

Registering to Sell to the Federal Government Market

KAREN WILLIAMS, SCORE CERTIFIED MENTOR

About SCORE

As a resource partner of the SBA, we help small businesses by:



Providing free
business advice
and mentoring



Offering low or
no-cost business
training



Sharing free business
templates and
resources

Request a SCORE mentor at www.score.org/find-mentor

Today's Presenter



- **Karen Williams** retired from Northrop Grumman Corporation as the vice president of corporate contracts, pricing & supply chain. As a certified SCORE mentor, she helps small businesses in the DC metro area (and nationwide) understand the Federal procurement and certification processes.

Session Objectives

- Develop an understanding of the reasons to consider selling to the Federal Government
- Determine if the Federal market is a market for your business
- Develop an understanding of the different types of Federal Government small business certifications
- Determine if you qualify for these certifications

Ask questions as we go through the presentation using the Q&A icon!

Government Contracting

- Even with recent budget cuts, the U.S. Government is the largest buyer in the world, outsourcing \$500B+ annually on products and services
- ~40% spent on products; ~60% on services
- Less than 5% of the businesses in the United States do business with the U.S. Government
- Every day new opportunities are available to be bid on by private businesses
- The Federal Government signs over 10 million contracts a year

Government Contracting (cont.)

- Companies are awarded new contracts daily
- Approximately 95% of federal contracts are awarded to small and medium-sized businesses
- The U.S. Government procures everything from armored vehicles and cutting-edge scientific research, to paper clips and super computers; it also procures IT services, program management, and base operations support
- A significant share (23%) of Federal contracts is specifically available for award to small businesses

Federal Contracting – Is it for you?

- What a Government Contract can do for your business:
 - Diversify your customer base
 - Cover fixed overhead and G&A costs
 - Even out cash flow
- What a Government Contract cannot do for your business:
 - Jump-start your business
 - Save your business
 - Be the sole source of your business (especially for start-up companies)

Benefits of Contracting with the Federal Government

- You get paid regularly
- The procurement process is documented in the Federal Acquisition Regulations (<https://www.acquisition.gov/>); Federal agencies must follow the rules
- Government contracting allows businesses, many small and mid-sized businesses, to have profitable, long-term contracts
- The high profile your company achieves as a result of Government contracts can be a good advertising tool for your firm

SBA's Readiness Assessment Checklist

Government Contracting

Is it right for you? Government contracting can be a valuable tool to grow your small business, but it isn't for everyone. Complete the following readiness assessment to help you decide whether your company can successfully compete for government contracts.

1 Does the government buy the product or service that you sell?

- ✓ Continue to question 2.
- ✗ Government contracting may not be for you at this time.
- ? Start with your local SBA district office. If you can't identify at least three federal agencies that might buy what you sell, contracting might not be right for you.

2 Are you capable of fulfilling a government contract (e.g., time, staffing, and materials)?

- ✓ Continue to question 3.
- ? Your local SBA district office can help you gauge ramp-up time and other factors that contribute to government contracting success.

3 Confirm your answer to all of the following:

- Is the majority owner(s) a U.S. citizen?
- Does your company have a place of business in the U.S.?
- Is your business organized for profit?
- Does your business generate revenue?

- ✓ Continue to question 4.
- ✗ These are requirements for participation in government contracting programs.

SBA's Readiness Assessment Checklist (cont.)

6
Do you have cash on hand to purchase working inventory, if needed?

- ✓ Continue to question 7.
- ✗ Talk to an SBA Lender about getting a line of credit or a loan to do business with the government.

5
Do you have an accounting system that produces financial statements, such as profit and loss statements, balance sheets, and cash flow projections?

- ✓ Continue to question 6.
- ✗ Before you get into government contracting, make sure your accounting system is compatible with the government's requirements.

4
Are you credit worthy?

- ✓ Continue to question 5.
- ✗ Visit an SBA Resource Partner for tips on repairing your credit.
- ? Talk to an SBA Lender about how to build credit.

SBA's Readiness Assessment Checklist (cont.)

7
Do you already have federal/state/local government contracting experience?

- ✓ Continue to question 8.
- ✗ If you don't yet have contracting experience, you won't reap the full benefit of opportunities like the 8(a) Business Development Program. You can participate in the 8(a) program once, so make sure it's the right time for you.

8
Do you know where to find contracting opportunities?

- ✓ Continue to question 9.
- ✗ Ask an SBA business opportunity specialist for help.

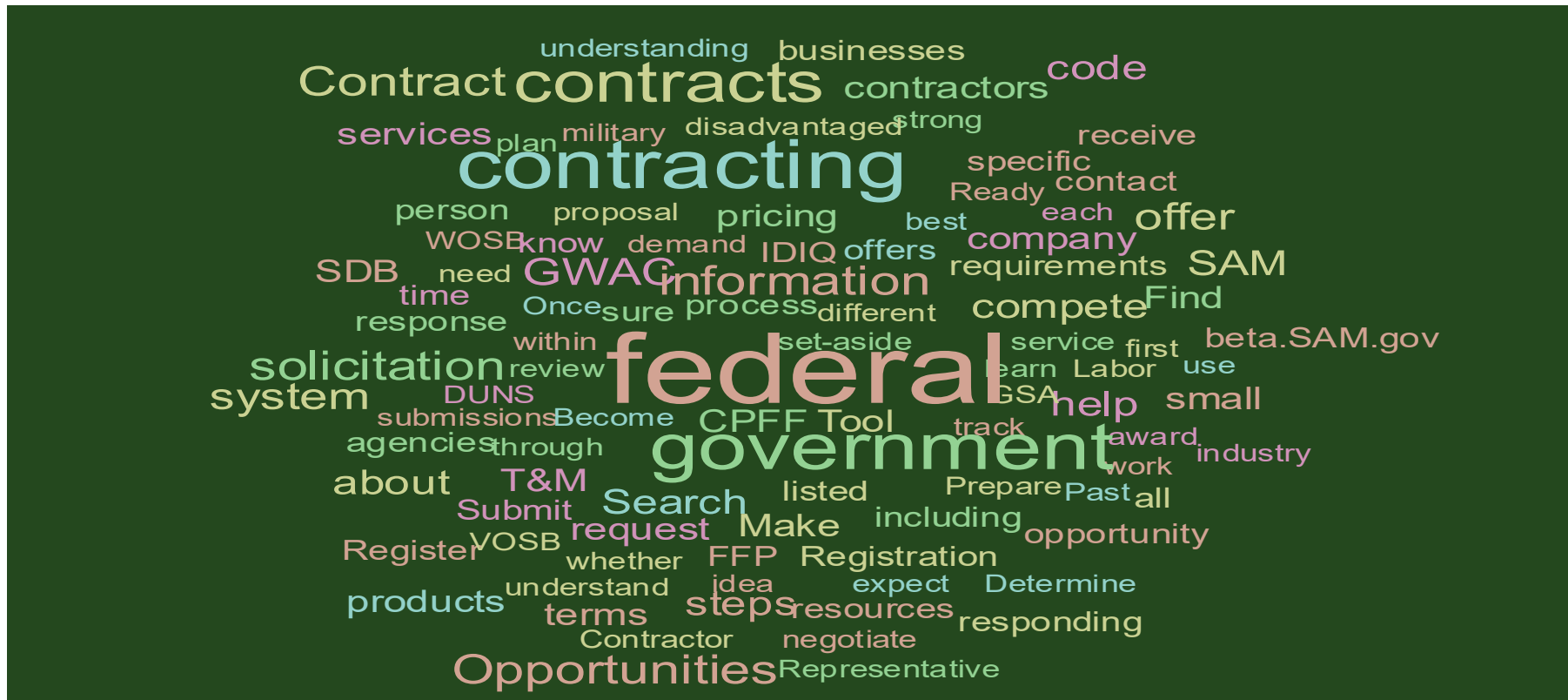
9
Make sure you have:

- a DUNS number
 - the NAICS codes and size standards for your industry
 - SAM registration
- ✓ Continue below.
 - ✗ This is a requirement for participation in some government contracting programs.

It sounds like you may be a good fit for government contracting!
Visit your local SBA district office or sba.gov/contracting for more information.

Acronyms – Federal Contracting is filled with them!

- Before entering the Federal market, you need to learn the language (and the process); a great reference: www.sba.gov



Items to Consider – from SBA.gov

- Basic Requirements:
 - Employer Identification Number (EIN) & Unique Entity Identifier (UEI)
 - North American Industry Classification (NAICS) code (or codes)
 - System for Award Management (SAM.gov) Registration
 - Maintain Compliance

In order to participate in government contracting, you must comply with all laws and regulations. The federal government's purchasing process is governed by the Federal Acquisition Regulation.

Regulations covering government contracting programs for small businesses are listed in 13 CFR 125

www.sba.gov/federal-contracting/contracting-guide/basic-requirements

Items to Consider – from SBA.gov (cont.)

- Assess your business:

What makes a successful contractor?



The government prefers to work with established, reliable businesses. Do you have a track record of delivering quality goods and services on time and within budget? Is your reputation within your industry strong?

Not only can it take a long time to win your first government contract, it can take a significant amount of money. Some businesses spend between \$80,000 and \$130,000 to earn their first contract.

Also, it could take up to two years to start making a return on your investment. You'll need to have enough cash flow to sustain your business. Maintaining a diverse list of private-sector clients can help offset any potential initial losses.

Being e-commerce savvy is very important in government contracting. For example, if you want to work with the Department of Defense, you must be able to invoice and receive payments electronically.

www.sba.gov/federal-contracting/contracting-guide/assess-your-business

Items to Consider – from SBA.gov (cont.)

- Market Research
 - Define your target Federal agency (or agencies)
 - Discover who is providing that product/service today (at what price and for what period of performance)
 - Large businesses?
 - Small businesses?
- How to start your market research will be covered in Part 2 of our webinar at noon next Tuesday

www.sba.gov/federal-contracting/contracting-guide/how-win-contracts

Questions?

SBA Small Business Certifications

Provided by SBA - For more information go to www.sba.gov

Contracting Goals

PROCUREMENT TARGETS:

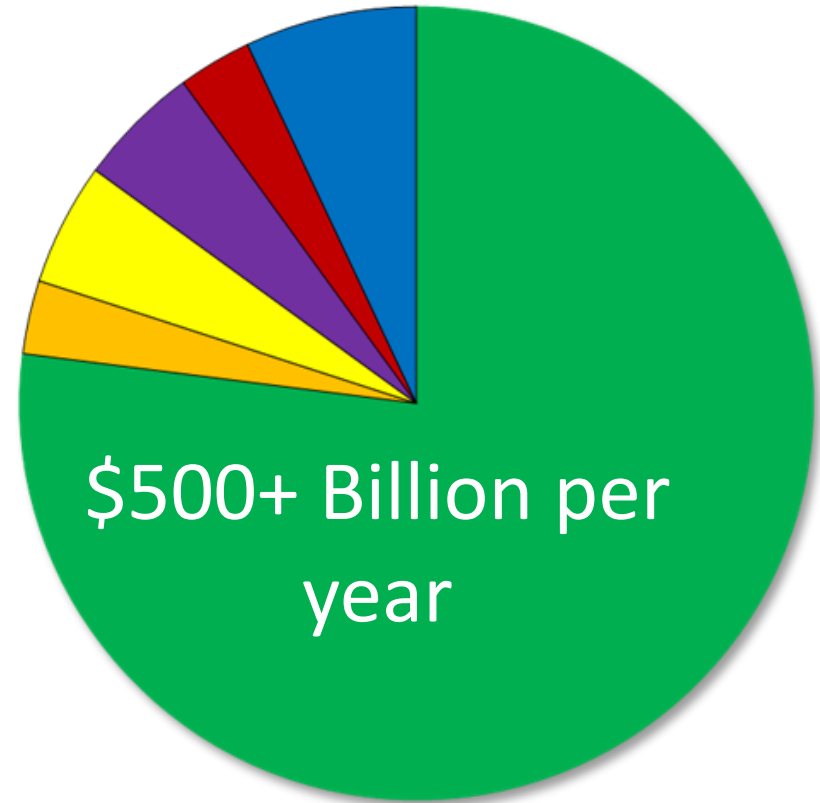
Small Businesses: 23%

SDB: 5%

WOSB: 5%

SDVOSB: 3%

HUBZone: 3%



U.S. Government: The World's Largest Customer

Small Business Prime and Subcontracting

- Prime contracting is where your company has a direct contract with the Federal Government
- Subcontracting is where you have a contract with a Prime contractor
- Large Businesses may have small business subcontracting goals for large contracts – approximately \$72 billion/year in additional opportunities
 - Subcontracting opportunities will be covered in our next session
- SBA Procurement Center Representatives (PCRs) advocate for small businesses at buying activities, along with Agency's Office of Small and Disadvantaged Business Utilization (OSDBU)

What is a Small Business?

- The SBA defines a "small business" either in terms of the **average number of employees** over the past 12 months, or average annual receipts over the last 5 fiscal years (effective January 6, 2022). SBA defines a U.S. small business as a concern that:
 - Is organized for profit and has a place of business in the U.S.
 - Operates primarily within the U.S. or makes a significant contribution to the U.S. economy through payment of taxes or use of American products, materials, or labor
 - Is independently owned and operated and not dominant in its field on a national basis
- The business may be a sole proprietorship, partnership, corporation, or any other legal form. In determining what constitutes a small business, the definition will vary to reflect industry differences, such as size standards.

SBA Size Standards

Size Standards are based on NAICS (North American Industry Classification System) Codes

- Manufacturing 500 to 1,500 employees
- Wholesale Trades 100 to 200 employees
- Servicing \$8 Million / \$41.5 Million
- Construction \$16.5 Million / \$39.5 Million
- Agriculture \$1 Million / \$30 Million

www.sba.gov/document/support--table-size-standards

Types of Federal Contracting Certifications

- Self-Certified:
 - Small Business (SB)
 - Small Disadvantaged Business (SDB)
 - Following the same social and economic requirements of the 8(a) program
- SBA-Certified (see next slide):
 - Historically Underutilized Business Zones (HUBZones)
 - 8(a) Business Development Program
 - Women-Owned Small Business (WOSB); effective 10/15/20
 - Service-Disabled Veteran-Owned Small Business (SDVOSB)
 - Effective 1/1/23

SBA Certifications

Now Open for Applications.



We are now accepting applications for VetCert, HUBZone, Women-Owned and Economically-Disadvantaged Women-Owned, and 8(a) small business certifications.

If you have an account in the MySBA loan portal, you can log in with that account email and password. If you are new to the system, or if you have an existing account for HUBZone, WOSB or EDWOSB, or the 8(a) program, you must [create a new account](#) to apply.

To report a change to your business for a current certification, use the [VetCert](#), [HUBZone](#), [WOSB or EDWOSB](#), or [8\(a\) program](#) websites.

Entity-owned firms cannot apply for certification yet, but that application will be coming soon.



[Home](#)  [Resources](#)  [Get Help](#)

[Sign Up / Login](#)

MySBA Certifications

Your one-stop destination for SBA's small business certifications.

Small Disadvantaged Business (SDB) Eligibility Criteria

- Since October 2008, small businesses can self-represent their status as a small disadvantaged business (SDB)
- To self-represent as an SDB, register your business in the System for Award Management (SAM.gov). SBA's eligibility criteria for SDBs:
 - The firm must be 51% or more owned and controlled by one or more disadvantaged persons
 - The disadvantaged person or persons must be socially disadvantaged and economically disadvantaged
 - The firm must be small, according to SBA's size standards

www.sba.gov/federal-contracting/contracting-assistance-programs/small-disadvantaged-business

Veteran Small Business Certification (VetCert) Program

- Service-Disabled Veteran-Owned Small Business (SDVOSB) program in place as of January 1, 2023 – SBA is now the certifying agency.
- The Service-Disabled Veteran (SDV) must be designated as Service Disabled by the Veterans Affairs Veterans Benefits Administration
 - Business registered in SAM.gov
 - The SDVOSB must be small under the NAICS code assigned to the procurement
 - The SDV must unconditionally own 51% of the SDVOSB
 - The SDV must control the management and daily operations of the SDVOSB
 - The SDV must hold the highest officer position in the SDVOSB

Veteran Small Business Certification (VetCert) Program (cont.)

- The SDVOSB is eligible for Set Asides and Limited Sole Source opportunities
- Certification is valid for three (3) years
- Certified veteran-owned small businesses (VOSBs) have additional opportunities to pursue sole-source and set-aside contracts at the Veterans Administration (VA) under the VA's Vets First program
 - Vets First Verification Program
 - www.va.gov/osdbu/verification

Women-Owned Small Business Program

- Firm must meet the small business size standard for the contract and be at least 51% unconditionally and directly owned by women who are U.S. citizens
- A woman must hold the highest officer position in the business
- For EDWOSB: Personal net worth (assets minus liabilities) must be less than \$850,000, adjusted gross income below \$400K (averaged over 3 years), and total assets less than \$6.5M
 - Aligned with the 8(a) requirements

sba.gov/federal-contracting/contracting-assistance-programs/women-owned-small-business-federal-contracting-program

Women-Owned Small Business Program (cont.)

- Certification can be provided by SBA (for free)
 - To begin the process, go to: <https://certifications.sba.gov/>
 - Certification can be provided by a 3rd-Party Provider (for a fee):

Third-party certification

There are four organizations approved by SBA to provide third-party certification. Contact them to find out about their certification process and any associated costs. They are:

- [El Paso Hispanic Chamber of Commerce](#)
- [National Women Business Owners Corporation](#)
- [U.S. Women's Chamber of Commerce](#)
- [Women's Business Enterprise National Council](#)



<https://www.sba.gov/federal-contracting/contracting-assistance-programs/women-owned-small-business-federal-contract-program>

HUBZone

HUBZone - Historically Underutilized Business Zone

- Program is designed to stimulate economic development and create jobs in urban and rural communities
- HUBZones are defined by Census Tract or counties
- Map changed on July 1, 2023; this will be updated every 5 years thereafter
- HUBZone Map current and preview maps found on www.sba.gov

www.sba.gov/federal-contracting/contracting-assistance-programs/hubzone-program

HUBZone (cont.)

- Must be a small business for its primary NAICS code
- Owned and controlled at least 51% by U.S. citizens
- Principal office--the single place where the most employees work 51% or more of their time--must be located in a HUBZone
- At least 35% of the concern's employees must reside in a HUBZone; *residency means to live in a primary residence for at least 180 days*
- Certification is provided by SBA (for free)
- Firms must recertify annually

www.sba.gov/federal-contracting/contracting-assistance-programs/hubzone-program

8(a) Business Development Program

- Nine-year business development program
- Receive one-on-one dedicated assistance from an SBA Business Opportunity Specialist
- Management and technical assistance training; marketing assistance
- Access to set-aside and sole source contracting opportunities
- Eligible to receive federal surplus property and equipment on a priority basis
- Business must be small per SBA's size standards, and at least 51% owned and controlled by U.S. citizens who are socially and economically disadvantaged
- At least 2 years in business generating operating revenue (may sometimes be waived)
- Visit <https://certifications.sba.gov/> and use the "Knowledge Base"
<https://sbaone.atlassian.net/wiki/spaces/UCPUKB/pages/3185574025/Knowledge+Base+Home> for training tools and checklists - Email 8aquestions@sba.gov

www.sba.gov/federal-contracting/contracting-assistance-programs/8a-business-development-

8(a) Eligibility Criteria

Economic Thresholds - Assets, Income, Net Worth

- Before SBA can approve an application, the individual(s) claiming to be disadvantaged must submit supporting documents to prove their assets, income, and net worth fall below certain threshold amounts.
 - Total Assets cannot exceed \$6.5 million
 - Adjusted gross income cannot exceed \$400,000, averaged over 3 years
 - Personal net worth must be less than \$850,000
 - 13 CFR 124.104
- To learn more about 8(a) certification and eligibility join SBA's monthly ["Straight Talk"](#) (202) 765-1264, Conference ID# 217 121 169. Live Q&A from SBA's team of experts!

Mentor Protégé Program Information

- On November 16, 2020, SBA merged the former 8(a) Mentor Protégé Program and the former All Small Mentor Protégé Program into one Mentor Protégé Program
- Approved Mentor Protégés may joint venture and be considered small and bid using the socioeconomic status of the protégé
- Joint venture(s) must be separately registered in SAM.gov
- Note: This is not a match-making program; mentors and proteges must find each other

www.sba.gov/federal-contracting/contracting-assistance-programs/all-small-mentor-protége-program

Mentor Protégé Program Benefits

Protégés can get valuable business development help from their mentors in several areas, including:

- Guidance on internal business management systems, accounting, marketing, manufacturing, and strategic planning
- Financial assistance in the form of equity investments, loans, and bonding
- Assistance navigating federal contract bidding, acquisition, and the federal procurement process
- Education about international trade, strategic planning, and finding markets
- Business development, including strategy and identifying contracting and partnership opportunities
- General and administrative assistance, like human resource sharing or security clearance support
- For additional information, go to [SBA Mentor-Protégé program](#)

Next Steps

- Determine if the Federal market is a market for your business
 - Use the SBA's Readiness Assessment Checklist
- Begin your market research
- Develop a strategy – consider starting as a subcontractor
- If you qualify, apply for small business certifications
- Attend Federal Procurement Workshops and Webinars to learn how the Federal Government buys goods and services (e.g., SBA, SBDCs, WBCs, SCORE, Others)

Next Steps (cont.)

- Consider attending this upcoming webinar:
 - 06/03/2025 [Selling to the Federal Government Market](#)
- Consider viewing these recorded webinars:
 - Certifying as an 8(a) Company (03/11/2025)
 - For more information, visit: <https://www.score.org/washingtondc/event/certifying-8a-company-0>
 - Acquiring a GSA Multiple Award Schedule (04/08/2025)
 - For more information, visit: <https://www.score.org/washingtondc/event/acquiring-a-gsa-multiple-award-schedule-04082025>
- Request a free, virtual appointment with a SCORE mentor with Federal expertise
 - If you do not have a SCORE mentor, request one at [score.org/find-mentor](https://www.score.org/find-mentor)

Helpful Links & References

- Small Business Administration: www.sba.gov
- SCORE: www.score.org
- Small Business Development Centers: americassbdc.org
- Association of Women's Business Centers: awbc.org
- Procurement Technical Assistance Centers (APEX Accelerators): aptac-us.org
- Find SCORE resources for small businesses at www.score.org/templates-resources
- Find more SCORE live and recorded workshops and courses at www.score.org/get-business-training
- Book an appointment with a SCORE mentor at www.score.org/find-mentor



Questions?

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PARTICIPATION**



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