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Growing your business by selling to the government

Roger Johnson

University of Nebraska at Omaha, wrjohnson@unomaha.edu

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Growing your business by selling to the government

Are you looking for new markets for your small business? Consider expanding sales opportunities through government contracting. Federal agencies have goals to award contracts to small businesses and other social-economic groups. State, county, city, town and village government agencies are also potential markets for commercial business to sell their products and services. Sometimes it is easier to get started in smaller government markets before entering the Federal marketplace. If you're already selling to some government agencies, perhaps you can expand to sell to others.

Making the process less daunting

The Federal government knows that small businesses bring value to their procurement but they may need technical assistance to navigate some of the rules and regulations required for bidding, completing work, and getting paid. This can be daunting, especially for a small business without excess staff to devote to the task. Therefore, the Defense Logistics Agency funds the Procurement Technical Assistance Centers (PTAC) program across the country to provide basic government contracting consulting at no charge to the business owner. In Nebraska, the program is part of the services offered by the Nebraska Business Development Center (NBDC).

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A lot of opportunity for small businesses

Twenty-three percent of all prime contracts are set aside for small business. This has resulted in more than \$83 billion dollars of revenue for small businesses. All contracts

between purchase card threshold and \$150,000 are automatically set aside for small businesses. The Federal government wants to meet these socio-economic minimum goals:

- 5% of contracts for small disadvantaged businesses (SDB)
- 5% of contracts for woman owned small businesses (WOSB)
- 3% for Historically Underutilized Business Zones (HUBZone) Certified Firms
- 3% for Service Disabled Veteran Owned (SDVO) Small Businesses
- 8(a) Certified businesses (8(a) is a business development program from the Small Business Administration which offers a broad scope of assistance to firms that are owned and controlled by socially and economically disadvantaged individuals)

- Disadvantaged Business Enterprise (DBE) is a goal for federally funded transportation work

This amounts to a lot of opportunity for small businesses to participate in the market!

Is your business small?

Since the government sets aside some contracts for small businesses (SB), they also must have definitions for small businesses, to assure fairness. The Code of Federal Regulations (CFR) identifies that a small business is not dominant in its field of operation and qualifies as a small business concern in accordance with 13 CFR 121.201. The Small Business Administration (SBA) summarizes this information in the form of a table at www.sba.gov/size. For example, the construction size standard for a small business is revenue below \$33.5 million. For consulting firms, less than \$7 million in revenue qualifies as a small business. The manufacturing size standard is fewer than 500 employees to qualify as a small business.

Follow the clues in procurement history

You may already know that the government buys the service or goods you sell because you see your competitors selling to the government.

There are places to look to see exactly what was purchased in the past. Review the FBO.gov website to search what the government has previously purchased and what the government is currently announcing to purchase. Research the USASpending.gov and the FPDS.gov websites

to determine what government agency has bought your same product/service and what business won the contract. In addition, you can search for specific Agency Forecasts to see what the agencies are expecting to buy in the future. Knowing what agencies are planning to purchase helps you formulate a plan to get to know those program managers and sell your goods or services based upon their needs.

Get bidding opportunities in your email box

The Federal Business Opportunity website, www.fbo.gov includes a “Solicitation Search Agent” feature. You can create an ID and Password and set up the process to receive information about solicitations via email. In addition, NBDC offers “Bid Match” service free of charge to small businesses pursuing government contracts. The Bid Match program monitors a wide variety of government bid opportunities, from hundreds of different sources. The service can be customized to your business to help pinpoint government bid opportunities that are relevant to your business while eliminating those that are not. Find bids you would not otherwise know about, delivered right to your in-basket. Meet with an NBDC consultant to get Bid Match set up and targeted for your firm.

While doing your basic market research identify the agency small business specialists, buyers, and end users (www.osdbu.gov/offices.html). Set up appointments to meet them and listen to their needs so you can determine how your firm can best help them. Determine the government agency procurement cycles. Research the agency website, and review the agency’s procurement forecasts and budgets. One way to meet contracting specialists is to attend procurement conferences, trade shows, “meet the buyers” events, and agency open-house events.

Ease into contracting with a partner

In addition to getting work directly from the Federal government, consider subcontracting with a larger firm. Small business and socio-economic goals are passed down from the federal agencies to large business prime contractors who win awards. Prime contractors must submit a “subcontracting plan” outlining the percent they will subcontract out to socio-economic groups and small businesses. Subcontracting is a good way to bring value to a prime contractor and get your feet wet in the government marketplace.

When you're ready

Contact an NBDC consultant to introduce you to the government marketplace and help you with all the steps your firm needs to be ready to sell to the government. In addition, they will help you complete the required Federal, state, county, city, town and village government registrations. Town and village purchasing departments operate similar to city purchasing departments and require vendors to register with their agency departments for contracting opportunities. Examples are:

- City of Bellevue City Information Vendor Application www.bellevue.net/CityInformation/BidOpportunities.aspx.
- City of Omaha Vendor Application www.douglascountypurchasing.org/
- State of Nebraska Administrative Services Materials Vendor Application das.nebraska.gov/materiel/
- You must maintain an active [Systems of Award Management \(SAM\) Registration](http://www.sam.gov) (www.sam.gov) to contract with Federal government agencies. Also, complete registrations with the specific Federal government agency you intend to work with, such as the Department of Interior, or the Army Corps of Engineers, in order to gain access to their specific agency contracting opportunities.

After registration, you are ready to look for specific solicitations. The dollar value of a purchase influences the way in which it will be procured by the Federal agencies. There are micro purchases, simplified acquisition purchases, and formal or large contract solicitations.

Micro Purchases are not advertised, are less than \$3,000, and are often made and procured with a government purchase card. It's not usually a problem in this day and age, but be sure your business is prepared to accept credit card purchases.

Simplified Acquisition Purchases are normally not advertised, but sometimes are posted locally, and require an oral response or a Request for Quotation (RFQ). These purchases are normally reserved for Small Businesses and are less than \$3,000 but are no more than \$25,000. Simplified Acquisition Purchases that

are greater than \$25,000 and less than \$150,000 are advertised on the Federal Business Opportunities (FBO) website.

NBDC government contracting consultants can help you with all the steps to get your firm ready to sell to the government.

Formal/Large Contract

solicitations must be posted on the FBO Website, www.fbo.gov as an Invitation for Bid (IFB) or Request for Proposal (RFP). If the purchase threshold is greater than \$150,000 and can be announced as a Set-Aside, and it is greater than or equal to one of these capable Business Types: 8(a) or HUBZone or Small Disadvantaged Veteran Owned Small Business (SDVOSB) or VOSB or total SB, then the Contractor will submit offers at a fair market price.

A capability statement highlights core competencies of your business

Determining the market for your goods or services and your size standard helps you as you develop a marketing strategy. Create a "Capability Statement" of your business to share with your government market. The capability statement is a specialized one-page marketing statement which contains specific items of interest to government procurement officials. It includes your core competencies, past performance, differentiators, corporate data, and contact information.

Core competencies are the essence of your firm's abilities, succinctly stated. Past performance contains examples of similar work you've successfully performed for other customers. Differentiators provide information about the value you provide which the agency desires. For corporate data, include the size and socio-economic status of your firm and geographic area served as well as codes: Dun & Bradstreet number (DUNS), Commercial and Government Entity (CAGE), North America Industrial Classification System (NAICS), etc.



About the author

Roger Johnson, CCAS, CVC, is a Certified Contracting Assistance Specialist, Johnson helps Nebraska businesses navigate the government registration process and become authorized contractors. He is an organizational member of the Association of Procurement Technical Assistance Centers and a Certified Verification Counselor through the U.S. Department of Veterans Affairs.



About the Nebraska Business Development Center

NBDC is a cooperative program of the U.S. Small Business Administration (SBA) and the College of Business Administration at the University of Nebraska at Omaha (UNO). NBDC partners with the University of Nebraska at Kearney, Southeast Community College, Wayne State College, Mid-Plains Community College and Chadron State College to provide consulting and business support services from offices in Omaha, Lincoln, Kearney, Grand Island, North Platte, Wayne, Auburn, Scottsbluff and Chadron. Learn more about NBDC at nbdc.unomaha.edu

About NBDC procurement technical assistance

NBDC government contracting consultants can help you get registered to do business with the government, locate market research, get connected to Bid Match, prepare accurate and confidential bids, create a capability statement for your firm, and more. Consultants are certified government procurement specialists. Find contact information at nbdc.unomaha.edu/government-contracting/consultants.cfm

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