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Government Contracting: Is Your Business Ready?

Hundreds of thousands of businesses across the United States have used government contracting to effectively grow their business. Their success or failure in this arena depends largely upon how prepared they are to contract with the government. A well-prepared business will succeed in attracting and keeping government business.

One of the most cost-effective places to start is to investigate business opportunities in your own backyard. Explore your local city or county government and inquire about the registrations necessary to do business with them. Local governments usually have more simplified paperwork and processes compared with the state and federal agencies. This is a great way to build "past performance."

Advantages of Selling to the Government

Last fiscal year, the federal government spent over \$500 billion on private-sector businesses. This means the federal government bought goods and services worth over \$500 billion directly from small and large businesses of all types. The federal government buys just about everything imaginable from companies of all sizes. Buildings and roads need to be built and maintained; people and infrastructure supported; communications and computer systems installed and serviced; equipment, supplies and commodities purchased; and services of all kinds provided. If you are providing a product or service to consumers

or other businesses, there is an excellent chance government agencies will also buy what you sell.

Federal government agencies always pay their bills, and with proven payment processes like government credit cards and electronic direct deposit payments, you get paid very quickly. In general, the government has a great track record of making payments in comparison to consumers and private businesses.

Once you have experience as a contractor and have established a good track record as a trusted vendor, you have a very good chance of getting regular, repeat business.

Where Do You Start?

Government agencies are open for business and actively seeking new contractors with which to work. When you realize there are over 200 federal government agencies with thousands of offices spread throughout the United States and over 3,000 counties, cities and boroughs, it can seem like an insurmountable task just to find out how to open the doors to getting government contracts.

The first step in determining if you're ready to compete for a government contract is the length of time your company has been in business. To be the prime contractor, most government contracts require at least two years of business experience. However, if you are a

subject matter expert in your field and have worked for others for a significant length of time, then you may be considered sufficiently experienced. The key is documenting your knowledge and ability.

Your small business should be stable, with no risk of company failure. Contracting officers are risk-averse and will not award a contract if they think a particular product you wish to sell is your only product or that the government sales could “rescue” your company. It is your job to show the contracting officer you are able to help manage the risk. The goal is to develop a strong working relationship and ensure that the products or services are delivered on time, within budget and to specification.

Small business owners must possess the following before bidding on a government contract:

- Financial resources for execution of the project or production of the product
- Outstanding business integrity and ethics
- Qualifications to perform the scope of work
- Business skills (organizational, financial and technical)
- Tangible assets required for the project or product production (e.g., building or equipment)
- Staff and resources to meet the schedule
- A proven record of on-time delivery

You will need to complete a Capability Statement, in which you provide factual evidence of your capability and capacity. This document is often requested as part of a "sources sought" notice or may be requested by a contracting officer who may be interested in pursuing a relationship with you. In this document, you will clearly state your core competencies, differentiators, past performance and relevant company data.

You will also need to register in the proper databases to ensure that you are viewed by contracting officers and others seeking vendors of your goods and services. Please remember all these registrations are free; it is not necessary to pay third parties for the listing.

Common Processes for All Levels of Government Contracting

All government agencies are responsible for their own budgets and expenditures. There is no one central agency or organization responsible for making purchases for all agencies. Therefore you must contact each individual agency to register, ask for notification of upcoming contracts, and submit and negotiate proposals and contracts. Every government agency has an office of small and disadvantaged business utilization (OSDBU) and a small business liaison office (SBLO). These offices are dedicated to finding trusted vendors and making sure socioeconomic purchasing goals (i.e., goals to purchase from woman-owned and service-disabled-veteran-owned businesses, and from disadvantaged businesses and businesses in historically underutilized business zones)

are met. Most government agencies and prime contractors share out-year procurement plans on [this website](#).

Do not pursue agencies that do not have a need for what you offer. It is important for you to determine who buys what you sell. You may glean that information by researching procurement histories of various agencies. The Connecticut [Procurement Technical Assistance Program \(CT PTAP\)](#), described in greater detail below, can provide guidance on this.

The government has different levels of purchasing with a set of rules for each. It is important to know and understand these purchasing methods so you know where to find the opportunities that meet your business capacity.

Credit Card/ Micro Purchases: If you do not yet accept credit cards for payments from customers, you will want to do so when selling to the government. Agencies at all levels utilize credit cards for smaller purchases. Buyers are permitted to use procurement cards (PCARDS) for purchases up to \$3,000. Last year, the federal government made over 25 billion dollars' worth of credit card purchases. These purchases can be made without obtaining competitive quotations. More and more of the smaller dollar requirements are being purchased via a credit card or Government Procurement Card (GPC). If you accept Visa or MasterCard, please let your government customers know. If you want to accept

credit cards, investigate this option with your bank. Almost 97 percent of the purchases under \$3,000 are now made with a GPC.

Simplified Acquisition Procedures (SAP) apply to acquisitions between \$3,000 and \$150,000. The majority of these purchases are set aside for small businesses. The business submitting the successful quotation under these procedures is issued a purchase order, and performance of the order constitutes contract acceptance.

Purchases over \$150,000 are considered large purchases and require a sealed bid process. Sealed bidding begins with an invitation for bids (IFB) that contains the information needed to prepare and submit a bid. All bids are submitted on a standard form that must be received by a certain time and date. The bids are opened in public, and the contract will be awarded to the **responsive** and **responsible** bidder that offers the best value to the government.

Regulations concerning aspects of federal procurement made with appropriated funds are published in the Federal Acquisition Regulation (FAR) (<http://farsite.hill.af.mil/>). The FAR is designed to unify all procurement practices, forms and requirements for the federal government. It also allows each major agency to issue supplements containing regulations unique to that agency.

Subcontracting

It is important you do not neglect the multi-billion-dollar secondary market of subcontracting. You should investigate potential opportunities with prime contractors by researching their websites to determine if they have a need for what you provide. Many of the federal government's requirements may be beyond the scope of a single small business, and prime contractors are encouraged to subcontract and team with small business concerns.

Emergency & Disaster Recovery

Many contracting opportunities arise from disaster recovery operations. It is important that you declare your intention of providing disaster recovery products or services in your System for Award Management (SAM) profile. Small Business Development Centers (SBDCs) and the Small Business Administration (SBA) play an important role in disaster recovery efforts and will use a search application in SAM to find disaster assistance. Emergency responders need vendors that can clear debris, provide facility support services, furnish necessary supplies and much more. In the aftermath of a disaster, different aspects of the recovery operations may be led by the federal government through the Federal Emergency Management Agency (FEMA), state government response programs, city or county emergency response programs, or nonprofit organizations like the American Red Cross.

This article describes just a small sampling of the intricate mechanisms involved in government contracting. The CT PTAP is tasked with helping Connecticut businesses expand into government markets. If you are thinking of pursuing this market or are already doing government contracting, please give us a call. Our services are free, and we are friendly, knowledgeable and willing to help you navigate these opportunities. Explore our [website](#) for more information or to request an appointment.

About the Author



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