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Find Opportunity with Federal Contracts, *SI Review* March 2009

By Anne Robinson

The most optimistic staffing businesses may sometimes point to the bright side of a down economy, citing a larger pool of qualified candidates and an increase in demand among some customers for temporary help. But while it's awfully hard to see a slow economy as much of an advantage, there is one bright spot that even pessimists can acknowledge: federal contracts.

On an annual basis, the federal government spends about \$400 billion on goods and services, and as spending decreases across the board for most businesses in the private sector, federal spending is actually rising in some areas. What's more, with discussions of various economic stimulus packages, it appears that the federal government will indeed continue to spend -- and hire.

Unfortunately, far too few staffing firms and other small businesses actually take advantage of federal contract opportunities, even though the federal government is required by Congressional mandate to direct 23% of its contracts toward small businesses. Despite this mandate, the latest figures from the Small Business Administration indicate that the federal government actually fell short of this figure.

Although there are various factors behind this shortfall, two things are pretty clear. First, if more small businesses were competing for these contracts, more would win them. And second, small business owners who are savvy about the process of securing government contracts are the most likely to land them. To make sure you're among the savvy, follow these tips, which are designed to help you get your start in federal contracting.

Prep for Success

There's no doubt that bidding for government contracts can sometimes require more perseverance and paperwork than bidding in the private sector. That said, you can make the process a lot easier if you have some basic information lined up in advance. When dealing with the government, a handful of ID numbers and codes are critical to identifying your company and what it does. To acquire this important information about your company, a good starting point is the Data Universal Numbering System (DUNS) number, which the government uses to identify all contractors. You can receive one for free from Dun & Bradstreet (http://www.dnb.com/US/duns_update/index.html).

You will also need to apply for a Federal Tax ID number -- also known as an Employer Identification Number (EIN) or Taxpayer Identification Number (TIN) -- if your company doesn't already have one. You can acquire one through the IRS using Form SS-4.

To classify potential contractors by their line of business, the government relies on both the NAICS (North American Industry Classification System) code and the SIC (Standard Industrial Classification) code. To learn which codes apply to your business, visit www.census.gov/epcd/www/naics.html for a NAICS code and <http://www.osha.gov/oshstats/sicser.html> for an SIC code.

Finally, make sure you have accurate financial routing information for your business. Since the government prefers to pay invoices by electronic-funds transfer, you will need to contact your bank or financial institution to verify this information.

With these basics at your fingertips, you have all you need to make things official, by creating a profile on the Central Contractor Registration (www.ccr.gov) database. The CCR is where all government agencies and prime contractors turn when they're looking for potential vendors. While entering your

data, keep in mind that your profile will be your company's introduction to potential clients, so make sure your message comes through loud and clear. You should, for example, fill out more than just the mandatory fields, because the optional data can provide valuable details that will help your company stand out. Just be sure to treat your profile as an online elevator pitch, because it's important to be both clear and succinct.

Take Advantage of Special Certifications

The federal government is obligated to award a certain percentage of its contracts to various underrepresented and disadvantaged groups. If you think your business may qualify, you should register with the U.S. Small Business Administration (SBA), whose Small Disadvantaged Business (SDB) and 8(a) programs are designed to help specific groups secure federal contracts and subcontracts. Businesses owned and controlled by African Americans, Hispanic Americans, Asian Pacific Americans, Subcontinent Asian Americans, and Native Americans are likely to benefit from the programs. Also keep in mind that your background or gender may help you compete in the bidding process. Veteran-owned businesses, service-disabled veteran-owned businesses, and women-owned businesses all may qualify. Among these groups, women business owners particularly stand out, since they won only 3.4% of all federal contracts -- in spite of the government's obligation to award 5% of all contracts to women-owned businesses. To help educate women about how they can apply for and secure federal procurement opportunities, American Express OPEN has partnered with Women Impacting Public Policy (WIPP) to create the Give Me Five (www.giveme5.com) program. To help women business owners navigate the process of securing federal contracts, the two organizations have coauthored an OPEN Booklet guide, which is available for free on the Give Me Five site.

Consider Subcontract Work

Getting your foot in the door is sometimes the hardest part of landing government contracts. Because the government often relies on established relationships when selecting contractors, first-time bidders can be at a disadvantage. Fortunately, large staffing projects sometimes depend on a host of subcontractors, which could be your ticket in. The experience you gain as a subcontractor will serve you well as you compete for prime contracts in the future.

If you potentially qualify for special certifications, keep in mind that this may also work to your advantage in gaining subcontracts. When companies land a prime contract valued at more than \$500,000, (or \$1 million for construction projects), they must provide a plan that offers subcontracting opportunities for multiple small business categories.

Small business owners sometimes imagine that landing government contracts is too daunting, or somehow out of their reach. But by tackling the process with a straightforward approach, you'll find that the same skills you've developed to grow your business in the commercial sector will serve you well. Commitment, hard work and smart networking, after all, are just as valid in the government sector. So put your strengths to work and take advantage of the sector that can weather any economic downturn.

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