



# Doing Business with the Federal Government: Self- Assessment Guide



Decide if pursuing government  
contracts is the right decision  
for your business



# Learning Objectives

- At the end of this module, you will be able to:
  - Identify if your company is ready to pursue opportunities with the federal government.
  - Identify additional internal growth steps needed before you are ready to pursue opportunities with the federal government.



# About FDIC Small Business Resource Effort

- The Federal Deposit Insurance Corporation (FDIC) recognizes the important contributions made by small, veteran, and minority and women-owned businesses to our economy. For that reason, we strive to provide small businesses with opportunities to contract with the FDIC. In furtherance of this goal, the FDIC has initiated the FDIC Small Business Resource Effort to assist the small vendors that provide products, services, and solutions to the FDIC.
- The objective of the Small Business Resource Effort is to provide information and the tools small vendors need to become better positioned to compete for contracts and subcontracts at the FDIC. To achieve this objective, the Small Business Resource Effort references outside resources critical for qualified vendors, leverages technology to provide education according to perceived needs, and offers connectivity through resourcing, accessibility, counseling, coaching, and guidance where applicable.
- This product was developed by the FDIC Office of Minority and Women Inclusion (OMWI). OMWI has responsibility for oversight of the Small Business Resource Effort.



# Executive Summary

- The federal government is the world's largest buyer of products and services. It buys just about every category of commodity and service available.
- Positioning your business to supply a fraction of those products or services can be very rewarding.
- However, pursuing federal contracts is not the right decision for every business.
- The Self-Assessment can help you decide if federal contracting is right for your business.



# Before Going Forward, Ask Yourself Two Questions

1. Why do business with the federal government?
2. Do you have what it takes?



# Why Do Business with the Federal Government?

1. Procures more than \$500 Billion annually and has a goal to spend 23 percent on small businesses by reserving contracts over \$3,000 and under \$150,000 for certified small businesses.
2. Buys almost any product or service imaginable.
3. Advertises its needs well in advance.
4. Specifies clearly its purchasing ground rules.
5. Has many government agencies and programs available to help.
6. Uses credit card purchases and simplified purchasing.
7. Gives non-competitive as well as limited competition advantages to selected businesses.
8. Rewards large businesses for working with small businesses.
9. Consistently spends, and pays its bills, usually within 30 days, and often electronically.



# Do You Have What It Takes?


- Government contracting work can be steady and reliable if you follow the guidelines and make a clear case why your business is the best choice.
- However, there are downsides to selling to the government as well.
- Ask yourself eight additional questions to determine if you are prepared to successfully compete for government contracts.



# Self-Assessment: 8 Questions

1. Are you willing to learn how the government buying process works?
2. Are you willing to do ongoing, detailed research to find procurement opportunities, and take the time to prepare and present offers?
3. Are you comfortable with long-term sales cycles?
4. Are you legally qualified as a small business?
5. Are you willing to be a subcontractor to companies that are prime contractors?
6. Are you positive that your business can financially support the contract bidding process and the performance of a government contract?
7. Are you serious about Quality Assurance?
8. Are you technologically capable?





# Self-Assessment:

## Question 1


- Are you willing to learn how the government buying process works?
  - The government uses complex policies and procedures for the acquisition of supplies and services.
  - Government work often requires a separate set of procedures, even if you have an established business.
  - You need to master the basics in order to have a chance to compete, such as:
    - Where to find government solicitations online;
    - Where to sign up for email notifications of solicitations posted online; and
    - How to prepare strategic and compelling responses to Request for Proposals (RFPs).
  - Government departments can act as standalone businesses within the same government agency, making it challenging to leverage completed work for one department into other departments without restarting the sales process.
  - Be prepared to seek out expertise from consultants, peers, mentors, and others to learn how government contracting works. Consider joining networking groups specific to the agency or work your business provides.



# Self-Assessment:

## Question 2


- Are you willing to do ongoing, detailed research to find procurement opportunities and take the time to prepare and present offers?
  - Solicitations and bidding opportunities are posted on dozens of websites, and each bid response can take considerable money, time and resources.
  - You must do your research and be prepared before you actually begin bidding for a contract.
    - Identify which government agency procures the product or service you offer – federal government or state and local entities (cities, counties and school districts).
    - Determine that specific agency's procurement methods.
    - Ensure you have the qualifications outlined in the Statement of Work before you begin bidding, including the past performance and reference requirements.
    - Consider investing in a bid management system.
  - The three most frequently used procurement methods used by the federal contracting community are:
    - Open Market Acquisitions;
    - Purchase or Credit Card Programs; and
    - Orders from pre-existing contracting vehicles, such as GSA Schedules.



# Self-Assessment:

## Question 3

- Are you comfortable with long-term sales cycles?
  - The government sales cycle can be slow.
  - You may be competing against some very entrenched companies or a multi-year incumbent.
  - The government may grant due date extensions to an RFP/solicitation or delay the award of a contract without explanation.
  - The government's buying process differs wildly from engagement to engagement.
  - You need the patience and the cash flow to stick with it.



# Self-Assessment: Question 4

- Are you legally qualified as a small business?
  - You must meet the SBA criteria for what is considered "small" by federal buying standards.
  - You must register in the System for Award Management (SAM) at [sam.gov](https://sam.gov) if you want to do business with the federal government. If you meet the SBA small business criteria, you may self-certify as a small business in SAM.
  - Detailed User Guides are available when registering in SAM under the Help section on the SAM website.
  - Your entity registration will become active in SAM after 3-5 days when the IRS validates your TIN information.
  - Also, refer to the FDIC training module, *Getting Certified as a Small Business*, for additional information.



# Self-Assessment:

## Question 5


- Are you willing to be a subcontractor to prime contractors?
  - After assessing the capabilities and capacity of your business, you may decide that you are not ready to bid competitively for prime contracts.
  - When prime contractors lack the expertise or capacity to implement certain project components or the Statement of Work requires some percentage of the procurements be set aside for small business participation, they will typically establish teaming agreements with subcontractors for this work.
  - Subcontracting can help you enhance your qualifications, so you can become more competitive to perform as a prime contractor yourself.
  - Subcontracting gives you advantages as long as your teaming agreement with the prime contractor is airtight and you can continue to nurture your relationship with the end-user.
  - Make sure you understand the teaming agreement terms and conditions, including payment terms. If the prime is late to pay you or stops payment, as a subcontractor you will have very limited recourse from the government.



# Self-Assessment:


## Question 6

- Are you positive that your business can financially support the contract bidding process and the performance of a government contract?
  - Small business owners sometimes make the mistake of dedicating all staff resources to the bidding process, while other marketing opportunities are put on hold. If you do not win the bid, you may not have enough opportunities in your pipeline to stay afloat. Assess all bidding opportunities with a critical eye and be realistic about your qualifications and ability to win before you commit resources.
  - The government will not finance your contract upfront. You must be able to handle accounts receivables like you would with your commercial customers. After you are awarded a contract, you must satisfy the requirements and get the job done before you will be paid.
  - If you are in financial trouble, a government contract is more likely to put you out of business than to save your business.
  - Small business owners primarily look to their own personal resources or arrange a loan or line of credit for initial start-up capital.



# Self-Assessment: Question 7

- Are you serious about Quality Assurance?
  - A government contract generally requires you to assure the quality of the product or service that your business provides.
  - You need to show that you have some kind of formal, documented quality control plan in place, such as:
    - Products are built to meet agreed- upon standards and requirements.
    - Work processes are performed efficiently and as documented.
    - Non-conformances found are identified and appropriate corrective action is taken.
  - Your plan could consist of anything from a general quality assurance manual to a full quality assurance program that complies with a recognized commercial quality standard, a government standard, or the international ISO standard for your industry.
  - You need to be organized, maintain accurate files and records, document important transactions and meetings, and know where everything is located for auditing purposes.



# Self-Assessment:

## Question 8

- Are you technologically capable?
  - The Government Paperwork Elimination Act of 1995, requires the government to use electronic means to issue and award small business contracts, specifically those between \$3,000 and \$150,000.
  - Federal government buyers are using new options in making purchases, such as multiple-award schedules, purchase cards, reverse auctions, etc., and almost all of these are technology-based.
  - In order to do business with the federal government, you must have the following:
    - A computer running on an up-to-date operating system and professional software.
    - An Internet connection and ability to email and download technical information.
    - The ability to prepare and submit RFP responses electronically.
    - Internet protection and security protocols.





# Key Takeaways from This Module

- A novice business may need two years or more to develop the expertise and networks that will land its first federal government contract.
- You need to honestly assess if government contracting is right for you. You may consider providing services to both the public and private sectors until you have been awarded and have successfully completed public sector contracts.
- Ultimately, your small business stands the best chance of doing business with the federal government if you are:
  - Responsible.
  - Competitive.
  - Patient in dealing with the bureaucratic process.
  - Committed to invest and apply the resources that are needed to market to the federal government.
  - Technologically proficient and adaptable to new business models.



# Sources and Citations

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