Today’s Discussion

1. “Should I do this?” Things to Consider Before Getting Started as a Federal Government Contractor
2. The Legal Stuff: Unique Federal Government Contractor Rules
3. “Okay, how do I get started?” Getting Started as a Government Contractor
4. Additional Resources
What is Government Contracting?

The federal government is the largest consumer of products and services in the world, spending billions of dollars each year on everything from office supplies to janitorial work and computer repair services.

A government contractor is a private company that produces goods or services under contract for federal, state, or local governments.

[Note: this is different from a Federal Grant Recipient]
Should I do this? Five Reasons to Sell to the Federal Government

1. The federal government represents a big market
2. The federal government wants to work with small businesses
3. Federal government spending is consistent
4. The federal government pays its bills
5. Contracting decisions are transparent
The Federal Government Represents a Tremendous Market for Small Businesses

- Annual spending by government agencies on small businesses reached $83.27 billion in FY 2007 and is expected to keep growing

- Top Five Spenders:
  - Department of Defense, $383.4 billion
  - Department of Energy, $24.6 billion
  - NASA, $14.8 billion
  - Department of Veterans Affairs, $14.6 billion
  - Department of Homeland Security, $13.8 billion
What the Federal Government Buys

1. Professional, administrative and management support services, $64.1 billion
2. Research and development, $57.8 billion
3. Construction of structures and facilities, $42.3 billion
4. Aircraft and airframe structural components, $31.1 billion
5. Motor vehicles, trailers, and cycles, $29.6 billion
Focus on Small Businesses

• Goal: 23% of Federal contracting dollars to small businesses

• Small businesses are eligible to bid on any size contract.

• Set asides: nearly all contracts between $3,000 and $100,000 for small businesses unless it cannot get competitive offers from two or more small businesses
Things to Consider Before Getting Started as a Government Contractor

Securing government contracts requires investments of time and money

- A proven track record of success (2 years in business)
- Secure working capital to get into process
- Resources to research government agencies and submit proposals
- Commitment to investments in compliance and management
What’s your strategy?

• Subcontracting can be a good way to get into Federal work
• Do you provide commercial items or commercial services?
• GSA Schedule Contract?
• Special services?
• Unique qualifications?
Subcontracting as a way to get your feet wet

• Large procurements have subcontracting requirements, so prime contractors are looking for you
• Opportunity to build capability and gain experience
• Subcontract is closer to a commercial negotiation
  ▪ Look out for flowdowns
Commerciality reduces burdensome requirements

“Commercial” goods and services are comparable to products and services available to non-government customers under essentially the same terms and conditions

- Commercial items: “of a type customarily used by the general public and sold or offered for sale to the general public”
- Commercial services: “offered or sold competitively in the commercial marketplace based on established catalog or market prices for...tasks”
Government Contracts for Commercial Goods and Services

Government contracts and subcontracts for “commercial” goods and services benefit from a significantly faster and less costly contracting process

• Significantly reduces required contracting regulations (even fewer if a commercial item subcontract): see FAR 52.212-5
GSA Schedule Contract

• Significant effort up front to obtain a schedule contract, but then preapproved for purchases by government agencies
• Can help with marketing to broad government audience
• Watch out for price adjustment requirements!
The Burden: Federal Government Contractor Rules and Responsibilities

- Federal government contractors must comply with special rules and regulations
- The Federal Acquisition Regulation (FAR) is a complex set of rules governing the federal government's purchasing process
  - The FAR applies to all agencies in the executive branch
  - The most recent version of the FAR is available at https://www.acquisition.gov/FAR/loadmainre.html
  - Supplemental regulations for individual agencies are available at https://www.acquisition.gov/agency_supp_regs.asp
Federal government contracts differ from ordinary commercial contracts in important ways:

- Contract termination
- Contract changes
- Payment
- Contract specifications
- Inspection and testing rights
- Protests and contract disputes
- Audits
Key Labor and Ethics Regulations

• The FAR contains information on labor and ethics regulations that apply to government contractors
  – **Labor Standards**
    Equal opportunity
    Wage and hour requirements
    Employment eligibility verification
    Buy American Act
  – **Improper business practices**
    Code of business ethics
    Gift-giving and the “$20/$50 Rule”
    Anti-Kickback Act
“I’m ready!”: Getting Started

1. Find your North American Industry Classification System (NAICS) number, which the government uses to categorize products and services
   • Find the NAICS code that best describes your products or services at [http://www.census.gov/eos/www/naics/](http://www.census.gov/eos/www/naics/)

2. Determine whether your business qualifies as a small business
   • Visit [http://www.sba.gov/content/table-small-business-size-standards](http://www.sba.gov/content/table-small-business-size-standards) for information on size standards
Getting Started Cont’d

3. Obtain a D-U-N-S Number
   • A D-U-N-S Number is a unique nine-digit number used to identify your business
   • Visit http://fedgov.dnb.com/webform to apply for a number

4. Central Contractor Registration (CCR)
   • CCR is the federal government’s primary vendor database
   • Registering allows you to send your business's "resume" to government agencies
   • Visit http://www.ccr.gov to register (note: switching to “System for Award Management” at the end of July 2012)
Getting Started Cont’d

1. **Focus** on a manageable number of agencies whose business you are most likely to secure

2. Review forecasts for agency procurement
   - [https://www.acquisition.gov/comp/procurement_forecasts/index.html](https://www.acquisition.gov/comp/procurement_forecasts/index.html)

3. Review each agency’s prior history of awards
   - Visit [https://www.fpds.gov](https://www.fpds.gov)
Finding Opportunities

1. Visit https://smartpay.gsa.gov/ for information on micropurchases

2. Visit http://fedbizopps.gov to explore all business opportunities valued at $25,000 or more

3. Visit http://www.gsa.gov to become a GSA Schedule Contractor
   • Becoming a GSA Schedule Contractor allows your business to be considered for Governmentwide Acquisition Contracts (GWACs)
   • GWACs are used to buy commonly used goods such as furniture and office supplies across agencies
Finding Opportunities Cont’d

4. Visit http://web.sba.gov/subnet to search for subcontracting opportunities

5. Contact agency offices for small business assistance
   - Individual agencies maintain government contracting websites
     - For example, visit http://www.justice.gov/jmd/osdbu/ to reach the Department of Justice’s Office for Small and Disadvantaged Businesses website
Additional Opportunities

1. 8(a) Business Development Program for businesses owned by socially and economically disadvantaged individuals
   • Visit [http://www.sba.gov/content/8a-business-development-0](http://www.sba.gov/content/8a-business-development-0)

2. Historically Underutilized Business Zones (HUBZone) Program
   • Visit [http://www.sba.gov/hubzone/](http://www.sba.gov/hubzone/)

3. Green Businesses
   • Visit [http://www.sba.gov/content/green-contracting-opportunities](http://www.sba.gov/content/green-contracting-opportunities)
Additional Opportunities Cont’d

4. Women-Owned Small Businesses
   • Visit http://www.sba.gov/content/women-owned-small-businesses-program

5. Veteran Owned Businesses
   • Visit http://www.sba.gov/content/service-disabled-veteran-owned-small-business-concerns-sdvosbc
Keys to Success

1. Network
   - Attend the annual General Services Administration Expo
     - http://www.expo.gsa.gov
   - Visit the Small Business Administration’s DC office for information on local networking opportunities
     - http://www.sba.gov/about-offices-content/2/3106

2. Document your success
   - Collect data on past performance
   - Develop “leave-behind” promotional material

3. Do not underbid
Keep Going!

Small businesses submitted an average of 4.4 bids before winning their first contract.
More Resources

1. Small Business Administration
   • A one stop shop for small businesses interested in government contracting. Local offices provide one-on-one counseling services and training sessions
   • [http://www.sba.gov/category/navigation-structure/contracting](http://www.sba.gov/category/navigation-structure/contracting)

2. Procurement Technical Assistance Centers
   • Nominally priced counseling for small businesses planning to do business with the federal government
   • [http://www.dla.mil/SmallBusiness/Pages/ProcurementTechnicalAssistanceCenters.aspx](http://www.dla.mil/SmallBusiness/Pages/ProcurementTechnicalAssistanceCenters.aspx)