

How to Procure a Lucrative Government Contract



Governments are an unusually lucrative and (fingers crossed!) reliable source of contract revenue for enterprising companies around the world.

And while the lion's share of U.S. government contracts are sought and won by massive, globe-spanning corporations, small business still has a place at the table.

If you've ever thought about cutting a slice of that multi-billion-dollar pie for your own business, you're not alone.

Around 23.8 percent of all American federal government contracts are awarded specifically to small businesses—to the tune of nearly \$25 billion in 2017.

With such a tempting prize up for grabs, it's small wonder that the process of landing a government procurement contract in the United States is not only incredibly competitive, but intricately detailed and time-consuming.

However, you can tip the odds in your favor with a little research, a lot of painstaking work, and a healthy dose of perseverance.

Helpful Tips for Landing a Government Procurement Contract

Before you can win a contract, you've got to invest some time, energy, and patience in preparation.

• Do Your Homework

The government buys just about anything, and it buys in bulk. Government procurement is about procedure, in large part, and to navigate the sometimes cloudy waters of government contracting requires diligence and care.

That's not to say the American government makes it more difficult than absolutely necessary, however. Unlike most other business sectors, the U.S. government is willing—eager, even—to give businesses insight on how best to win their business.

Depending on the market segment your business serves, as dictated by its North American Industries Classification System code (NAICS code), you'll be eligible to bid for a wide assortment of service contracts for local government, as well as state and federal contracts.

Both the General Services Administration (GSA) and Small Business Administration (SBA) provide detailed instructional materials for prospective bidders, including the SBA's overview of how the government buys from small businesses.

Government agencies at all levels use a variety of acquisition procedures for contract actions, and you'll want to understand the important aspects of each acquisition process, including:

• Credit Card Purchases

Also known as “micro-purchases,” these contracts don't require any bids or request for proposals (RFPs).

If the transaction is \$10,000 or less, any authorised buyer can use

a Government Purchase Card or credit card to complete the transaction without the need for a procurement officer.

- **Simplified Acquisition Procedures**

For purchases of \$250,000 or less, the procurement process remains fairly straightforward.

Transactions in this range are set aside (i.e., reserved) for small businesses, and don't require as much hoop-jumping in the form of documentation, applications, and approvals.

- **Sealed Bids**

A very specific and highly competitive method of procurement. Agencies will issue an "Invitation for Bid" (IFB), which is similar to an RFP.

It's an open competition: applicants' sealed bids are opened and read aloud by a contracting officer in public, then recorded.

The lowest bidder who fully meets the needs and expectations of the government will be awarded the contract.

- **Contracting by Negotiation**

When a government contract exceeds \$250,000 and requires very specific (and often extremely technical) goods or services, the agency will issue an RFP.

For these federal contracts, the agency will ask potential contractors for the details of how they'll fulfil the contract, the price they'll charge, and terms of fulfilment.

The agency that issues the RFP may expect to negotiate after the bidding process ends, so flexibility is important.

Consolidated Purchasing Vehicles

Like other large organisations, government agencies often need large quantities of everyday goods and services such as paper clips, computers, janitorial services, etc. Consolidated purchasing contracts utilise specialised contracts known as Government Wide Acquisition Contracts (G-WACs) to leverage economies of scale and maximise savings.

These contracts are awarded to a range of vendors, who supply a central location that distributes the goods and services to various agencies.

▪ **Sole Source**

For goods and services fulfilling a unique or extremely urgent need, agencies may choose this method, which is non-competitive and requires a series of approvals for specific and singular applicants.

NOTE: In 2018, the Office of Management and Budget (OMB) made a series of updates to these acquisition procedures and their associated rules, simplifying some and expanding others.

Finally, familiarising yourself with the U.S. government's Code of Federal Regulations (CFR) and Federal Acquisition Regulations (FAR) will help you avoid any legal or procedural pitfalls as you begin and expand your contracting relationship with the government.

You don't have to land a whale on your first trip out for minnows. Starting off as a sub-contractor on contracts valued at \$10,000 or less is a reliable way to begin building a positive reputation.

You can also use the GSA and SAM databases to identify the heavy hitters who are fulfilling large government contracts in your market, and provide your services to them as a gateway to service contracts of your own down the road.

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• **Get Registered**

Depending on the size and nature of your business, you can take advantage of various certification programs offered by the SBA and GSA to assist in pre-qualifying for consideration by relevant agencies.

Your first stop after the SBA on the Web should be the Central Contractor Registration (CCR) database. Here, you can register and create a detailed profile with all the relevant information about your goods and services.

Next, visit the GSA, and review the pre-approved bidder list on that agency's schedule. You can find out which of your competitors (if any) are applying for contracts, and apply to add your company to the pre-approved bidder list, too.

Before you can apply for any government contracts, you'll also want to familiarise yourself with the System for Award Management, or SAM.

This website allows you to become an approved contractor and be awarded bids. U.S. companies will need a Dun & Bradstreet number (DUNS) and Taxpayer Identification Number; international applicants will need a DUNS and a NATO Commercial and Government Entity (NCGE) code.

• **Start Simply—and Small**

As we have said it before, you don't have to land a whale on your first trip out for minnows. Starting off as a sub-contractor on contracts valued at \$3,000 or less is a reliable way to begin building a positive reputation.

You can also use the GSA and SAM databases to identify the heavy hitters who are fulfilling large government contracts in your market, and provide your services to them as a gateway to service contracts of your own down the road.

• **Before You Make a Sale, Make a Friend**

If you run a qualified small business, you can join the SBA's All Small Mentor-Protégé program. Designed to bring small businesses together

with experienced government contractors, this program helps small companies learn the ropes of contract bidding from larger, more experienced mentors.

If you're ready to connect directly with a government procurement pro, you can also reach out to the Procurement Centre Representative for your area.

These contract administration officials can assist with market research and facilitate communication with key government agencies during the bidding process.

• **Target The Federal Agencies Who Need You Most**

Every year, the SBA establishes formalised award goals with various government agencies to award a fair and competitive amount of federal contracts to small businesses.

As it turns out, many of these agencies struggle to hit these benchmarks, and may need the goods and services you provide to meet their numbers.

A quick visit to the Federal Procurement Data System (aka Next Generation) will tell you which agencies need your help, from Congress to the Supreme Court to the Department of Defence.

• **Take Advantage of Federal Assistance**

The Office of Small and Disadvantaged Business Utilisation (OSDBU) offers a wide variety of outreach events and expositions created to bring business owners together with government buyers.

They also have specialised guidance and education for small businesses ready to enter the government contracting marketplace.

• **If at First You Don't Succeed Try Again**

Persistence is a virtue that can't be overstated in pursuit of government

contracts.

Joining the fold takes time, sometimes challenging work, and significant investment, too.

The average small business spent nearly \$150,000 landing government contracts in 2015, but the rewards, which can span decades of reliable income and millions of dollars, are often more than worth the effort.

Get Ready to Sign on the Dotted Line

You don't have to be a global juggernaut to land government contracts.

With careful preparation, plenty of patience, and a little bit of luck, you can connect with government agencies and become a trusted partner in a rewarding and profitable procurement relationship.

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