



Getting Certified as a Small Business



**Self-certify or certify your business
to successfully compete for
government contracts**



Learning Objectives

- At the end of this module, you will be able to:
 - Identify small business registration and certification opportunities.
 - Understand the benefits and requirements for registration and certification.



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

- Federal, state, and local governments offer billions of dollars in contracting opportunities, and many are required, by law, to award a percentage of contracts to small businesses.
- Registering your business in System of Award Management (SAM) is required to compete for government contracts.
- Depending on your business' classification, you may qualify for self-certification in SAM.
- Outside certification is still required for certain small business classifications.



Introduction

- Self-certification is an option for several types of small businesses and is part of the SAM registration process.
- Certification is a review process that ensures a small business is actually owned, controlled, and operated by the applicants.
- When certification is required, the process is administered by a certifying agency, generally a government agency or a private organization.
- The certification process takes time. The application requirements are very stringent and must be met completely.



What is Self-Certification?

- Before you can do work with the government, you must register as a contractor in the System of Award Management (SAM).
- As part of the registration process, you will be required to enter information about your company, including North American Industry Classification System (NAICS) code.
- Based on the information you enter, you may self-certify your business as a small business, but you must also meet the federal government's definition of a small business.



Self-Certification or Certification?

- If you meet the SBA's small business criteria, registering in SAM allows you to self-certify as a:
 - Small Business (SB)
 - Small Disadvantaged Business (SDB)
 - Women-Owned Business (WOB)
 - Women-Owned Small Business (WOSB)
 - Economically Disadvantaged Woman-Owned Small Business (EDWOSB)
 - Veteran-Owned Small Business (VOSB)
 - Service-Disabled Veteran-Owned Small Business (SDVOSB)
- Certification is available to businesses who meet the qualifications for the following programs or business concerns:
 - Section 8(a) Business Development Program (8(a)) – Certification through SBA
 - Historically Underutilized Business Zone (HUBZone) – Certification through SBA
 - WOSB or EDWOSB – Certification through four SBA-approved third-parties
- Verification of businesses as VOSB or SDVOSB is provided by the Center for Veterans Enterprise (CVE) in the Department of Veterans Affairs (VA).



Self-Certification Process

(Slide 1 of 2)

- Registration in the System for Award Management (SAM) at sam.gov is required 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.
- To register your business in SAM, you will need the following information:
 - Core Data
 - Data Universal Numbering System (DUNS)
 - Federal Tax Identification Number (TIN) or Employee Identification Number (EIN)
 - Department of Defense Activity Address Code (DoDAAC) – Applicable for DoD only.
 - CAGE code. If you do not have one, one will be assigned when registration is completed.
 - Business Information (business start date, business type, fiscal year end, company URL, country and state of incorporation, security level, etc.)
 - Financial Information if you are willing to accept credit cards (Electronic Funds Transfer (EFT) information and Automated Clearing House (ACH) bank information)
 - Executive Compensation based on annual gross revenue received from federal government
 - Proceedings Details (FAR 52.209-7 and/or FAR 52.209-8)



Self-Certification Process

(Slide 2 of 2)

- To register your business in SAM, you will need the following information (continued):
 - Assertions
 - Goods and Services (North American Industry Classification System (NAICS) Code, Product and Service Codes (PSCs) (optional))
 - Size Metrics (Total Receipts, Average number of employees and NAICS code specific information)
 - EDI Information (VAN Provider, ISA Qualifier, ISA Identifier, Functional Group Identifier and 820's request flag)
 - Disaster Relief Information (Bonding Level, Geographic Area Served)
 - Representations and Certifications (Must complete a questionnaire)
 - FAR Responses
 - Architect-Engineer Responses (NAICS Code specific information)
 - DFARS Responses (Relevant to DoD issued or funded contracts)
 - Points of Contact
- Your entity registration will become active in SAM after 3-5 days when the IRS validates your TIN information.



Is Certification Required?

- Certifying your small business is NOT required to do business with the government.
- The certification process is generally tedious, and there is often a processing fee.
- Third-party certification can be costly, even in the thousands of dollars.
- You should carefully weigh the advantages of certification with the time, effort, and cost it will require.



Benefits of Certification

- For 8(a), HUBZone and WOSB/EDWOSB qualified businesses, certification provides:
 - Contract preference,
 - Loan and bonding programs,
 - Technical assistance programs,
 - Visibility for your business through business directories,
 - Some discounts on services and assistance, and
 - A way to set your company apart and help you gain a competitive advantage.



Who Provides Certification?

- Various types of certification are available from different private organizations and public agencies. Each certifying group has its own form and requires specific information and documentation.
- There are 5 primary types of certification:
 1. Federal: U.S. Small Business Administration (SBA)
 2. State: State Governments and DOTs
 3. Local: City or County Governments
 4. Corporate: National and Regional Councils
 5. Consultants: Business Procurement and Assistance Centers



What is the Definition of Small Business?

- “Small Business,” as defined by the SBA, means a business and its affiliates that is:
 - organized for profit,
 - primarily operating 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,
 - independently owned and operated,
 - not dominant in the field in which it is bidding on government contracts, and
 - qualified under the small business criteria and size standards established by the federal government.
- SBA factors in the number of employees over the past year or average annual receipts over the past three years. Size standards vary by industry.
- NAICS codes also must meet small business revenue criteria.
- Visit SBA’s *Guide to Classifying Your Business* to find out if you can be classified as a small business.



Business Size Determination

- Many federal agencies must apply SBA size standards for contracts identified for a small business. You need to determine what size standard best fits your business. To do this:
 - Identify the NAICS code(s) that best describe(s) your business activities.
 - Locate your NAICS code by going to the NAICS section of the Bureau of the Census website.
 - Determine your size standard using SBA's Table of Small Business Size Standards and match your NAICS code(s) with the appropriate size standard(s). The SBA Table of Small Business Size Standards can be found at:
<http://www.sba.gov/content/table-small-business-size-standards> -



Different Types of Small Businesses

- Small businesses owned by socially and economically disadvantaged individuals, women, or service-disabled veterans can qualify for additional preferences for some federal contracts.
- Some agencies set contracting goals for small, disadvantaged, HUBZone, woman-owned and service-disabled veteran-owned small businesses.
- Companies can be certified in more than one category if the ownership fits more than one definition, e.g., HUBZone and woman-owned business.




Small Disadvantaged Business (SDB)

- In the past, SBA managed the Small Disadvantaged Business Certification (SDB) program, which allowed business owners to certify their businesses as disadvantaged in order to compete for certain federal contracting opportunities.
- The SDB program was discontinued on October 1, 2008, and replaced with the self-certification process.
- To self-certify as an SDB, register your business in the SAM. However, you and your firm must still understand the SBA eligibility criteria for SDBs. Generally, this means:
 - 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



8(a) Business Development Program

- SBA's 8(a) Business Development Program helps small disadvantaged businesses (SDBs) compete in the federal and private sectors.
- The 8(a) Program provides business development support, such as mentoring, procurement assistance, business counseling, training, financial assistance, surety bonding, and other management and technical assistance.
- Businesses must meet 8(a) eligibility requirements established by the SBA each year.
- SBA must still certify all firms that participate in the 8(a) Business Development Program. The requirements to be approved are different and more rigorous than SDB only status.



8(a) Program Eligibility Requirements

- To qualify for the 8(a) Program, the business must meet these 3 requirements:
 1. Small business that is 51% owned and controlled by U.S. citizens (by birth or naturalization) who are:
 - Socially disadvantaged: Individuals who are subjected to racial or ethnic prejudice, including, but not limited to, Black, Hispanic, Native American, Asian-Pacific, and Subcontinent Asian.
 - Economically disadvantaged: Individuals whose ability to compete in the free enterprise system has been impaired due to diminished capital and credit opportunities as compared to others in the same or similar line of business who are not socially disadvantaged. Individuals must meet stringent financial asset requirements.
 2. Directly owned and controlled by economically and socially disadvantaged individuals. It cannot be owned by another business or trust that is using the “disadvantaged” label.
 3. Potential for success. The company must have been in business for at least two years prior to applying, and it must submit income tax returns for those two years that show operating revenue. Your company may be eligible to waive the two-year requirement if you meet certain criteria.



Woman-Owned Small Businesses (WOSB) and Economically Disadvantaged Women-Owned Small Business (EDWOSB)

- Effective May 7, 2013, the enactment of the National Defense Authorization Act (NDAA) removed the caps on the contract award size for which WOSB and EDWOSB concerns have been able to compete. Contracting officers may now set-aside contracts for WOSBs and EDWOSBs at any dollar level, as long as the other set-aside requirements are met.
- The federal government does not have any formal certification for WOSBs or EDWOSBs, but you can “self-certify” by marking your business as woman-owned in SAM and on individual competitive bids.
- While not required, four private, national women’s business organizations approved by the SBA offer certification programs to qualified WOSBs and EDWOSBs.



WOSB and EDWOSB Eligibility Requirements

- To qualify as a WOSB, a female small business owner must:
 1. Be a U.S. citizen.
 2. Own 51 percent (or more) of the business.
 3. Hold the highest position at the company, and be able to prove that she is active in daily management and the strategic direction of the company.
- To qualify as an EDWOSB, a female small business owner must:
 1. Qualify as a WOSB.
 2. Be deemed economically disadvantaged: Personal net worth of less than \$750,000, adjusted gross yearly income averaged over the three years preceding the certification does not exceed \$350,000, and the fair market value of all her assets (including her primary residence and the value of the business concern) does not exceed \$6 million.



WOSB and EDWOSB Certification

- **Federal certification.** You may “self-certify” by marking your business as woman-owned in the SAM database and on individual competitive bids.
- **State and local certification.** Each state, and dozens of counties and cities, have their own certification procedures to support women-owned and minority-owned businesses. To find the closest certifying agency, get in touch with a local affiliate of the women’s groups mentioned below.
- **Private certification.** Four nonprofit women’s business organizations have created certification processes that are approved by the SBA, including:
 - El Paso Hispanic Chamber of Commerce
 - National Women Business Owners Corporation
 - US Women’s Chamber of Commerce
 - Women’s Business Enterprise National Council (WBENC) (WOSBs only)



Historically Underutilized Business (HUB) Zone Program

- SBA's HUBZone program stimulates economic development and creates jobs in urban and rural communities by providing federal contracting preferences to small businesses.
- SBA regulates the HUBZone program and maintains the list of qualified HUBZone businesses for federal agencies.
- Federal law requires participating federal agencies to award at least 3% of their annual contracting budgets to HUBZone businesses.



HUBZone Eligibility Requirements

- To qualify for HUBZone, the business must meet the following requirements:
 1. It is a small business by SBA standards;
 2. It is 51% owned and controlled by U.S. citizens, a Community Development Corporation, an agricultural cooperative, or an Indian tribe;
 3. Its principal office is located within a HUBZone, which includes lands considered “Indian Country” and military facilities closed by the Base Realignment and Closure Act; and
 4. At least 35% of its employees reside in a HUBZone.



Veteran-Owned Small Business (VOSB) and Service-Disabled Veteran-Owned Small Business (SDVOSB)

- The Department of Veterans Affairs (VA) has special authority for Service-Disabled Veteran-Owned Small Business/Veteran-Owned Small Business (SDVOSB/VOSB) set-aside and sole source contracts.
- Public Law (P.L.) 109-461 allows the VA to offer the highest priority of new VA procurement opportunities to SDVOSB first, followed by VOSB. These are followed by 8(a), HUBZone, WOSB, then all other Small Businesses. VA refers to this program as the Veterans First Contracting Program and is in keeping with the VA's mission to care for our nation's Veterans.
- The Center for Veterans Enterprise (CVE) is the office within the VA that provides the following free services to qualified veterans:
 - Vets First Verification Program
 - Verification Assistance Program
 - Veteran Entrepreneur Portal
 - Veteran and Small Business Programs



VOSB and SDVOSB Eligibility Requirements

- To “self-certify” as a VOSB or a SDVOSB when registering in SAM, a firm must meet the following requirements:
 1. At least 51% of the small business is owned by a veteran or service-disabled veteran.
 2. Must be small under the North American Industry Classification System (NAICS) code assigned to the procurement.
 3. Management and daily business operations are controlled by one or more such individuals.
- In order to qualify for participation in the VA Veterans First Contracting Program, eligible business owners must first be verified.
- The Center for Veterans Enterprise (CEV) is the office within VA that manages the verification process and verifies VOSB/SDVOSBs for inclusion in the VetBiz database.



State Government Certification

- Many state governments also provide small business certification programs.
- Certification criteria at the state level are different than federal criteria.
- To find out more about your state's certification programs, visit:
sbagov.org/state_business_opportunities.htm



Key Takeaways from This Module

- Registering in SAM is required if you want to bid on government contracts.
- Certification is not always necessary and is offered by government agencies at the federal, state, or local level.
- Your small business may be able to qualify as one or more of the following:
 - Small Business based upon SBA size standards
 - HUBZone Program
 - Section 8(a) Business Development Program
 - Women-Owned Small Business or Economically Disadvantaged Woman-Owned Small Business
 - Veteran-Owned Small Business or Service-Disabled Veteran-Owned Small Business
 - Small Disadvantaged Business



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