



Contracting with the Government:

A Guide to Expanding Your Business by Selling to the Government

Many of small businesses are interested in contracting with the government but are unsure of how to go about the process. *Diversity Journal* reports that “by law the federal government has a goal to commit 23 percent of contracting funds to small businesses. Moreover, contracting officers have set aside requirements to make purchases worth \$3,000 to \$100,000 from small businesses.”

According to the US Small Business Administration (SBA), the best way to win government contracts is to first understand the process, align your skills with the government’s needs, and follow-through. It is important that you assess your business capabilities, understand the accounting standards you will be required to meet, and evaluate your competition.

If you want to contract with the government, you do not have to go it alone. There are many resources available to help small businesses market their services to the government. There are over 300 local [Procurement Technical Assistance Centers \(PTAC\)](#) in the US. Professionals at your local PTAC provide free guidance to small businesses interested in contracting with the government. Consultants will help determine if your business is able to compete in the government marketplace, they will then guide you through the marketing and bidding process, and also manage you post-award and contract. You can find your local office by selecting your state from the interactive map on the first page of the national PTAC’s website.

Another way that you can contract with the government is by subcontracting. The Connecticut Procurement Technical Assistance Program states that “prime contractors are interested in small businesses that can demonstrate special skills or provide value to the overall bid.” Sometimes this is because a subcontractor has a diversity set-aside code that helps the prime contractor to meet diversity requirements, other times it is because a subcontractor has a unique niche or is locally known. The SBA’s [Subcontracting Network](#) (SUB-Net) is where prime contractors post “solicitation” or “notice of sources sought” (NSS) for small businesses. The SBA’s [Subcontracting Opportunities Directory](#) is another source of information to reach out to primes.

To successfully contract with the federal government, it is important to understand its spending trends on contracts relevant to the product or services you offer. [USASpending.gov](#) is a publicly accessible website that was set up by The Federal Funding Accountability and Transparency Act of 2006 (FFATA) which requires federal contract, grant, loan, and other financial assistance awards of more than \$25,000 be made available to the public.

Through the Advanced Search tool, users can search for contracts several different ways, including via keyword, fiscal year, location, set-aside code, NAICS code, and even the awarding agency. For example, a NAICS code search for Machine Shops 332710 limited to spending within the last two fiscal years (2014 to 2016) generates 37,505 transactions of which \$151,577,479 was awarded to prime contractors and \$360,052 to subcontractors. The data is downloadable in a CSV file format; however, it is a lot of contracting data to sift through. Creating a pivot table can help you organize the data by state and recipient with the highest contracted awards.



If you are not as comfortable with Excel, there are other ways of understanding government spending. *Washington Technology* publishes an annual ranking of the [top 100 federal government prime contractors](#). Examining this list and the companies on the list may provide insight into what the federal government is looking for in a prime contractor. The list can be viewed by different categories, including rank, industry sector, small businesses, defense revenue, and newcomers.

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