Procurement 101: Market Opportunities and Contracting For the Public Sector

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Today’s Agenda

- Federal Market Overview
  - A Glance at the American Recovery and Reinvestment Act (Stimulus)
  - Agency Focus: GSA, HUD, and DoD
- Selling To the Government
  - Benefits and Challenges
  - Getting Started- The Basics
- Wrap Up
Federal Market Overview

- All Textiles
  Fiscal Year: 2008
  Total dollars: $569,107,570
  Total number of contractors: 1,146
  Total number of transactions: 8,054

For FY2008, contract values for federal spending in the carpet and rug industry were often valued between $1M-100,000.
The American Recovery and Reinvestment Act of 2009 (ARRA)

$789 billion signed into law by President Barack Obama on February 17, 2009, the American Recovery and Reinvestment Act constitutes a significant spending measure. With $288 billion in tax cuts and nearly $500 billion in actual spending, this package offers a real market opportunity for companies looking to do business with the public sector.

Source: Ruth Fremson/New York Times
Where is the Stimulus Money is Headed?

- * Tax Relief: $208 B
- * State and Local Fiscal Relief: $144 B
- Infrastructure and Science: $111 B
- Protecting the Vulnerable: $81 B
- Health Care: $59 B
- Education and Training: $53 B
- Energy: $43 B
- Other: $8 B

Source: Recovery.gov
ARRA instructed GSA to expend $5.55 billion on measures necessary to convert Federal buildings into high-performance green buildings, renovate and construct Federal buildings and courthouses, and renovate and construct land points of entry.

**Key GSA criteria:**
- Ability of a project to put people back to work quickly
- Ability of a project to effectively transform Federal buildings into high-performance green buildings

**GSA’s plan is composed of four categories:**
- New Federal Construction (including Land Ports of Entry)
- Full and partial building Modernizations
- Limited Scope Projects
- Small Projects

A nationally-managed, regionally executed Program Management Office has been established to oversee all GSA ARRA projects: The Office of High-Performance Green Buildings
$3,168,844,000 - High Performance Green Building Modernizations
  - Full and Partial Modernizations
    - As of March 29, 2009, these dollars have been earmarked for 43 federal building sites in 43 states, territories, and the District of Columbia.

$806,877,000 - High Performance Green Building Limited Scope (Including Energy Projects)
  - As of March 29, 2009, these dollars have been earmarked for 192 federal building sites in 52 states, territories, and the District of Columbia
  - Selection criteria for these projects include:
    • Energy Use Intensity: BTUs:Gross Square Foot
    • Preference for projects that demonstrate high-performance improvement
    • HVAC retrofit/replacement efficacy
    • Renewable Energy generation by PV/wind

$298,576,000 – High Performance Green Building Small Projects
  - For disbursement to programs that improve energy efficiency in federal buildings smaller than 20,000,000 square feet.
Public Housing Capital Fund
- $1 billion to be awarded competitively to priority investments that “leverage...renovations and energy conservation retrofit investments”. HUD must award these competitive funds by September 30, 2009.

Native American Housing Block Grants
- $255 million in formula grants to be awarded to tribal housing projects that feature energy efficiency, energy conservation, and infrastructure development.

Energy Retrofit and Green Investments
- $250 million for grants or loans for energy retrofit and green investments in HUD-assisted housing.
DoD Facility Infrastructure Investments

- $4.24 billion provided for facilities sustainment, restoration, and modernization, $3.69 billion of which must be invested in energy efficiency projects to repair and modernize DoD Facilities
Why the Government Market? Pros & Cons

Benefits
- Obviously, a lot of funds are flowing right now
- Government is the only Recession-Proof Market
- Average Transaction Size is Larger
- Once Entrenched, Ongoing Revenue Stream

Challenges
- Sales Cycle
- Understanding the Process
A Taste of Contracting Basics
Federal Procurement Process (Formal)

1. The government agency establishes requirements
2. The government agency prepares a solicitation
3. The government agency announces the solicitation
4. Potential contractors locate the solicitation
5. The government agency obtains the solicitation package
6. Potential contractors review the solicitation package
7. Potential contractors submit their bid/proposal
8. The government agency reviews & evaluates the submitted bids/proposals
9. The government agency awards the contract
How to Break into the Market
Pre-Step 1: Getting Started

- Consider being a subcontractor to an experienced prime contractor
  Sub-contractor/Supplier/Service provider
  - Contact the prime companies
    - web.sba.gov/subnet

- Get some smaller orders to develop a track record and learn the prequalification process. Be an established business with a good past performance history and good references. Past Performance is IMPORTANT.
Have adequate working capital to finance the job (It is unlikely that the government will authorize advance payments).

Have adequate insurance (and bonds if required) with a good risk record.
Step 1: Classify your Products/Services

- Standard Industrial Classification (SIC) Codes:
  www.osha.gov/oshstats/sicser.html

- North American Industry Class System (NAICS) Codes:
  www.census.gov/epcd/www/naics.html

For Carpet and Rug Manufacturers, the codes are:
SIC 2273  /  NAICS 314110
DUNS = 9 character identification number provided by the Dun & Bradstreet Corporation. Go online or call to apply for one. Free.

FSC = Federal Supply Classification Codes = used by buying offices to identify products/services.

NAICS = North American Industry Classification System = codes used for classifying businesses and industries.

SIC = Standard Industrial Classification Codes = NAICS codes primarily used today, but some agencies may still be using the SIC system, so it is good to know the codes for your business.

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Step 2: Get Registered

- Certain registrations are required, but only if you want to get paid when contracting with the federal government.
- Provides the federal government with a central database of all its vendors.
- May be used by Contracting Specialists to find vendors.
T-PIN - After registering in CCR, you will receive a T-PIN which is the password you use to update your business on CCR. Keep in a safe, but accessible place. If you lose it, it may take up to 2 weeks to receive a new one by mail and if someone gets a hold of it, they can change your bank account info and receive your payment from the govt.

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Registering in the Central Contracting Registry:

- Need a DUNS number: www.dnb.com
- Get a Federal Employer Identification Number from the IRS. This is oftentimes your Taxpayer ID Number TIN (Tax Identification Number)
- Set up Electronic Funds Transfer (EFT) with your bank and accept VISA/MC
Everything is electronic now. Must be able to communicate with them electronically.

Federal Government pays by electronic funds transfer - need to have a merchant account.

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ORCA is an e-Government initiative that was designed to replace the paper based Representations and Certifications (Reps and Certs) process.

https://orca.bpn.gov/
Step 3: Get Certifications - Federal

- **HUB-Zone Certification**: Business and at least 35% of employees located in a HUB-Zone.

- **Small Disadvantaged Business Certification**: 51% owned/controlled by socially disadvantaged group and personal net-worth limit.

- **8 (a) Certification**: In business for at least 2 years, an SDB, and personal net-worth limit ($250,000).

- **Woman-owned Certification**: 51% owned by a woman and personal net-worth limit ($750,000).

HubZone - Historically Underutilized Business Zone - provides federal contracting assistance and opportunities for qualified small businesses located in these distressed areas.

SDB - designed to help small disadvantaged businesses compete by providing specific advantages and benefits in the federal procurement process. Price evaluation adjustment of upto 10% and SDB subcontracting targets.

8(a) - receive 1-on-1 assistance and coaching to help grow and expand business. 9 year partnering relationship with SBA. Networth of under $250,000 excluding home and business.

DBE - Useful for DOT or agencies that do business with DOT - certification done through OMWBE.

HANDOUT for SBA CERTIFICATIONS
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Federal Government Procurement Goals

- 23% of prime contracts for small businesses
- 5% of prime and subcontracts for SDB’s
- 5% of prime and subcontracts for WOB’s
- 3% of prime contracts for HUB-Zone
- 3% of prime and subcontracts for SDVOSB’s
Step 4: Identify the Opportunity

FedBizOps.gov

FedBizOps.gov is the single government point-of-entry (POE) for Federal government procurement opportunities over $25,000. Government buyers are able to publicize their business opportunities by posting information directly to FedBizOps via the Internet. Through one portal - FedBizOps (FBO) - commercial vendors seeking Federal markets for their products and services can search, monitor and retrieve opportunities solicited by the entire Federal contracting community.

The FedBizOps Team is committed to Section 508-compliant accessibility.
Other Ways to Find Opps

- Networking events
- Registering on an agency’s site
- Referrals
- Build a relationship as a sub-contractor, team partner, mentor-protégé
Step 5: Pursue Opportunities

- Submit bids
- Seek sub-contracting or partnering opportunities
- Meet with agency representatives
- Understanding Requirements
- Define your Capabilities
- Position & Organize Your Team
- Identify Current & Future Requirements
- Understand Program Timelines
- Understand Funding Cycles and Process
- Understand Procurement Process & Political Influencers
Wrap-Up and Summary

- This is a lot of information…it takes time to process all of it.
- Selling to the government can be complex.
- It takes hard work and patience.
- Time and effort will result in great things.
- Government contracting can be a steady source of revenue.
All of this information is very overwhelming.

It is by no means easy to sell to the government.

It is hard work and something that should be well researched before jumping into.

Rachel Fischer, 9/14/2004
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