JOURNEY **GOVERNMENT CONTRACTING**

ASCENT
elevate your business

Assess Your Readiness for Contracting
Are You Ready to Be a Government Contractor?

How to Use This Resource:

Use this checklist to help evaluate your business's readiness for government contracting.

One strategy to determine if you're ready for government contracting is to learn from businesses that took the leap.

Their experiences can help you analyze factors you may **not have considered**.

Read the questions below; if you agree, select "Yes." If you disagree, follow the instructions to strengthen this area. You can also use the "To Do" column to write action items you will take to improve your readiness.

Considerations

1. Is your product or service in demand? ☐ Yes

If you're unsure:

Explore the **Federal Procurement Data System (FPDS)** and **USASpending.gov** websites.

These databases contain contract information you can use to see what products and services federal agencies are purchasing.[1]

To Do:

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2. Can you deliver quality goods and services on time and within budget? ☐ Yes

If there's room for improvement: Use this opportunity to review your management systems, processes and key performance indicators.

Every contract is different and will have specific guidelines and specifications that contractors must meet.

Reviewing the contract's statement of work (SOW), performance work statements (PWS) or statement of objectives (SOO) will help you determine if you can deliver quality goods and services.

To learn about the differences between these guidelines, review the **Contracting Officer Representative Guide to Statements of Work, Performance Work Statements and Statement of Objectives**.

To Do:

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3. Do you have enough capital to fund your first contract? ☐ Yes

If you're still saving: Stay the course until you reach your financial goals.

Depending on the industry, some businesses spend around $80,000 to get their initial contract.[2]

To Do:

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4. Does your business have a good reputation? ☐ Yes

If you had to think about it: Use this opportunity to refocus your energy on improving existing relationships with customers and vendors.

Just like a job interview, a poor reputation or reference could be the difference between landing a contract or not.

To Do:

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Prime Contractor or Subcontractor?

Use these questions to help you decide what type of contractor you should be.

Remember, prime or subcontractor status is based on the type of contract you secure for a particular project. You don't have to keep the same status on every contract bid.

Consider being a prime contractor if:	Consider being a subcontractor if:
• You can comply with the terms and conditions as defined in the contract. • Your business has past government contracting experience or expertise. • You have enough capital to cover the initial financial investment. • You have strong project management skills and can work with multiple vendors.	• You want to enter the federal marketplace as a contractor. • You have limited resources (equipment, capital, etc.). • You want to build and expand your federal contracting portfolio. • Your focus is a smaller scope of work. • Your business qualifies for a set-aside in any certification program.

If you're ready to register your business as a government contractor, make sure to complete the following actions.

Government Contracting Eligibility Requirements

1. Have you identified your NAICS code?   ☐   Yes

What's a NAICS code? Before the government can buy your product or service, they need to know what you're selling.

The government uses the North American Industry Classification System (NAICS) to organize the products or services they need.[3]

To sell to the government, you must identify your primary NAICS code. Your NAICS code is based on the activity that best fits your business and generates the most revenue.[4]

Businesses often identify a second NAICS code, as some databases allow you to enter more than one. This strategy can help expand your visibility to federal agencies.

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You can find your NAICS code online at the U.S. Census Bureau. They keep a complete **NAICS code list**.

Simply enter a keyword related to your product or services, and a list of NAICS codes will be generated. Then select the NAICS code that best fits.

If you need help identifying an appropriate code, review existing contracts that define their product or service and see what NAICS codes are used.

TIP: When searching for opportunities, use your NAICS code to filter results that are specific for your business.

To Do:

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2. Did you complete your SAM registration?   ☐   Yes

Who's SAM? The **System for Award Management (SAM)** is the database the government agencies use to search for contractors.[5]

This is an important step, as all businesses **must be registered in SAM** to conduct business with the federal government.

Register online so federal agencies can find your business.

To Do:

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3. Did you acquire a DUNS number?   ☐   Yes

What's a DUNS number? A Dun & Bradstreet number (aka DUNS) is a unique nine-digit identification number for each physical location of your business.[6]

You can apply to receive your free DUNS number online at **DUNS Request Service**.

Before you apply, make sure you've gathered the following information:

- Legal name and business structure

- Headquarters name and address for your business

- Doing business as (DBA) or other name by which your business is commonly recognized

- Physical address, city, state, and ZIP code

- Mailing address (if different from headquarters and/or physical address)

- Telephone number

- Contact name and title

- Number of employees at your physical location

- Whether you're a home-based business[7]

Please note: According to the General Services Administration (GSA), "Starting in April 2022, the D-U-N-S® number will no longer be the official identifier for doing business with the U.S. Government. The new system will be a unique Entity ID generated in the System for Award Management (SAM). For more information, visit **gsa.gov/entityid**."[8]

To Do:

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4. **Does your small business meet the size standards?**   ☐   Yes

Unsure? You can go online and use the **SBA's Size Standards Tool** to double-check if your business qualifies.

It's important to know that size standards vary by industry and are typically either:

• **Employee based** (total number of employees a business has) or

• **Revenue based** (annual combined total income and cost of goods)[9]

For complete details on size standards, review **Title 13 Part 121 of the Electronic Code of Federal Regulations (eCFR)**.

To Do:

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U.S. Small Business Administration

5. Is your business in compliance with all laws and regulations?   ☐   Yes

Not 100% sure? The government can only award contracts to businesses that abide by all federal laws and industry regulations.

Where applicable, gather all kinds of business performance reviews, inspection reports or other documents.

It's also important that you review the Federal Acquisition Regulation (FAR). The FAR contains the rules federal agencies must follow when working with contractors for all federal acquisitions.

Key sections small business owners should review include:

- **Subpart 8.4—Federal Supply Schedules**

- **Part 13—Simplified Acquisitions**

- **Part 14—Sealed Bidding**

- **Part 15—Contracting by Negotiation**

- **Part 16—Types of Contracts**

- **Part 19—Small Business Programs**

To Do:

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[1] U.S. Small Business Association, *Contracting Guide: How to Win Contracts* (2019), https://www.sba.gov/federal-contracting/contracting-guide/how-win-contracts (accessed June 19, 2019).

[2] Ibid.

[3] U.S. Small Business Association, *Contracting Guide: Basic Requirements* (2019), https://www.sba.gov/federal-contracting/contracting-guide/basic-requirements (accessed June 19, 2019).

[4] U.S. Census Bureau, *North American Industry Classification System Frequently Asked Questions* (2019), https://www.census.gov/eos/www/naics/faqs/faqs.html (accessed July 9, 2019).

[5] U.S. Small Business Association, *Contracting Guide: Basic Requirements* (2019), https://www.sba.gov/federal-contracting/contracting-guide/basic-requirements (accessed June 19, 2019).

[6] Ibid.

[7] Ibid.

[8] General Services Administration, *Unique Entity Identifier Update*, https://www.gsa.gov/about-us/organization/federal-acquisition-service/office-of-systems-management/integrated-award-environment-iae/iae-press-kit/unique-entity-identifier-update (accessed July 12, 2019).

[9] U.S. Small Business Association, *Contracting Guide: Size Standards* (2019), https://www.sba.gov/federal-contracting/contracting-guide/size-standards (accessed July 9, 2019).