on a proposal for the Defense Threat Reduction Agency when she began having issues with her gall bladder. She

had surgery on it on a Thursday. On the Friday, Saturday and Sunday after that, she continued where she left off. The company won that contract with DTRA, as well as further awards with the Department of State and the National Maritime Center. By the fall of that year, she quit her consulting job and focused full time on the company, which by 2011 she'd renamed one more time to FCI Federal.

In February, the company, which has since shifted to Ashburn, won a \$416 million contract helping the U.S. Citizenship and Immigration Services vet applicants who are looking to change their immigration status at the National Benefits Centers in Lee's Summit, Missouri, and Overland Park, Kansas. It was the largest contract in company history.

"She's just one of those people who's not going to fail," said Kristina Bouweiri, CEO and president of Reston Limousine and a fellow board member with Virts at the Inova Loudoun Hospital Foundation. "She's going to find a way to succeed. And she did."

In May, FCI named its president, Scott Miller, as new CEO. Virts has taken up a new title, executive chairman, where she will step away from the day-to-day operations and focus on launching the Sharon D. Virts Charitable Foundation and backing projects in education, health care, transportation, culture and opportunity in economically depressed and rural communities. She will donate a portion of profits from FCI Federal into the foundation each year.

She's even engaged to be married — with Miller, who joined the firm in 2012. The two recently purchased a 212-year-old mansion in Leesburg known as Selma, reportedly for about \$1.2 million. They plan to restore the aging, dilapidated and long-abandoned house to the delight of many historic preservationists in the area.

As for her business, Virts no longer talks about hanging it all up.

Today, it employs 5,000 people and projects \$225 million in 2016 revenue.

"I learned from that experience in that 2002 time frame, you have got to know what's around you. You have got to understand how the market is changing, how your customers are changing, how your competition is changing and be honest with yourself about it and change with it," Virts says.

"I wasn't going to be the dodo bird," she adds, "extinct because you're not paying attention to what's happening in your world."

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## Sharon's Journey

- **1991:** The year Virts started Federal Consulting Services from her brother's basement, advising both big and small IT companies on navigating the federal market
- **1992:** Won work helping [AT&T](#) with its go-to market strategy for the U.S. Treasury
- **1993:** Took out a \$40,000 loan and opened offices in Tysons

- **2002:** The company shifted assets into an S-Corp. The company was renamed FedConsulting Inc. and the offices moved to Reston.
- **2004:** Closed FedConsulting Inc.'s offices, drastically cut staff and moved job to house in Leesburg
- **2007:** Lost a major contract, contemplates selling off remaining contracts and getting a job in industry
- **2008:** Won a spate of contracts that helped buoy the business. Quit day job consulting and worked full-time to the federal contracting company.
- **2011:** Renamed company FCi Federal
- **2014:** Moved offices from Leesburg to Ashburn
- **2015:** Won a \$416 million contract, the largest in company history. Posted revenue of \$158 million.
- **2016:** Stepped down as CEO, became executive chairman and launched the Sharon D. Virts Charitable Foundation

*James Bach covers federal contracting.*