

Doing Business with Uncle Sam: An Introduction to the World of Federal Contracting

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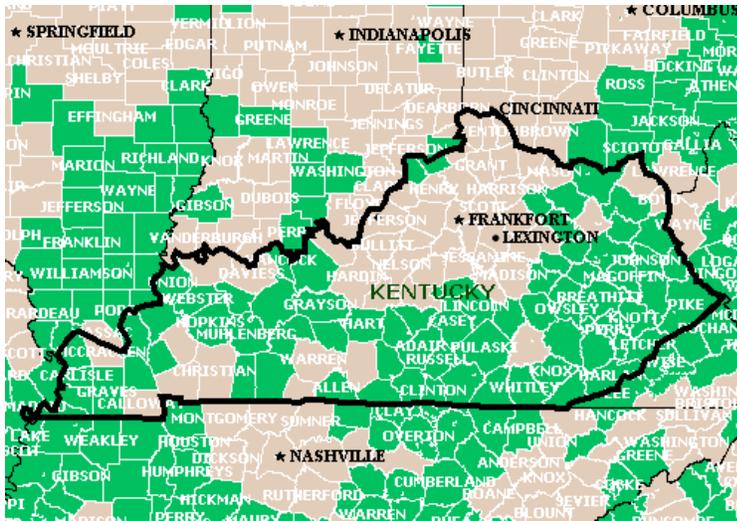
During a sluggish economy, one potential source of continuing and stable revenue for a manufacturing entity is a federal contract. Many businesses shy away from federal contracts because of the complexities in the process and additional regulation and oversight that comes with being a federal contractor. This article provides an overview of the process of becoming a federal contractor, to allow you to consider whether this presents a viable avenue of business development for your company.

Register your business as a federal contractor. Before you can bid on federal contracts, your business must be registered as a federal contractor. Obtaining a Dun & Bradstreet D-U-N-S Number, a unique identification number for each physical location of your business, is mandatory. Registration for a D-U-N-S Number is free and can be done online. In addition, you must register with the federal government's Central Contractor Registration (CCR), the primary database for vendors to the federal government. This process is also free and can be done online.

If you are interested in becoming a vendor on the GSA Schedule, then you must also complete an Open Ratings, Inc. Past Performance Evaluation. Open Ratings, a Dun & Bradstreet company, conducts an independent audit of customer references and calculates a rating based on performance data and survey responses. You may contact Open Ratings directly to begin the evaluation process or, in some instances, complete the form in the GSA Schedule solicitation.

Determine whether you meet the criteria for small business classification. The U.S. Small Business Administration (SBA) provides guidance on classifying your business as a small business. Programs granting certification by the SBA have been discontinued and self-certification is currently in place. The small business designation can make your company more competitive in the federal procurement process, particularly as some programs include set asides for small businesses or are specifically targeted to small businesses with ownership by veterans, women or minorities. Once you determine that your business meets the criteria, you can self-certify as a small business in CCR.

In addition to contracting opportunities, the SBA has a number of programs designed to assist small businesses. One example is the HUBZone Program - HUBZone stands for "Historically Underutilized Business Zone." This program provides preferential access for small businesses that employ staff and have a principal office in a designated HUBZone. The following map shows the portions of Kentucky and surrounding area currently designated as a HUBZone:



Source: U.S. Small Business Administration [website](#) (accessed on July 27, 2010).

Search for federal contracting opportunities. There are a large number of sources for locating federal contracting opportunities, and many of these sources are available online. A helpful portal for beginning the process is the [Business.gov](#) website, an official site of the SBA. Two primary sources for learning of federal contracting opportunities are (1) FedBizOpps and (2) GSA Schedules.

FedBizOpps is the single government point-of-entry for federal contracts with a value over \$25,000. The opportunities are published online at the FedBizOpps website, which also includes a large amount of helpful guidance on the federal procurement process and allows you to make bids and track specific procurement opportunities.

The GSA Schedules are government-wide contracts for commercial supplies and services administered by the U.S. General Services Administration (GSA). These contracts are generally long-term and on-going. Participating in the GSA Schedule Program is a separate process. Once your company becomes a GSA Schedule vendor, any federal agency may procure supplies or services from you at a volume discount negotiated by GSA without going through a separate procurement process. For instance, federal agencies and offices often use the GSA Schedule for office supplies, office furniture, commercially-available computer software, office equipment service contracts, and other standard, everyday services.

In addition to bidding directly on a federal contract or GSA Schedule, your company might find it beneficial to investigate teaming and subcontracting arrangements. In a teaming arrangement, more than one company work together in obtaining a contract. As a subcontractor, your business would provide a service or supplies that would be used by a larger company in meeting its obligations under a large federal contract. If your company is a small business, has manufacturing expertise needed by the U.S. Department of Defense, or is engaged in green or energy-efficient activities, specific opportunities are available.

Understand and comply with the employment rules specific to federal contractors. Federal contractors and sub-contractors have additional employment obligations, including affirmative action and equal employment opportunity requirements, the hiring and employing of veterans, and wage and hour regulations. The Office of Federal Contract Compliance within the U.S. Department of Labor generally has oversight and enforcement responsibility in this area. If your company is contemplating becoming a federal contractor, you should acquaint yourself with the employment rules and begin putting systems and processes in place to comply with those rules.

Become familiar with the Federal Acquisition Regulations. The Federal Acquisition Regulations (FAR) are the rules, regulations and standards for the federal procurement process. As you venture into the world of federal contracting, the FAR will become part of your everyday vocabulary. Thus, it is never too early to begin familiarizing yourself with these detailed regulations to understand your obligations as a federal contractor. One important area to focus on is the requirement of an effective business ethics and compliance program to ensure that your company's operations are free of fraud, waste and abuse.

This overview provides an introduction to the process of becoming a federal contractor. If your company decides to venture into this area, you should obtain more specific guidance from a government contracts expert on the application of the federal rules to your business.