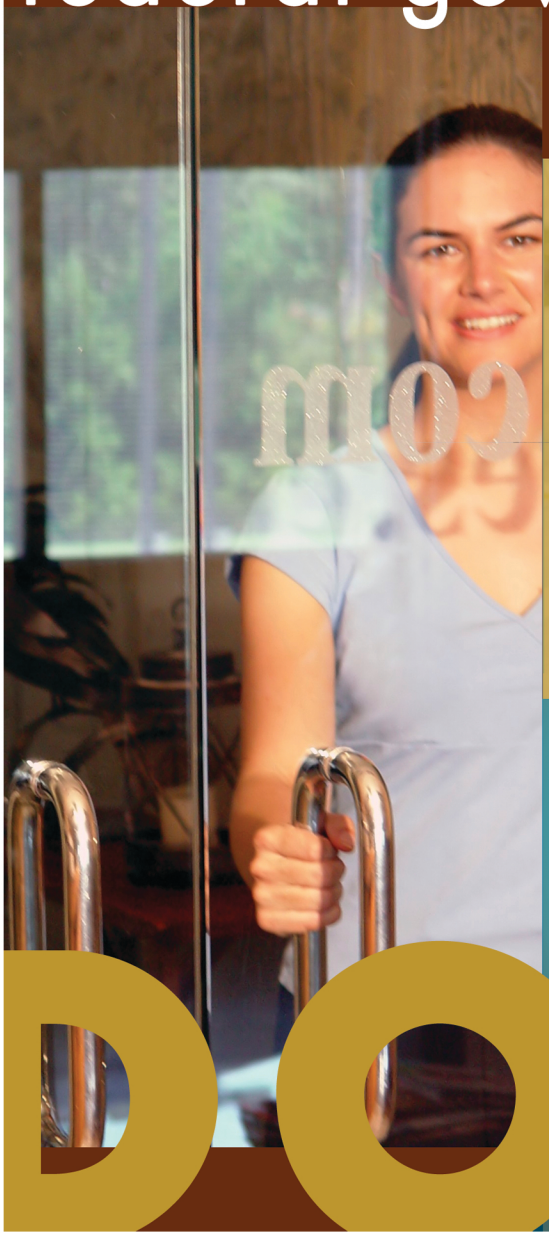
OPENING

small business opportunities

federal government contracting

U.S. Small Business Administration SBA



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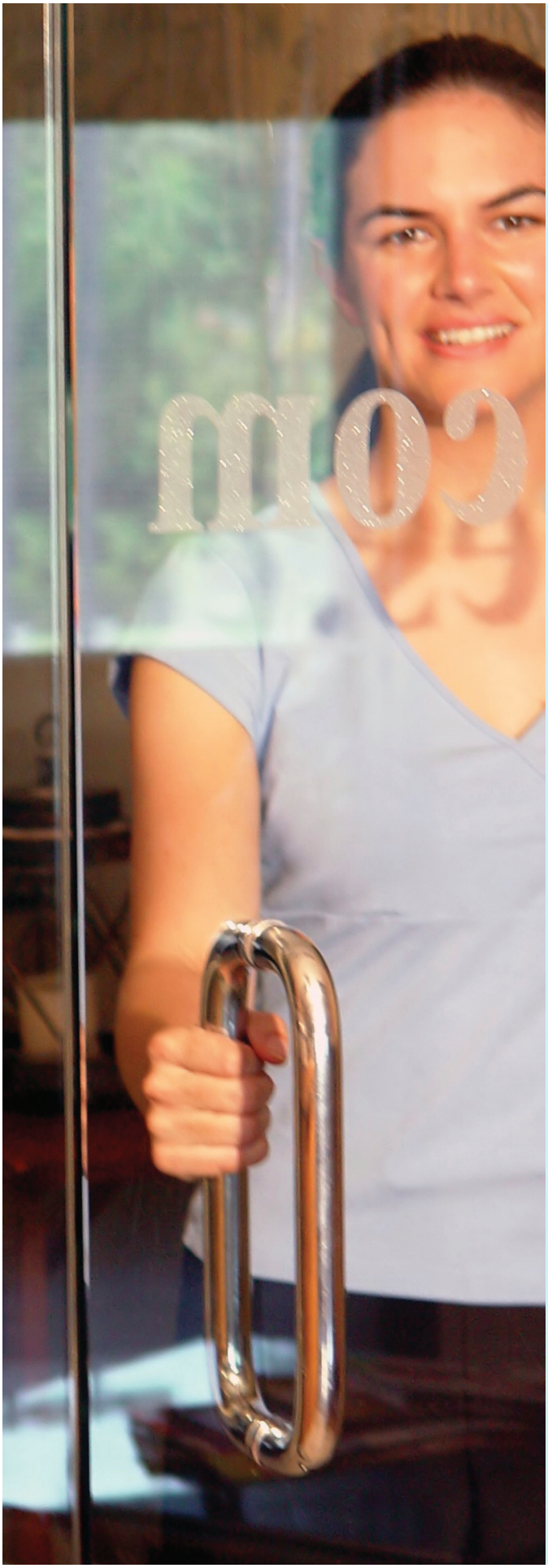

Myths & Realities

about Government Contracting

Myth: Doing business with the government is too complicated, involves too much red tape and it takes forever to get paid.

Reality: The government uses many commercial and business-friendly practices, such as buying off-the-shelf items and paying by credit card. Payments are generally received within 30 days after submitting an invoice.

Myth: There's no one I can turn to in trying to obtain government contracts.

Reality: SBA and its network of resource partners have programs and "hands-on" assistance for small businesses contemplating selling to the federal marketplace.

Myth: I must compete head-to-head against large businesses and multinational corporations to win contracts.

Reality: The government has many categories of contract opportunities set aside exclusively for small businesses to level the playing field.

Myth: All I need to do is register in the Central Contractor Registration system and the contracts will come rolling in.

Reality: Although the CCR is a primary way federal agencies learn about prospective vendors, it's up to you to aggressively market your firm to those agencies that buy your products and services. Remember, agencies don't buy, people do.

Myth: The low offeror always wins the contract.

Reality: While price is always a consideration, the government increasingly awards contracts for goods and services based on "best value," in which both technical and cost factors are weighed in the final assessment.

OPENING DOORS

to federal government contracting

Looking for new markets for your small businesses' goods or services? Consider selling to the federal government.

The U.S. government is the world's largest buyer of goods and services — from spacecraft and advanced scientific research to paper clips and landscaping services. Military and civilian purchases total more than $425 billion a year. And federal agencies are required to establish contracting goals, with at least 23 percent of all government spending targeted to small business.

The U.S. Small Business Administration has programs and services aimed at leveling the playing field so that small businesses obtain a fair share of government contracts.

Is Government Contracting Right for You?

Government contracts can provide significant revenue. But they're not necessarily the right decision for every business. Here are some basic questions. Are you:

- Willing to do ongoing, detailed research to find procurement opportunities and take the time to prepare and present offers (including bids and quotes)?
- Willing to be a subcontractor to companies that are prime contractors?
- Positive your business can financially support the execution of a government contract that may involve significant start-up costs?
- Prepared to learn and follow the rules relating to federal acquisitions?

Getting Started

There are several steps you will need to take to become a federal contractor or subcontractor.

The *CCR*

The first step to becoming a federal contractor is to register with the ***Central Contractor Registration***. The ***CCR*** is an online government-maintained database of companies wanting to do business with the federal government. Agencies search the database for prospective vendors. The ***CCR*** is located at **www.ccr.gov**.

After registering, you may enter your small business profile information on the *Dynamic Small Business Search* page.

Creating a profile in ***CCR*** and the *Dynamic Small Business Search*, and keeping it current, ensures your firm has access to federal contracting opportunities. Entering your small business profile, including your business information and key word description, allows contracting officers, prime contractors, and buyers from state and local governments, to learn about your company.

Small business opportunities

Preregistration Steps

Before you register with the ***CCR***, there are several important steps to complete.

Download the instructions and forms for registration and review them before you begin to enter the data online. That way you'll have all the required business information at hand to submit a complete application at one time. Click on "Start New Registration." A ***CCR*** Handbook to help you with the registration process, is available at **www.ccr.gov/Handbook.aspx**.

You must have a Data Universal Numbering System number to begin the registration. Contact Dun & Bradstreet at **www.dnb.com** to obtain a free DUNS number.

Generally, all businesses need a federal tax identification number, known as an EIN or TIN, Form SS-4. You may apply for a TIN in a variety of ways, including online, by phone, or fax. For information go to the IRS Small Business/Self Employed Community Web site at **www.irs.gov/smallbiz**, and click on "New Businesses."

Identify your North American Industry Classification Codes. NAICS codes classify business establishments. You must supply at least one code for your registration to be complete but be sure to list as many as apply. If you do not know your NAICS codes, search at **www.census.gov/epcd/naics07**. You must use six-digit NAICS codes in your registration. You can add or change NAICS codes at any time. You can also bid on a solicitation that has a NAICS code that you have not listed.

Identify your Standard Industrial Classification Codes. Use this section to list up to 20 classification codes that apply to your products and services. SIC codes can be four or eight numbers. You must supply at least one valid SIC code for your registration to be complete. Search **www.osha.gov/oshstats/sicser.html** if you do not know your SIC code.

Investigate Small Business Size Standards. While most businesses operating in the U.S. are considered small businesses, SBA establishes definitions of "small business" for all industries, called size standards. It is almost always stated as either the number of employees or average annual receipts of a business. In addition to establishing eligibility for SBA programs, all federal agencies must apply a NAICS code, with a corresponding size standard, to all contracts. For information, go to **www.sba.gov/services/contractingopportunities/sizestandardstopics**.

Identify your Product Service Codes. PSC codes, although optional, provide additional information about your service for government buyers. Search for PSC codes at **www.fpds-ng.com**, click on "Downloads" and scroll down to Reference Information.

Identify your Federal Supply Classification Codes. FSC codes, also optional, provide additional information about your products. Search for FSC codes at **www.dlis.dla.mil/h2**.

Investigate SBA Certification Programs. SBA administers three programs to assist specific groups in securing federal contracts: the Historically Underutilized Business Zone Program, known as HUBZones; the 8(a) Business Development Program; and the Small Disadvantaged Business Certification Program.

- ***The HUBZone Program*** stimulates economic development and creates jobs in urban and rural communities by providing federal contracting assistance to small businesses. These preferences are available to small firms that qualify because they are located in a HUBZone designated area and employ staff who live in such areas. To learn more about the program, go to **www.sba.gov/hubzone**.
- ***The 8(a) Business Development Program*** assists eligible socially and economically disadvantaged individuals develop and grow their small businesses. Businesses that usually have been existence for at least two years may be eligible for the nine-year program that includes counseling and training, and potential federal procurement opportunities. To see if you qualify for the 8(a) business development program, go to **www.sba.gov/8abd**.

Tips for Developing an Effective *CCR/DSBS* Profile

Familiarize yourself with *CCR/DSBS*.

Perform a search as if you were looking to hire your firm.

Analyze the profiles of firms in your area of expertise and use them as a guide when developing your profile. These will likely be your competitors.

Determine those aspects of your competitors' profiles that are effective and use them as a guide when developing your profile.

Your *CCR/DSBS* profile is your business' résumé. Regularly review, update and strengthen your profile.

When you meet with federal contracting officers and other potential buyers, ask them for a frank appraisal of your *CCR/DSBS* profile.

- ***Small Disadvantaged Business Certifications*** enable qualified firms to gain access to federal prime and subcontracting opportunities. To qualify, a business must be at least 51 percent owned and controlled by one or more individuals who are socially and economically disadvantaged. Contracting officers and prime contractors may search the ***CCR/DSBS*** for potential contractors to help fulfill their goals. For information, go to **www.sba.gov/sdb**.

Investigate Self-Certification Programs. There are several self-certification programs in which the small business certifies in its offer and on a federal contract that it meets the requirements of that program. These programs are: Service-Disabled Veteran-Owned Small Business; Veteran-Owned Small Business; and Women-Owned Small Business.

- ***Service-Disabled Veteran-Owned Small Business —*** The federal government has established special procurement opportunities for service-disabled veterans. Contracting officers may award a sole-source or set-aside contract to a small business owned and controlled by a service disabled veteran under certain conditions. The federal government does not require any formal certification; the service-disabled veteran can self certify. To determine eligibility, contact your local veterans business development officer in your nearest SBAdistrict office at **www.sba.gov/localresources**, or contact the SBA's Office of Veterans Business Development at **www.sba.gov/vets**.
- ***Veteran-Owned Small Businesses***—A veteran-owned small business is defined as one which is at least 51 percent owned and controlled by one or more veterans; or, in the case of any publicly owned business, at least 51 percent of the stock is owned by one or more veterans, and whose management and daily business operations are controlled by one or more veterans.

  If your small business meets the definition of veteran-owned, you can self-certify on a proposal for a contract. The Department of Veterans Affairs has authority to conduct veteran-owned business set-asides for its own procurements. For information on VA programs, go to **www.va.gov**.

  For information on SBA's programs and services for veterans, contact the SBA's Office of Veterans Business Development at **www.sba.gov/vets**.
- ***Women-Owned Small Businesses*** — The federal government has established a governmentwide goal for participation by small businesses owned and controlled by women at not less than 5 percent of the total value of all prime contract and subcontract awards for each fiscal year. A women-owned small business is defined as one which is at least 51 percent owned and controlled by one or more women, or, in the case of any publicly owned business, at least 51 percent of the stock is owned by one or more women, and whose management and daily business operations are controlled by one or more women.

  If you are submitting a proposal for a federal contract, you can self-certify that yours is a woman-owned small business.

  For information on SBA's programs and services for women entrepreneurs, go to **www.sba.gov/aboutsba/sbaprograms/onlinewbc**.

Agencies have a strong incentive to look for qualified small businesses when awarding contracts. Therefore, you should apply for those formal- and self-certifications for which you qualify. Federal agencies' Office of Small and Disadvantaged Business Utilization, have specialists to assist small businesses. Go to **www.osdbu.gov/offices.html** for information.

Ready to Register

Now you are ready to register with the ***CCR.*** Go to **www.ccr.gov** and click on "Start New Registration."

Learning About Federal Contracting

The more you understand about how the government buys products and services the more successful you will be in landing contracts. There are a variety of online training programs, in-person counseling services and specialized procurement representatives available to explain the federal procurement process.

Training and Counseling Programs

SBA's Small Business Training Network is a virtual campus complete with courses and programs to help the small business owner. Entrepreneurs interested in government contracting should take the free course, "Business Opportunities: A Guide to Winning Federal Contracts" which outlines how to participate in federal contract programs. The 30-minute program focuses on the contracting process and includes links to more than 40 Web sites. View this, and other small business courses, at **www.sba.gov/training**.

The Center for Acquisition Excellence offers an online training course, "How to Become a Contractor—GSA Schedules Program," providing valuable information for prospective contractors. For more information, visit the General Services Administration Web site: **www.gsa.gov/Portal/gsa/ep/contentView.do?contentType=GSA_BASIC&contentId=9772&noc=T**.

Once you've completed "Business Opportunities: A Guide to Winning Federal Contracts," take advantage of counseling services available specifically for small business. SBA has district offices in every state and territory. SBA's resource partners include nearly 400 offices of SCORE—

Counselors to America's Small Business; more than 1,000 Small Business Development Centers, primarily located on college campuses; and approximately 100 Women's Business Centers nationwide. Information about their locations and programs is available online:

- SBA district offices— **www.sba.gov/localresources**
- SBDCs— **www.sba.gov/sbdc**
- WBCs— **www.sba.gov/services** and choose "Women's Business Centers from the "Counseling & Assistance" heading at the bottom
- SCORE— **www.score.org**

Procurement Technical Assistance Centers provide technical assistance to businesses that want to sell products and services to federal, state and/or local governments. To find a PTAC in your state, go to **www.dla.mil/db/procurem.htm**.

SBA Procurement Resources

SBA's Procurement Center Representatives increase the small business share of federal procurement awards by working with federal agencies to identify prime contracting opportunities, reserving procurements for competition among small business firms, providing small business sources to federal buying agencies, and counseling small firms.

SBA's Commercial Marketing Representatives conduct compliance reviews of prime contractors, counsel small businesses on how to obtain subcontracts, conduct matchmaking to facilitate subcontracting to small business, and provide orientation and training on the Subcontracting Assistance Program for both large and small businesses.

To find the PCR or CMR representative servicing your area, go to **www.sba.gov/aboutsba/sbaprograms/gc/contacts/gc_pcrd1.html**.

Identifying Contracting Opportunities

Before you begin identifying contracting opportunities, you should understand how the government applies standardized procedures to purchase the goods and services it needs. Contracting officials use procedures outlined in the Federal Acquisition Regulation, known as the FAR, to guide government purchases. For more information about the FAR, go to **www.acquisition.gov**.

Federal Business Opportunities

You can't sell your products or services to the government if you don't know which agencies are buying and what their needs are. The federal government operates an online service called ***Federal Business Opportunities***, known as ***FBO*** or ***FedBizOpps***. This single entry, governmentwide Web site, **www.fbo.gov**, announces available business opportunities and is a powerful tool to help you become successful in government contracting. The online tool identifies contract opportunities over $25,000.

Simplified Purchases

For purchases between $3,000 and $100,000, the federal government can use simplified procedures for soliciting and evaluating bids. Federal rules require these purchases to be reserved for small businesses unless the contracting official cannot obtain offers from two or more small firms that are competitive on price, quality and delivery. Government agencies must advertise all planned purchases over $25,000 in ***FedBizOpps***.

Any proposed contract of $10,000-$25,000 must be displayed in a public place (agency "Bid Board") or by an appropriate electronic means, such as agency Web sites when advertising requirements using simplified procedures. Agencies use a variety of means for purchasing items costing $3,000-$10,000. Small firms should become familiar with how those buying offices advertise these requirements and then monitor them closely.

Most government agencies have common purchasing needs. The government can realize economies of scale by centralizing the purchasing of certain types of products or services. Under the **General Services Administration Schedules Program** (also referred to as ***Multiple Award Schedules and Federal Supply Schedules)***, GSA establishes long-term, governmentwide contracts with commercial firms to provide access to over 11 million commercial supplies and services that can be ordered directly from GSA schedule contractors on the **GSA Advantage!™** online shopping and ordering system. State and local governments also use the GSA schedules for purchasing goods and services. Becoming a GSA schedule contractor increases your opportunity for contracts across all levels of government.

Businesses interested in becoming GSA schedule contractors should review the information available on "Getting on Schedule" located at: **www.gsa.gov/schedules**.

Subcontracts

Subcontracting, or teaming with a prime contractor, can be a profitable experience and growth opportunity for a small business. Experience gained from performing as a subcontractor can help you in responding to solicitations as a prime contractor. Large businesses with prime contracts exceeding $550,000 (except for construction which is $1 million) must provide a plan with subcontracting opportunities for all categories of small business.

To help small businesses find opportunities, SBA maintains **SUB-Net**, a searchable database prime contractors use to post subcontracting opportunities. Small businesses can review this Web site to identify opportunities in their areas of expertise. The Web site is also used by federal agencies, state and local governments, nonprofit organizations, colleges and universities, and even foreign governments to identify small businesses.

Small business can use **SUB-Net** to identify concrete, tangible opportunities and then submit bids or proposals targeting these potential subcontracting opportunities. **SUB-Net** is located at **www.sba.gov/subnet**.

Micro-purchases
In general, government purchases of individual items under $3,000 are considered micro-purchases.

These government purchases do not require competitive bids or quotes and agency employees other than a contracting officer can pay using a government credit card.

Micro-purchases, unlike other small government procurements between $3,000 and $100,000, are not reserved for small businesses. It is important to be able to process credit card purchases if you want a share in micro-purchases.

Marketing Your Business

Selling to the federal government is not that much different from selling to the private sector. It all comes down to marketing. The key is to determine which government agencies buy the products or services you sell and how your target agencies contract. Then, develop a focused marketing strategy targeting those agencies. When you are marketing to the federal government keep these important issues in mind:

Familiarize yourself with the agency's operating administration. Get to know the people who will actually use your products or services, as well as the procurement officers who are responsible for approving contracts.

Focus on opportunities in your niche and prioritize.

Make appointments and attend contracting sessions. Network as frequently and broadly as you can. The more you know about each agency and each opportunity, the better your chances of winning contracts. Participate in procurement-related conferences, activities and matchmaking events. SBA's district offices sponsor and participate in a wide variety of procurement events. You can find the SBA district office nearest you, at **www.sba.gov/localresources**.

Most federal agencies have an Office of Small and Disadvantaged Business Utilization. These offices promote small business prime and subcontracting opportunities. The small business specialists in these offices are important marketing contacts. A list of agency contacts is at **www.osdbu.gov/offices.html**.

Be persistent, consistent and professional. Follow through on every commitment you make.

Contracting Checklist

- If federal procurement is right for your small business, put what you have learned into action.
- Sign up for SBA's online course, "Business Opportunities: A Guide to Winning Federal Contracts" at **www.sba.gov services/training/onlinecourses**.
- Identify your North America Industry Classification and Standards Industrial Classification codes.
- Apply for DUNS and TIN numbers.
- Develop your business profile.
- Investigate SBA programs for small businesses.
- Register in the ***CCR*** and the associated ***Dynamic Small Business Search*** database.
- Meet local counselors who can assist you in the government contracting process.
- Check out procurement Web sites.
- Become familiar with ***Federal Business Opportunities*** and practice searching for contract opportunities.
- Once you have identified your customers, researched their requirements, and understand the government's procurement regulations, it is time to market your product or service, perhaps the most important step in winning federal contracts.

Additional Online Resources

Check out these online resources.

Department of Defense: **www.acq.osd.mil/sadbu**, provides information on the products and services purchased by DoD and the names and locations of the agencies that purchase each commodity or service. DoD small business specialists can assist you on how to market to DoD.

Office of Federal Procurement Policy: **www.whitehouse gov/omb/procurement**

Online Representations and Certifications Application: **https://orca.bpn.gov/login.aspx**

Acquisition Forecast: **http://acquisition.gov/comp/procurement_forecasts/index.htnl**

The Small Business Administration and its nationwide network of partners help millions of potential and current small business owners, start, grow and succeed. For more information, go to **www.sba.gov**.

Your Small Business Resource

www.sba.gov

www.sba.gov/services/contracting opportunities/index.html

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