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Winning Government Contracts: Five Things You Need to Know

Uncle Sam spends billions of dollars every year. How to position your company to win government contracts.

Julia L. Rogers | December 24, 2010

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The U.S. government is the biggest consumer of products and services in the world. And some \$500 billion of Uncle Sam's ever-expanding budget goes to small businesses, resulting in huge opportunities for those that know how to navigate the waters of government contracts.


However, many small-business owners have no clue about how to get involved with government contracts. [Lourdes Martin-Rosa](#), American Express OPEN's adviser on government contracting and a federal contracting expert for nearly two decades, mentors entrepreneurs who are looking for profitable relationships with the government. She says many miss out on potential government contract revenue because they don't know how the business of government works. "A government agency works similarly to a corporation and has different purchasing methods," Martin-Rosa says. "Some agencies prefer to break up a contract and award it more quickly, while some prefer to bundle all services into one and award the big prize to one small business that can then subcontract it out to partners." Martin-Rosa believes the key to success in obtaining government contracts is to research how the different government agencies operate and see how your unique services can be instrumental.

The first step in procuring government work is to make sure you're registered with the Small Business Administration office serving your customer base. Confused about what to do next? Here are five things you need to know.

1. Make Yourself Known to Government Agencies

You need to make sure government buyers are aware of your company and its strengths, even before you actively pursue a specific government contract. Maureen Borzacchiello, owner of trade-show display manufacturer [Creative Display Solutions](#), learned a lot about how to make her services known to the government when she worked directly with Martin-Rosa as part of the American Express OPEN [Victory in Procurement \(VIP\) Mentorship Program](#). "I was doing exhibits and trade shows, and I discovered that the federal government is very peculiar about how they purchase their products and services," she says. "When I was searching for companies that had already landed contracts in my industry, there were about 40 different [North American Industry Classification System](#) (NAICS) codes and keywords." NAICS codes identify businesses by categories,

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grouping together companies that use similar processes to produce goods and services. Go to the [Small Business Administration's](#) site and find out what government agencies are purchasing and how they are finding these services, then make sure your business is coded properly so that you can get on the radar of the most appropriate agencies. Keep in mind, some agencies may be interested in products or services that you would not necessarily think about pitching -- but can be just as lucrative. "Besides creating trade-show displays, I also store them, which was how I got the attention of the federal government, because they don't have a lot of storage facilities," she says. Put all products and services on your search page.

2. Find Out Where the Real Opportunities Are

Do market research by searching government contracting opportunities at the [Federal Business Opportunities](#) website. Ask yourself, "Which types of contracts would fit with my own company's resources?" Make a list of contracts that have already been awarded and research the types of companies that won them. What made them successful? Borzacchiello has built a roster of government clients by seizing upon opportunities. "One of the visits I had through my mentorship was to the Department of the Interior in Washington, D.C. I discovered that in 2014, they are celebrating their 100th anniversary and are replacing all their signs, which gave me a great opportunity to talk about my services." Keep in mind that hundreds of other companies are approaching government agencies, so you need to be aggressive, even if you are inexperienced or your company is very small. "Your best opportunities will happen when you start small and go after small contracts," Martin-Rosa stresses. "Don't make assumptions about where opportunities lie. Do real research and find out what government agencies are really looking for from small-business owners."

3. Register Your Small Business Properly

To register to apply for government contracts, you need to provide your company's federal tax ID number (EIN), DUNS code, NAICS code and checking account number. Your first task is to register an accurate, thorough business profile on the primary government vendor database, the [Central Contractor Registration](#) (CCR), so that government agencies can research you as a potential client. One of the most overlooked steps is registering your business with the Dynamic Small Business Search, an extension of the CCR database that can greatly increase your government-contracting opportunities. You also need to get your small business on the [General Services Administration](#) (GSA) schedule. The GSA is the purchasing agent for the government and has a budget of tens of billions of dollars. It simplifies the purchasing process and represents federal, state, and regional buyers and helps establish long-term contracts to supply more than 11 million products and services. As a small-business owner, you may qualify to be an "approved vendor" on the GSA Schedule, which can help increase your credibility and make you more visible to other potential government buyers.

4. Follow the Current Market Conditions

If you want to build relationships with government organizations, you need to follow current market conditions and research hot topics. Stimulus money has changed the products and services the government is purchasing and the way small companies are doing business. "Going green" will continue to be a hot topic far into the future and has fueled the growth of Borzacchiello's company. "Everything is green now, so we decided to make going green important to us," she says. "We decided to produce new assets that are more sustainable and take a full strategic approach, not just for the exhibit elements we create, but for everything else we do. We try to reduce the carbon footprint for ourselves and our clients and make going green one of our key competencies, and because this issue has become very important to government organizations, they notice." Understand what potential buyers want and show them you can provide what's relevant and important to them. "It's all about where the money is," Martin-Rosa says. "If there is a lot of money allocated to green products, there will be more money appropriated for green businesses."

Martin-Rosa also notes that looking at the government contract procurement forecast is essential to keeping up with market trends and conditions, but small-business owners must pay attention to other sources to make sure they don't miss other opportunities that don't necessarily make the forecast. There are many services you can sign up for to receive automatic notifications of contracts to keep apprised of the ever-changing climate. You can sign up directly through the [Victory in Procurement](#) website or through sites such as [U.S. Federal Contractor Registration](#).

5. Don't Forget to Network

Many government agencies hold procurement conferences and seminars throughout the year. It's a good idea to attend those conferences to network and build relationships with government decision makers, while increasing your knowledge about how the government spends. Because the federal fiscal year ends in October, the summer and fall represent hunting season, when networking is especially important. "Government organizations will not take a risk on a small business, so you need to build solid relationships," Martin-Rosa says. "Bite off little pieces, and if you sell products, make sure you accept credit cards. There are 230,000 federal government purchasers alone that have buying authority to purchase products and services of up to \$3,000, and in emergencies, of up to \$20,000. Let yourself be known via CCR, do your homework and identify four to five agencies where you will focus a majority of your marketing and relationship-building efforts."

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Government contracts take a long time to procure, so be patient. On average, it takes people 18 to 24 months to secure their first contract. But, often, once you're in, you're in. Borzacchiello sees time management as key. "I try to set aside a specific time each week to work on government contracting," she says. "But don't let your meat and potatoes business fall to the side. Determine how many hours you can work on securing contracts and block it off in your schedule, as if it's a meeting with a client."

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