

# Learn the language of government contracts

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**T**he federal government awarded \$537 billion in contracts during 2009, making it the largest consumer in the world. Yet fewer than 200,000 U.S. businesses, or one half of 1 percent, successfully won federal contracts that year.

That's largely because, experts said, few try. Many perceive the contracting process as cumbersome and complicated and never take the necessary steps to learn it.

But companies that make the effort can reap substantial benefits.

The average size of a federal contract in 2009 was \$120,000 — a sizable revenue chunk for many companies.

"It's a complex process," said Abraham Xiong, president of the Atlanta-based **Government Contractors Association**. "If you haven't done it before, it takes 24 to 36 months to lay the solid foundation for government contracting. The good news is once you're there, it's a great way to grow your business."

The first step, Xiong said, is for a company to assess whether it's cut out for the federal contracting game.

Business owners will need to consider factors such as whether they'll need to add new employees to handle the contract work and proposal writing. They'll also need to determine if they have financial stability to wait 30 days or more for an agency to pay on completed work.

Companies also must invest time to understand the federal procurement process, which Xiong likens to learning a new language. To speed that process, they may need to add a former government contracting officer to their staff or access training programs offered by an industry association.

"You need to invest the time to speak the language," Xiong said. "If you don't speak the language, federal contracting officers are going to think you're high risk. They simply do not have the time to teach you how to speak it."

Companies also will need to undergo several registrations before they actually begin doing business with Uncle Sam.

First, they must obtain a Dun & Bradstreet D-U-N-S number, a unique nine-digit ID the federal government uses for reference. Next, they must register with the Central Contractor Registration (CCR), the feds' primary vendor database.

In addition, they must fill out the Online Representations and Certifications Application (ORCA), a questionnaire detailing their capabilities. And, depending on the type of work they're pursuing, they may need to find the North American Industry Classification System (NAICS) code identifying their economic sector, industry and country location. (Instructions on obtaining these registrations online are included in the Top Tips at right.)

The government sets aside some contracts for women-owned and minority-owned small businesses, so experts recommend prospective contractors investigate whether they qualify. In both cases, the woman or minority owner must hold the majority stake in the business.

"One thing we stress to women is if they own a business 50-50 with their husband, they may want to acquire that additional ownership share so they can qualify," said Bailey Fults, president of the **Association of Women Owned**

## HOW TO

### GOVERNMENT CONTRACTS

#### Top tips

**1.** Get a D-U-N-S number at:

<http://fedgov.dnb.com/webform/displayHomePage.do;jsessionid=81407B1F03F2BDB123DD47D19158B75F>

**2.** Register with the Central Contractor Registration (CCR) at: <https://www.bpn.gov/ccr/default.aspx>. Second, fill out the Online Representations and Certifications Application at <https://orca.bpn.gov/login.aspx>. Find out the North American Industry Classification System (NAICS) code for your business' economic sector, industry and country location at: <http://community2.business.gov/t5/Business-Law-Advisor/NAICS-Codes-101/ba-p/17971>

**3.** Get a Past Performance Evaluation at <https://prod.openratings.com/spe/order>.

Source: *Business.gov*

And don't assume that your business is classified as small. Federal classifications on size differ industry-to-industry.

General contractors, for example, are considered large if they do \$35.5 million in annual revenue, while the cutoff for consultants is just \$7 million.

Once companies complete their initial registrations, contracts do not simply come rolling in. They also must register with the specific agencies they want to pursue work with.

Nearly 600 federal agencies and sub-agencies let contracts, making it impossible to keep up with them all.

Therefore, experts recommend sticking with five or so that make the most business sense.

From there, it's up to businesses to stay abreast of each agency's requests for bids or proposals.

One of the easiest ways to do that is by accessing the federal government's Federal Business Opportunities website, a searchable online database of contract opportunities located at [FBO.gov](http://FBO.gov).

Private company Outreach Systems also maintains a free database of government contracts at [www.outreachsystems.com/isearch](http://www.outreachsystems.com/isearch), and other private firms offer paid access to similar lists.

After identifying potential contracts, companies will be ready to take the final step before obtaining a contract: writing a proposal.

Again, Xiong recommends seeking outside help to make the learning curve less steep.

Businesses can hire personnel who are experienced in the contracting business to help prepare their bids.