

Contracting Overview Transcript

Introduction



Click Begin to learn how the SBA supports small businesses that want to enter the world of government contracting.

What is considered a "small business"?

An infographic titled "What is considered a 'small business'?". It features a storefront icon next to the text "SBA Size Standards: Average # of employees over 12 months OR average annual receipts over 3 years". Below this, a list of criteria includes: "Organized for profit", "Have a place of business in the US", "Operate primarily in the US", "Independently owned & operated", and "Not dominant in its field nationally". At the bottom, three icons represent business types: "Sole Proprietorship" (one person), "Partnership" (two people), and "Corporation" (a building). A double left-pointing arrow is on the left and a double right-pointing arrow is on the right of the title.

Many small business owners may take it for granted that their company is, in fact, a "small business." However, from a government contracting perspective, the distinction between small businesses and "other-than-small businesses" is very important. To be considered a "small" business, a business must adhere to industry size standards established by the SBA. These standards will vary from industry to industry.

For most industries, the SBA defines a “small business” either in terms of the average number of employees over the past 12 months, including full-time, part-time, and temporary employees, or by the average annual receipts over the past three years. In addition, the SBA requires that a small business be:

- Organized for profit.
- Have a place of business in the US
- Operate primarily in the US, or make a significant contribution to the US economy
- Be independently owned and operated
- Not be dominant in its field nationally

So, by this definition, a “small business” could be a sole proprietorship, partnership, corporation, or any other legal entity.

What is the SBA's role in government contracting?



The SBA is involved in government contracting in two primary ways:

First, SBA's Office of Government Contracting & Business Development works with federal agencies to award at least 23% of all prime government contract dollars to small businesses and help federal agencies meet specific statutory goals for small businesses that are part of special programs, including women-owned small businesses, service-disabled veteran-owned small businesses, and small businesses that are located in historically underutilized business zones.

The SBA also offers business development and government contracting assistance in the 8(a) Business Development Program; which is a 9-year program that assists small businesses owned and controlled by individual(s) deemed socially and economically disadvantaged through one-on-one counseling, training workshops, matchmaking opportunities with federal buyers, and other management and technical guidance.

How can a business register to be a government contractor?



There are four basic steps a business will need to complete before it can begin bidding on federal contracts.

First, it will need to obtain a Data Universal Numbering System, or D-U-N-S, Number, a unique 9-digit identification number for each physical location of the business. D-U-N-S Number assignment is free for all businesses required to register with the federal government for contracts or grants.

Next, the business will need to register in the Federal government's System for Award Management (SAM). Keep in mind that while registration in the SAM isn't required for businesses that will subcontract with another prime firm, registration in the SAM can prove beneficial for small businesses and subcontractors because they'll receive increased exposure as larger prime firms search through the system for potential future partners.

In addition, any small business that intends to do business with the federal government should know its Primary NAICS Code and secondary NAICS Codes (if any). The North American Industry Classification System (NAICS) classifies business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the US economy. The NAICS industry codes define establishments based on the activities in which they are primarily engaged.

Finally, businesses interested in getting on the U.S. General Services Administration (GSA) Schedule for contracts should obtain an Open Ratings, Inc. Past Performance Evaluation. Open Ratings, a Dun & Bradstreet Company, conducts an independent audit of customer references and calculates a rating based upon a statistical analysis of various performance data and survey responses. While some GSA Schedule solicitations contain the form to request an Open Ratings Past Performance Evaluation, vendors may also submit an online request directly to Open Ratings.

What resources are available for small businesses that are just starting out in contracting?

The infographic is divided into two main sections. The top section is split into two columns. The left column is titled 'Free Online Courses' and lists two bullet points: 'Basics of contracting w/ gov't agencies' and 'Self-paced, ~30 mins'. The right column is titled '8(a) Business Development Program' and lists one bullet point: '51% owned by disadvantaged individuals'. A large black downward-pointing chevron arrow is centered between these two columns. Below this is a blue horizontal bar with white text and double arrowheads on either side, reading 'What resources are available for small businesses that are just starting out?'. The bottom section contains three items: a dollar sign icon followed by 'Contract awards up to' and two bullet points ('\$4m for goods & services', '\$6.5m for manufacturing'); a document icon followed by 'Joint ventures to bid on contracts' and two bullet points ('Can perform larger prime contracts', 'Overcome contract bundling'); and a person icon followed by 'Mentor-Protégé Agreement'.

The SBA has created a series of free, online contracting courses designed to help prospective and existing small businesses understand the basics about contracting with government agencies. These self-paced courses take about 30 minutes to complete.

In addition, in order to help small, disadvantaged businesses compete in the marketplace, the SBA created the 8(a) Business Development Program, which offers a broad scope of assistance to firms that are owned and controlled at least 51% by socially and economically disadvantaged individuals.

The 8(a) Program is a key resource for helping small businesses owned and controlled by a disadvantaged individual(s) gain access to the economic mainstream of American society. This program helps thousands of qualified firms to gain a foothold in business development and government contracting; including assisting with sole-source contract awards, up to a ceiling of \$4 million for goods and services and \$6.5 million for manufacturing. In addition, 8(a) firms are also able to form joint ventures to bid on contracts. This enhances the ability of 8(a) firms to perform larger prime contracts and overcome the effects of contract bundling, the combining of two or more contracts together into one large contract.

Finally, businesses certified in the 8(a) Program may submit a Mentor-Protégé Agreement which assists these firms with obtaining business development assistance from a mentor.

For more information on the ScaleUp America Initiative

Finding Contracting Opportunities	
HUBZone Overview	Contracting Certifications
HUBZone Fact Sheet	8(a) Program Overview
Registering for Gov. Contracting	8(a) Program Fact Sheet
SBA.gov	

For more information about SBA's role in helping small businesses compete and succeed in government contracting, check out these other resources on the SBA Partner Training Portal, as well as SBA.gov's contracting section.