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*Braddock's*

# Procurement Opportunities Guide

*2013 Edition*

## ***An Entrepreneur's Guide to Selling to Governments and Corporations***

- **Federal Government**
- **State Governments**
- **Large Corporations**
- **International**

### ***Special Resources for Women, Minority, and Veteran-Owned Small Businesses***



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Dear Entrepreneur:

It is widely recognized that small and mid-sized businesses (SMB) are the lifeblood of the U.S. economy. Your innovation, energy and passion create jobs, build communities and move things forward. That's why Microsoft® is committed to helping SMBs realize their full potential. To that end, we are proud to support initiatives that advance the ability of SMBs to pursue growth opportunities.

The U.S. government has also made a commitment to helping small businesses grow. As the largest buyer of virtually every B-to-B product and service in the country, the federal government has set the goal for 23 percent of its contracting spend to flow to American SMBs. Despite the huge opportunity this represents for companies like yours, the process of securing a government contract can be cumbersome for small businesses. But it doesn't have to be.

Microsoft® is proud to sponsor Braddock Communications' **Procurement Opportunities Guide • 2013 Edition**, which is designed to help business owners and decision makers navigate the processes for competing for government contracts at the federal and state levels.

Technology can play an essential role in ensuring compliance with governmental requirements for privacy and security, as well as for helping small businesses scale their operations as a result of winning a large piece of business such as a government contract. To learn more about how Microsoft® products and services can help your business succeed, please see pages [85-93](#) in this guide or visit [www.microsoftbusinesshub.com](http://www.microsoftbusinesshub.com).

I hope you find the content of this guide to be valuable to your business, and I wish you great success.

Sincerely,

A handwritten signature in cursive script that reads "Cindy Bates".

Cindy Bates  
Vice President, U.S. Small-and-Mid-sized Business  
Microsoft Corporation

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8900 Burke Lake Road, 2nd Floor, Burke, VA 22015

Entrepreneurs are by definition opportunity seekers, and there are few opportunities more exciting than the markets represented by governments and large corporations. Ironically, it is the very size of these opportunities that creates challenges for small businesses; these markets are so large that many small businesses don't know where to begin.

That's why we are pleased to provide you access to this edition of **Braddock's Procurement Opportunities Guide • 2013 Edition**. It is a concise, handy guide that not only gives you an overview of these markets but also provides step-by-step guidance on what you need to do to take advantage of these opportunities.

One recommendation in this publication that you should definitely follow is to visit your local Small Business Development Center (SBDC). SBDCs are one of the best sources of practical training and information on many topics, including procurement. Your local SBDC counselor can help you create a business-and-marketing plan that will improve your chances of success in selling to governments and large corporations. Many SBDCs even participate in vendor fairs and other procurement opportunities, putting you directly in touch with your potential customers.

The Association of Small Business Development Centers (ASBDC) represents the more than 1,000 SBDCs nationwide. Together with our members and supporters such as Microsoft®, the generous sponsor of this edition, we help small businesses like yours benefit from new opportunities every day. For more information about ASBDC programs or to find the SBDC nearest you, visit [www.asbdc-us.org](http://www.asbdc-us.org).

Sincerely,

A handwritten signature in black ink that reads 'C. E. "Tee" Rowe'.

C.E. "Tee" Rowe  
President & CEO  
Association of Small Business Development Centers

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P.O. Box 710720

Herndon, VA 20171-0720

703-390-5870

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Jason L. Stern, Publisher

Paul A. Arnold, Managing Editor/Writer

Bonnie A. Stern, Contributing Editor

Christine C. Stern, Senior Editor

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## Overview

Getting new business is an ongoing challenge for every small company. To succeed, you have to know the best way to use your limited resources to target your best prospects, whoever they may be. If you choose to market and sell to the federal government and its prime contractors, state governments, or large corporations, this guide will enable you to work smarter and may improve your chances of success. It will help you identify your best prospects, alert you to potential hurdles and serve as a road map to new opportunities. The many next-step resources will point you to specific sources of expert help and authoritative information.

The introduction beginning on [page 1](#) provides some basic information about the size of government and corporate markets, defines some terms used later in the publication, and outlines key steps you need to take in pursuing these markets.

The next four sections deal with selling to federal government, state government, corporate, and international customers. Each section provides an overview of the respective markets and offers key information you may be able to use to improve your chances for success. Finally, next-step resources are listed where you can find more detailed information.

Beginning on [page 73](#) are useful procurement resources, including resources of particular interest to businesses owned by women, minorities, and veterans. These resources include federal and state-sponsored programs and private-sector associations.

## Basic Definitions

You don't have to be a procurement expert to read this book, but it is important to understand the meaning of "procurement" and "small business" in this publication. The glossary on [page 81](#) provides definitions of other relevant terms.

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In this guide, **procurement** refers to the overall process of acquiring a product or service. Depending on the circumstances, it may include some or all of the following: identifying a need, specifying the requirements to fulfill the need, identifying potential suppliers, soliciting bids and proposals, evaluating bids and proposals, awarding contracts or purchase orders, tracking progress and ensuring compliance, taking delivery, inspecting and inventorying the deliverable, and paying the supplier. The term “procurement” is most often used within governmental organizations. The government and corporations may also refer to the more specific terms of “purchasing” or “acquisition.”

While the definition of **small business** varies, the federal government, most state government agencies, and many corporations use the Size Standards published by the U.S. Small Business Administration to determine whether a business is “small.” Size usually is determined by the number of employees, but may alternatively depend on gross sales or other factors. Most companies with fewer than 500 employees are considered small for procurement purposes, but the standard may be different for your industry. See the SBA website at <http://www.sba.gov/size> for specific size standards.

Determining whether your business is considered small is important because federal law establishes a government-wide small business contracting goal of 23 percent of all contracting dollars. There are also separate prime and subcontracting goals for women-owned businesses (5%), small disadvantaged businesses (5%), firms located in HUBZones (3%) and service-disabled veteran owned businesses (3%). The U.S. Department of Veterans Affairs also has a self-imposed goal for veteran-owned small businesses of (7%). While these government-wide goals are not always met, they are important because they provide a management tool to focus on maximizing prime and subcontracting opportunities for small businesses.

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# Introduction to Government and Corporate Markets

One of the most striking differences between small businesses and larger organizations such as governments and corporations is the way purchasing decisions are made and put into action. In small companies, the decision makers are often the owners with a personal stake in the outcome. Purchases are made by the end-user. Internal lead times are short, and the procedural requirements simple.

Governments and large corporations, on the other hand, are far more likely to operate according to bureaucratic procedures, compartmentalized functions, and pre-set budget constraints. Large purchases may require approvals by more than one department or supervisor.

These differences can be perplexing and frustrating to small businesses when they attempt to sell to governments and corporations. As a small business decision-maker, you might wonder whom in the organization you need to convince. How many more hurdles do you have to jump over? Is it even worth the effort?

Before answering that last question, try to answer this one:

### **What do the following products and services have in common?**

- Computers
- Carpets
- Commercial printing
- Oatmeal cookies
- Office furniture
- Health IT
- Telecommunications
- Replacement tires

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**Answer:** The largest U.S. customer for each of these products and services is the U.S. Government. In fact, the federal government is the largest buyer in the world of thousands of different products and services, spending more than \$500 billion\* annually with private-sector businesses—\$100 billion going to small businesses.

Some of these are big-ticket purchases, such as aircraft carriers, supercomputers, and office buildings. But the government buys almost every other type of product and service, providing opportunities to all kinds of companies – large and small – including yours.

So, is it worth the effort? Absolutely. And not only because of the potential sales volume. Government purchases generate crucial revenue during economic downturns when sales to businesses and consumers are lackluster. Remember, however, not to become too dependent on government contracts. As with other customers, the government's buying patterns change over time.

State governments also represent excellent opportunities for small businesses, with total annual budgets exceeding \$1 trillion, much of which is spent on goods and services from the private sector.

The market for goods and services represented by large corporations is difficult to quantify, but easily dwarfs purchases made by all levels of government.

\* The total budget of the U.S. Government was over \$3.7 trillion in 2011, but over half of the total budget goes towards expenditures for Social Security, Medicare, interest, and other nondiscretionary obligations.

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## Procurement Preparation Checklist

Before you submit your first bid or proposal, you likely have some homework to do. Apart from researching your opportunities, there are certain basic things you need to know and do before you go after your first federal contract. The following checklist will help make sure you have the administrative and business infrastructure in place to pursue government business successfully. The first three items in this list are specific to federal contracting, while the others apply to all forms of public procurement.

- 1. Get a D-U-N-S number.** The *Data Universal Numbering System* uniquely identifies your business entity and is the standard business identifier for federal contracting purposes. It is required if you want to do business with the federal government. See [page 7](#) for details.
- 2. Determine your Federal Supply Codes and Product Service Codes (FSC/PSC) and your North American Industry Classification System (NAICS) codes.** These are the codes the federal government uses to identify specific products and services. You will need them for classification purposes and for conducting acquisition research. See [page 6](#) for more information.
- 3. Register with the System for Award Management (SAM) at <http://www.sam.gov>.** Central Contractor Registration (CCR) and Online Representations and Certifications Application (ORCA) have been consolidated into SAM. When you register at SAM you must provide the NAICS codes your business operates under, as well as your average number of employees and average annual gross receipts. This information will determine whether your business is considered small for your industry. You will also need to supply a D-U-N-S number. The information you provide when registering at SAM may be used to determine preferential status (small, minority-owned, women-owned, HUBZone certified, service-disabled

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veteran-owned, etc.). If you had registered previously with CCR and ORCA, your information will be migrated to SAM. Visit <http://www.sam.gov> or the Federal Service Desk at <http://www.fsd.gov> for more information or for technical assistance. Your local Procurement Technical Assistance Center also may be able to help; visit <http://www.aptac-us.org>.

4. **Make sure you have adequate insurance.** For construction bidding, you must also have sufficient bonding capacity.
5. **Ensure that you have modern computers with high-speed Internet access and secure e-mail services.** Most procurement actions require electronic communications and data exchange via the Internet. Your software should include packages that allow you to open and work with common spreadsheet and word processing files.
6. **Draw up a business plan that includes your anticipated government contracting activities.** This should include a statement of capabilities and a marketing plan.
7. **Have adequate financing in place** (cash reserves, line of credit, or the ability to obtain a working capital loan) so that you have the ability to perform on any contracts you receive.
8. **Establish detailed recordkeeping protocols** so that you can track time, expenses and performance on any contract. This should include business accounting software, electronic payroll records, and retention of electronic communications. Government auditors have been stepping up their activities to ensure that contractors perform and that their prices are fair and reasonable.

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# Selling to the Federal Government

## Overview of Selling to the Federal Government

While the federal government as a whole is the largest buyer of goods and services in the world, in a practical sense your customer is not the federal government. Rather, the customer is the departments, agencies, bureaus, and commissions that make up the federal government. Within these components of the government are literally thousands of buyers — your potential customers.

Each federal agency has a budget set by Congress which it must allocate over the course of the fiscal year (October to September) to fulfill its mission to the best of its ability. Agencies have some flexibility to reallocate budgets during the year to reflect changing spending priorities, but they cannot exceed their overall budget authorization. An agency's budgeting process — which determines in general terms what types of products and services the agency will purchase during the fiscal year — begins prior to the beginning of the fiscal year, and might not be finalized until well into the first quarter. Because of the budgeting process and budget constraints, high-value procurements have longer lead times.

**TIP:** Experienced government contractors know that the end of the government's fiscal year is one of the best times to get contracts. Agencies that have not spent their entire budgets risk losing unspent portions when the fiscal year expires, and might be eager to make quick purchases before the money disappears.

Agencies use many different types of purchasing methods to identify potential suppliers and award contracts or purchase orders. These include noncompetitive micropurchases under \$3,000, sealed bids, and negotiated contracts. Many products and services commonly used by more than one agency, such as

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information technology, office furniture, and telecommunications services, are purchased using consolidated purchasing contracts. These contracts allow contractors to negotiate prices and terms with one agency. Other agencies can then easily purchase the products and services as needed according to the terms of the single contract. See [page 21](#) for more specific information about the procurement methods used by the federal government.

The federal government's procurement activities are governed by a standardized body of rules known as the Federal Acquisition Regulation (FAR). In general, all federal agencies must follow the procedures in the FAR during the procurement process. Keep in mind that individual agencies may have additional procurement regulations and guidelines that apply only to that agency. While FAR compliance is a responsibility of the government agencies, clauses and provisions of the FAR are often incorporated by reference into contracts. For this reason, you as a contractor should understand the relevant sections of the FAR for contractual compliance. Visit <https://www.acquisition.gov/far/> for more information.

The type of products or services you offer, their value, and the frequency of purchase will affect what acquisition methods agencies will use to procure your offerings. The likely acquisition method, in turn, influences what marketing methods you should use in your efforts to sell to the federal government.

## Classifying Your Product or Service

Conducting market research is faster and more productive if you know how your product is classified for procurement purposes. Most federal agencies use the North American Industry Classification System (NAICS) to identify products by manufacturer type. To find the NAICS code for your product, visit <http://www.census.gov/epcd/www/naics.html>. For the Department of Defense (DoD), you will also want to know your Federal Supply Class or Service code (FSC), which you can find by visiting <http://www.logisticsinformationservice.dla.mil/H2/search.aspx>.



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In addition to NAICS codes, the General Services Administration (GSA) uses Special Item Numbers (SIN) when classifying products and services under GSA Schedules. A SIN does not uniquely identify a product or service; rather, it represents a group of similar products and services. If you plan to sell via a GSA Schedule contract, you will need to know under which SIN(s) your offerings fall in order to identify the right Schedule solicitation.

Once you have determined the code or codes that best correspond to your product or service, you can use them to conduct online searches at the websites of many federal agency procurement offices for current solicitations and in many cases, recent contract awards.

State governments use a variety of codes to classify products. Some use the NAICS or its predecessor, the Standard Industrial Classification (SIC) code, but also very common is the National Institute of Government Purchasing (NIGP) code.

## Identifying Your Business

A NAICS or NIGP code identifies the product or service you offer, but does not uniquely identify your business. The federal government uses D-U-N-S numbers, issued by Dun & Bradstreet, to uniquely identify vendors in their databases. You will need a D-U-N-S number to participate in some federal and state procurement programs, and many large corporations require one as well. You can obtain a D-U-N-S number at no charge by visiting the Dun & Bradstreet website at <https://iupdate.dnb.com/iUpdate/companylookup.htm> or calling (866) 705-5711.

When dealing with the federal government, you may also be assigned a CAGE code. CAGE stands for Commercial and Government Entity, and provides for a standardized method of identifying a given facility at a specific location. The code may be used for a pre-award survey, automated bidders lists, pay processes, etc. In some cases, prime contractors may require their subcontractors to have a CAGE Code.

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Finally, check the SBA Size Standards to verify that your business is considered small for procurement purposes. If applicable, check with your local SBA office to see whether your business qualifies as woman-owned, small and disadvantaged, or service-disabled veteran-owned, or is HUBZone-certified (see <http://www.sba.gov/size>). Having one or more of these designations may qualify your business for special programs and procurement consideration.

## Key Steps to Federal Procurement Success

- 1. Know your market.** Do your homework to identify your best prospects. Which agencies buy the products and services you offer? Review solicitations at FedBizOpps.gov, both current and historical, and contact your nearest Procurement Technical Assistance Center, which you can locate at [www.aptac-us.org](http://www.aptac-us.org).
- 2. Research targeted agency budgets** to determine:
  - What are the budget levels—the same, more, or less than the previous fiscal year (Oct. 1-Sept. 30)?
  - What does the federal agency purchase that is similar to a product or service that you can provide?
  - Does the federal agency purchase a similar product year-around or seasonally?
  - Do most contracts go to large companies? If so, who are the large prime contractors?
- 3. Know where to get practical help.** See [page 37](#) for a list of resources. Four of the best are Procurement Technical Assistance Centers, Small Business Development Centers, your local SBA district office, and the Small and Disadvantaged Business Utilization offices of major federal agencies. These resources can help you find opportunities, avoid pitfalls, and guide you through the mechanics of the procurement process.
- 4. Take care of the basics.** Obtain a D-U-N-S number if you do not already have one by visiting the Dun &

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Bradstreet website at <https://iupdate.dnb.com/iUpdate/companylookup.htm> or calling (866) 705-5711. This process takes up to two weeks. See [page 7](#) (Identifying Your Business) for more information about D-U-N-S numbers. If you anticipate making individual sales under \$10,000, make sure you are set up to accept credit cards. Look up the Federal Supply Code (FSC) and NAICS code/codes relevant to your industry.

- 5. Register everywhere you can.** For federal contracting, registration with the System for Award Management (SAM) at <http://www.sam.gov> is a must, but you can also contact individual agencies to request that you be placed on their lists for solicitations. To register with a state or local government agency, start by visiting the state or local government website to find information about its procurement process.
- 6. Develop personal relationships.** Knowing the right people is important when you are dealing with a bureaucracy. Your contacts can point you to new opportunities, troubleshoot problems for you, and help you make sure you are in the right place at the right time to take advantage of opportunities as they arise. Some PTAC counselors also recommend establishing a LinkedIn account if you don't already have one, since federal buyers frequently check LinkedIn to get a sense of who you are and what your business provides.
- 7. Start small and develop a track record.** Seek out contract opportunities where you know you can perform well. A track record of excellent performance can lead to progressively larger awards and more business, as past performance is one key criterion when the government is evaluating which offer constitutes the "best value." Large contracts are rarely awarded to businesses with no track record, and even if you do win a large initial contract, failing to perform well will become a barrier to future government business.

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## Evaluating the Market for Your Product or Service

Perhaps the biggest procurement challenge facing most small businesses is identifying the best prospects within governments and corporations. The federal government alone has hundreds of agencies, administrations, and bureaus, and it might not be obvious which among them have a need for your product or service. What's more, without knowing how big the potential market is for you, you will not know what amount of resources to allocate to your sales efforts.

### FedBizOpps

Fortunately, it is easy to find out which agencies have purchased the types of products and services you sell, and how much they spend. Visit <http://www.fbo.gov>. FedBizOpps is the government's designated portal for advertising government-wide information about federal contract solicitations and awards with an estimated value of \$25,000 or greater. A simple search here will reveal a wealth of information about who is buying, how often they buy, and how much they spend. You will even find out who your competitors are, if you don't already know.

Keep in mind that FedBizOpps only covers contract awards of more than \$25,000 and solicitations with an expected value of more than \$25,000, and does not typically report purchase orders made under existing contracts. Over 90 percent of government purchases are below that threshold, and most of these are not in the database.

### Procurement Forecasts

FedBizOpps provides information about current government solicitations. If you want to know what an agency plans for the future, you'll want to look at its procurement forecast. Each fiscal year, federal agencies are required to publish a list of anticipated purchases for that year. This provides an inside look at potential future buying activity for the agency, and gives you the opportunity

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to plan ahead for a successful bid. See also Acquisition Central at [http://www.acquisition.gov/comp/procurement\\_forecasts/index.html](http://www.acquisition.gov/comp/procurement_forecasts/index.html).

Procurement forecasts represent what the agency plans to purchase during the coming year, but are not actual solicitations. Some items listed in the forecasts are not, in fact, sent out for solicitation over the course of the year due to budget constraints or changes in the agency's planning and priorities. Congress can also affect an agency's budget at any time during the year, including by sequestering funds previously appropriated to the agency.

To find the procurement forecast for a particular agency, visit that agency's website and search on "Procurement Forecast." You can also contact the agency's Office of Small and Disadvantaged Business Utilization (OSDBU) for more information and advice on doing business with the agency.

## Current Contracts

Once you have determined which agencies are spending money on the types of products and services you offer and investigated their future buying plans, you might want to look at current or past contracts. Contact the agency's OSDBU for help in locating these.

If the typical sale of your product or service is less than \$25,000, visit the Federal Procurement Data System (FPDS) at <https://www.fpds.gov/>. FPDS contains detailed information on contract actions over \$25,000 as well as summary data on procurements of less than that amount. For more detailed information about procurements under that threshold, try contacting the procurement offices of agencies you believe would logically be buyers of what you produce.

Examining current or past contracts can yield a wealth of valuable information:

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- The incumbent contractor (your competition)
- The prices paid
- The quantities purchased and under what terms
- Details on the exact nature of the product or the work performed (contained in the contract's Statement of Work).

## Who Makes Purchasing Decisions in the Federal Government?

Many of the procurement processes used by the government have the effect of separating the end user from the buying process. The end user – program office or department within an agency – notifies its procurement office that it needs a particular product or service. The procurement office determines which procurement method to use and completes the procurement process, with the product or service being delivered to the end user.

So, as a vendor, whom do you consider your customer – the procurement office or the end user? Technically, the procurement office is your customer because it issues the contract or purchase order and administers compliance\*, resulting in your receiving payment upon performance. To understand the process, consider the diagram on the following page:

1. The end user identifies a need for a product or service and draws up specifications or a statement of work describing in detail what is required and estimated budget.
2. The end user forwards the requisition to its procurement office.
3. The procurement office selects a procurement method, identifies potential suppliers, and solicits bids or proposals from them. Upon receiving the bids or proposals from the pool of potential suppliers, the procurement contracting officer evaluates them. If

\* In the Department of Defense, the Defense Contract Management Agency generally administers DoD contracts within their area of operations on behalf of the contracting officer.

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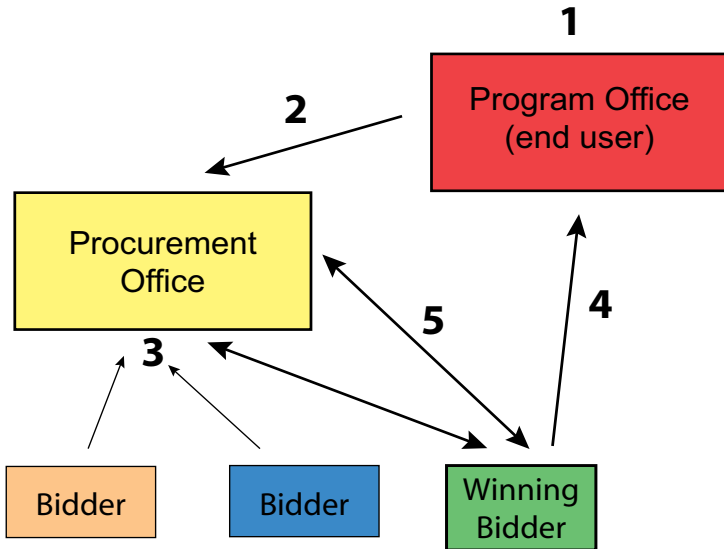
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the evaluation criterion is price only, the purchase will be awarded to the low bidder. More often, there are other evaluation criteria, and the procurement officer will consult with the end user to determine which bid or proposal represents the best value.

4. The supplier delivers the product or service to the end user.
5. The supplier submits an invoice to the address designated by the procurement office. The procurement office will verify compliance with the end user before the invoice is paid.



Thus, the decision to buy and the decision from whom to buy are often made by two different parties. In practice, however, the end user can exert significant influence on the selection of vendors in a variety of ways:

- The way that specifications, performance requirements, evaluation criteria or statements of work are worded can have the effect of favoring one vendor over another.
- The program manager can request that a specific company or companies be included on the bidder's list or otherwise be considered for the procurement.
- The end user may suggest a procurement method that would have the effect of favoring a specific vendor. At the extreme, the end user can draw up a sole-source justification

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explaining why only one specific vendor is capable of meeting the need.

- In certain cases, the end user can make the decision independently and complete the purchase using a government purchase card (credit card).

To prevent any one individual from exercising too much influence, purchases above certain dollar thresholds are subject to progressively more restrictive rules, both within the end user's office and the procurement office. Approvals by more than one manager or executive may be required. Planned purchases above \$25,000 – unless bought off GSA schedules – must be publicly announced through FedBizOpps, and purchases above \$150,000 must, with few exceptions, be competitively bid.

**TIP:** Smaller sales are easier to make because the paperwork requirements are lower. More importantly, you may only have to convince one person or program office – the end user – to make the purchase, although other individuals or offices may participate in the decision.

## Marketing to the Federal Government

To those unfamiliar with federal procurement, the idea of “marketing” may seem odd. After all, if procurement is subject to specific regulations and is open, fair and objective, marketing and advertising would have little effect on who is awarded a contract, right?

In fact, effective marketing is a prerequisite for success in the federal market. Relatively few purchases – especially those under \$150,000 – are made using a sealed-bid, low-price procurement method. Streamlined procurement methods allow government buyers more latitude in determining what constitutes the best value for the government, and many small purchases up to \$10,000 do not require competitive bidding at all. These sales go to the businesses that have made the effort to promote their businesses and their products to the right people.



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As with any other market, your government customers need to know three things:

1. That you exist and want their business;
2. That your products or services can help them cost-effectively achieve their objectives or are better in some way than what they are currently using; and
3. How to buy from you.

Government buyers are looking for the same things any other buyer would: high quality products, reliable suppliers, and fair prices. But they are also looking for certain things that might not be as important to private-sector customers:

- Vendors that help them meet their purchasing goals for small businesses, women-owned business, and other targeted categories.
- More than one potential supplier. One objective of the FAR is to ensure that contracts are awarded in a competitive environment to the extent possible.
- Simplicity. Government procurement regulations can be complex and burdensome for buyers, and they may take the path of least resistance when deciding how to buy and from whom. In other words, if you make it easy for them to find you and buy from you, you'll get more business.

One tool that can quickly lead government purchasers to your company and products is the **System for Award Management (SAM)**.

The System for Award Management (SAM) is a mandatory government-wide clearinghouse of vendor registration information. By registering, you make information about your company available to all government users. You are responsible for the accuracy of your information, and government users can access your information when searching for potential suppliers and administering contract awards. (The functions of CCR have been integrated into SAM.) Registration is online at <http://www.sam.gov>, and a D-U-N-S number is required.

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During the SAM registration process you will be prompted to register with the SBA's Dynamic Small Business Search (DSBS) database. Because DSBS is a prime resource used by government buyers and prime contractors to find bidders on opportunities of \$25,000 or less, procurement counselors and officers highly recommend that you complete DSBS registration. If you choose to do so, after you've completed the SBA profile, return to <http://www.sam.gov> to finish the SAM registration process there.

Registering in SAM is the first step in your marketing effort, but will not necessarily result in a flood of solicitations. Why? Because there are hundreds of thousands of other registrants waiting for those same opportunities. You need to do more. You need to get your marketing message in front of your potential customers so that they will specifically seek you out when it comes time to buy.

## Strategies and Tactics for Marketing to the Federal Government

Broadly speaking, your marketing efforts will fall into one of two categories: *demand generation* or *product differentiation*.

**Demand generation** means expanding the market for your product or service by convincing buyers who were otherwise unaware of your product or its benefits that they should buy it. This is usually the case for a new or innovative product or a unique service.

**Product differentiation** simply means convincing buyers that they should purchase a product from you rather than from another source. You can differentiate your company or product in any number of ways: features, quality, price, availability, compatibility with other products, expandability, your track record of performance, warranties, etc. Often, advantages you have in the private sector will carry over to the government sector.

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## Eight Ways to Market to the Federal Government

- 1. Call potential buyers within federal agencies.** Remember to do your homework first to identify your best prospects. You can start by calling the procurement office, but the person you really want to talk to is the end user — the program manager or technical specialist who needs what you offer. Talking with potential customers is the best way to gauge their needs and establish a relationship.
- 2. Network.** Go to vendor fairs to meet buyers, other vendors, and potential partners. You'll find that the government procurement industry has plenty of opportunities to network, including networking breakfasts, procurement seminars, matchmaking events, and trade fairs. A current list of upcoming Business Matchmaking "Face to Face" events can be found at <http://www.businessmatchmaking.com>. Meeting other players in the field, including government decision makers, is one of the best ways to identify opportunities and build relationships.
- 3. Get help from the experts.** See [page 79](#) for a list of organizations that can help you develop a marketing plan, identify prospects, find a government trade fair or answer specific questions about federal contracting procedures for your product or service.
- 4. Use government-wide purchasing vehicles, if applicable to your product or service.** These are contracts that are negotiated by one agency, but are used by many other agencies to procure common products and services. The General Services Administration's (GSA) Multiple Award Schedule (MAS), also known simply as GSA Schedule, is the most widely used procurement vehicle for information technology products and services, office furniture and supplies, and other types of equipment and services. Contracts such as the GSA

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Schedule are particularly appealing to vendors because they provide many types of marketing support for the vendors. GSA actively promotes its contracts throughout the government, and in some cases will even provide you a mailing list of customers who have expressed an interest in your type of product or service. Other agencies that administer government-wide contracts are the Department of Defense (DoD) and Department of Veterans' Affairs (VA).

- 5. Look for subcontracting opportunities.** Large prime contractors are required to subcontract portions of the work to small businesses. FedBizOpps lists many subcontracting opportunities, but you can find others by inquiring at the Office of Small and Disadvantaged Business Utilization (OSDBU) of major federal agencies (see [page 38](#)). OSDBUs can also provide information about available mentor-protégé programs, which pair existing prime contractors with small businesses to provide advice, training, and experience to new and prospective small business contractors. Such arrangements often lead to subcontracting opportunities for the small business.

Contact prime contractors to:

- Learn what products and services they purchase (check their websites for this).
- Find out, as a subcontractor-to-be, what the companies' requirements are for becoming a subcontractor.
- Know your federal prime contractor's payment terms. Terms could be based on deliverables or at the completion of the contract, usually 30-60 days.

- 6. Target government field offices, especially those in your area.** Headline-grabbing large purchases might be made from the Washington, DC headquarters, but there is a great deal of purchasing activity closer to home. Many of these purchases are simplified purchases under \$25,000,

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but some are much larger. You'll have the advantage of being closer to the customer – a requirement for many service contracts and on-site work.

- 7. Seek out contractor matchmaking events.** GSA, the Department of Defense, and other agencies hold periodic events to match the needs of federal agencies with the capabilities of prospective small business contractors. Some large prime contractors also participate when seeking out qualified small businesses as subcontractors. You can also check with your congressional representative's local office to see whether it sponsors any matchmaking events in your congressional district.
- 8. Be prepared to do business the way government does it.** More and more, this means e-commerce. For example, GSA offers several electronic marketplaces that make it easy for buyers to find sellers. Other tools, such as eOffer (<http://www.eoffer.gsa.gov>), enable the entire process – from bidding to modifications to payment – to be handled electronically.

## How the Government Evaluates Bids

When agencies evaluate bids received in response to a solicitation, they consider a variety of factors in determining which bid constitutes the “best value” for the government.

- 1. Price.** Your price must be in the competitive range, even if it is not the lowest.
- 2. Specifications.** Your bid must meet the specific technical requirements stated in the solicitation. This includes quantities, descriptions, materials, delivery dates, delivery destinations, packaging, etc.

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- 3. Capabilities.** You must have the resources needed to perform on the contract, including technical expertise, facilities, labor, financing, and the ability to deal with contingencies. If your financial resources are in doubt, consider submitting a letter from your bank stating that you have enough money to complete the work.
- 4. Past performance.** Using the Past Performance Information Retrieval System (PPIRS), contracting officers can view a “report card” on your past contract performance. Late deliveries, poor quality, and noncompliance with terms on past contracts will count heavily against you.
- 5. Preferences and set-asides.** Some contracts, including most under \$150,000, are set aside for small businesses. Preference may also be given to specific types of small businesses, including small businesses owned by veterans, service-disabled veterans, members of minority groups, or women, as well as HUBZone-certified businesses.
- 6. Environmental impact.** By executive order, agencies may consider the environmental impact of a proposal when evaluating it. Proposals that include commitments to environmentally friendly practices, use of recycled materials, pollution control, and other factors may receive a preference.

### “Green” Procurement

The GSA's goals for sustainability include an emphasis on reducing the federal government's environmental impact by purchasing “green” products and otherwise reducing the GSA's carbon footprint. If you offer a green product or service, you can check the GSA's Sustainability website at <http://www.gsa.gov/sustainability> to learn more. You can also visit the SBA's green-contracting section at <http://www.sba.gov/content/green-contracting-opportunities>.

Many state procurement agencies have their own processes and standards relating to “green” procurement. Check with

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state procurement websites (see [page 53](#)) to find out what they're looking for and what their requirements are, such as green certification.

## Federal Government Procurement Methods

Government buyers have a variety of acquisition tools available to procure the goods and services they need. Which tool they use depends on the nature of the product or service, the anticipated dollar value, how quickly it is needed, and other factors.

The Federal Acquisition Streamlining Act of 1994 (FASA) simplifies government procurement procedures and encourages federal agencies to behave more like commercial enterprises when making purchases under \$150,000. Purchases under this Simplified Acquisition Threshold of \$150,000 are generally set aside for small businesses. The agency can negotiate with and award contracts to local businesses using less formal procedures than those used for larger contracts. Such planned purchases, however, must still be announced via [FedBizOpps.gov](#) when valued at \$25,000 or more.

### Micro-purchases

Purchases of individual items under \$3,000 or multiple items with an aggregate value under \$3,000 are considered micro-purchases. Micro-purchases do not require competitive bids or quotes, and agencies can simply pay using a Government Purchase Card (credit card), without the involvement of a procurement officer. Virtually any type of product or service that does not exceed \$3,000 (\$2,000 for construction) can be ordered and purchased this way. Purchases valued over \$3,000 may not be split for the sole purpose of bringing individual payments under the \$3,000 limit.

Government Purchase Cards can be used to pay for purchases over the \$3,000 threshold, but such purchases must go through a contract process first. Some agencies will

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provide vendors a list of individuals within the agency holding a Government Purchase Card. Contact the agency's procurement office or visit its website to obtain the list, if available.

## Sealed bidding

When the requirements for a purchase are clearly known and able to be specified, the agencies typically use a sealed bid procurement process. The program office or end user specifies the requirement in detail and forwards it to the procurement office. The procurement office identifies potential bidders and issues an Invitation for Bid (IFB). Potential bidders are identified through a variety of means including the agency's own bidder list or a search of SAM.gov. If the anticipated value of the award is \$25,000 or more, the agency must also post notice of the invitation to <http://www.fbo.gov>.

Sealed bids are received by the procurement office and opened in public on the day specified in the invitation. Bids are evaluated according to the criteria set forth in the solicitation. Usually the contract is awarded to the lowest bidder fulfilling the requirements of the invitation. Other criteria, however, may be used in certain circumstances. These include the experience of the bidder, past performance, environmental considerations, timeliness of delivery, and technical capabilities. The procurement officer awarding the contract is responsible for determining which bid represents the "best value" in satisfying the government's needs. Criteria other than price will be clearly stated in the invitation.

## Requests for Proposal (RFP)

Many government requirements are defined by their objectives, rather than the products or services used to achieve the objectives. It is difficult to specify the products or services required to achieve the objective, and it is up to potential contractors to propose the best way to do it. Technically complex



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work, scientific research, and management consulting are examples of this type of requirement. In such cases, the agency will issue an RFP rather than an Invitation for Bid.

The RFP will describe in general terms the products or services needed and invite prospective contractors to submit proposals describing how they would meet the need, including an estimated price. Submitted proposals are subject to negotiation before a contract is awarded. Contracts resulting from an RFP are typically awarded on a “best value” basis.

RFPs with anticipated values over \$25,000 are posted at [FedBizOpps.gov](http://FedBizOpps.gov) for review by prospective contractors.

## Sole-source Contracts

From time to time the government will have a need for a product or service for which there is reasonably believed to be only one qualified supplier. Patents, other intellectual property, proprietary processes, geographic location, unique capabilities or scale of operations, or the ability to perform within a required timeframe can all be used as justification to award a contract on a sole-source basis. Sole-source contracts are negotiated directly without a competitive bid process. Even if an agency intends to award a sole-source contract, it must still post public notice of its intent at [FedBizOpps.gov](http://FedBizOpps.gov) when the value is expected to exceed \$25,000.

## Multiple Award Contracts

There are certain products and services that are used by most government agencies — computers, copier maintenance and telecommunications for example. For these items, the government uses consolidated contracting methods to negotiate better prices and reduce administrative costs. The best-known example of such consolidated contracting is the General Services Administration's Multiple Award Schedule (also known as the Federal Supply/Service Schedule or simply GSA Schedule).

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**Becoming a GSA Schedule Vendor**

**Is GSA Schedule right for you?**

- Is your product or service a good fit with a Schedule solicitation?
- Are you price-competitive with existing contractors?
- Do you have the time and money to devote to the process?
- Do you have dedicated staff to administer, promote, and fulfill Schedule work?

**Register and Get Certified**

- D-U-N-S number
- Registration via SAM.gov
- Past performance evaluation via Open Ratings (fee)
- Determine Special Item Number(s) (SIN) for your offerings
- Obtain digital certificate for electronic submission of contract data (fee); see <http://eoffer.gsa.gov/>

**Identify and Respond to the Right Solicitation**

- Find GSA solicitations at gsa.gov under "For Businesses" and choose the one that most closely matches your offerings
- Read and understand requirements
- Responses to solicitations must be made electronically via eOffer/eMod at <http://eoffer.gsa.gov/>
- Submit dated copy of commercial price lists using SIN

**GSA Offer Evaluation**

- Are you a responsible and responsive offerer?
- Do your offerings match the Schedule/SIN descriptions?
- Are your prices and terms fair and reasonable?

**Negotiate Pricing and Submit Final Offer**

- Are prices no higher than your Most Favored Customer?
- Submit final offer

**Award of Schedules Contract**

**Manage and Market the Contract**

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Under the Multiple Award Schedule program, the GSA negotiates prices and terms with the vendor and awards the contract. This contract does not involve a sale to GSA. Rather, it creates an agreement whereby any participating government agency (including GSA) may purchase the products or services covered by the contract according to the prices and terms specified.

The result is a win-win for the vendor and for its customers within the federal government. Government buyers like to buy off the GSA Schedule and similar consolidated purchasing vehicles because it is fast and requires a minimum of paperwork. The GSA has already done the negotiation and ensured that the vendor is qualified and the prices are fair.

For vendors, the benefits are obvious. Through a single contract, they can potentially reach buyers in virtually every department and agency. What's more, the GSA offers several programs to help vendors market their offerings on GSA Schedule to government buyers.

Information about how to become a GSA Schedule vendor is available at the GSA website, <http://www.gsa.gov>, but you should know that it is not a trivial process. Becoming a GSA Schedule vendor requires time, money and a commitment to market and service the contract.

The chart on [page 24](#) illustrates the process of becoming a GSA Schedule vendor.

## Subcontracting

In order to promote the flow of federal procurement dollars to small businesses, federal acquisition laws require that large businesses holding contracts over \$650,000 (\$1.5 million for construction) include plans for subcontracting portions of the work to small businesses, including those owned and operated by veterans, service-disabled veterans, disadvantaged individuals, women, and companies certified by the SBA as HUBZone

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small businesses. The requirement to submit a subcontracting plan does not apply to bidders that are small businesses themselves.

How well prime contractors carry out their subcontracting plans is an important evaluation criterion for contract performance. Failure to carry out subcontracting obligations can result in penalties or, at the extreme, termination for default.

The use of subcontracting has grown in importance with the increased use of contract bundling. Bundling involves the aggregation of multiple purchases into a single contract award for the purpose of streamlining the acquisition process and, it is hoped, getting a better price for the government. One effect of bundling has been a relative decrease in the number of contracts reserved for or won by small businesses. With some exceptions, most contracts between \$3,000 and \$150,000 are reserved for small businesses. When several are bundled, however, the value of the bundled contract may exceed this small business set-aside threshold, resulting in a decrease in set-asides for small businesses. This effect is partially offset by the resulting increase in subcontracting opportunities for small businesses.

There is no central clearinghouse of subcontracting opportunities. Some are posted at FedBizOpps.gov, but the best place for small businesses to inquire is with the Office of Small and Disadvantaged Business Utilization of major contracting agencies. Because prime contractors will search SAM.gov when seeking subcontractors, registering can increase your chances of receiving subcontracting opportunities. Many prime contractors post subcontracting opportunities to SUB-Net, the SBA's Subcontracting Network. Visit <http://web.sba.gov/subnet/> to search for specific subcontracting opportunities.

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## Teaming

Often, two or more companies decide to combine their resources to bid for a particular government contract. Typically, this involves a large corporation and one or more small businesses joining forces, with the large corporation acting as the prime contractor to the government and the smaller company serving as a subcontractor to the prime contractor. Such arrangements are called teaming agreements.

A teaming agreement is defined by the Defense Contract Audit Agency as:

“An arrangement between two or more companies, either as a partnership or joint venture, to perform on a specific contract. The team itself may be designated to act as the prime contractor; or one of the team members may be designated to act as the prime contractor, and the other member(s) designated to act as subcontractors.”

Such arrangements are recognized by the federal government, and are even encouraged because they help the government receive better, more complete proposals and bids.

Large companies may choose to form teaming agreements with small businesses for a variety of reasons:

- The small business may possess unique capabilities that will provide an edge in a competitive bid process.
- The prime contractor may need to demonstrate a specific small business subcontracting plan to meet the requirements of the solicitation.
- The small business may be able to offer the best technical solution or the lowest cost on certain portions of the proposed work.

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- The small business may have existing relationships with the agency in question — relationships that the large business does not have.
- The large business may just need competitive price quotes or information about how best to address requirements in a solicitation.

Small businesses may seek some of these same advantages by teaming with a larger company, but there are often other potential benefits to the small business:

- The opportunity to participate on bids that otherwise would be beyond its capabilities.
- The prestige of working with a large, well-known company or on a high-profile government contract.
- New opportunities that may arise from the knowledge and experience gained by teaming with a larger company.

Whatever the objectives, teaming with a larger company can open new opportunities for small businesses to grow. Unfortunately, however, some small businesses do not experience the benefits they anticipated when they entered a teaming agreement.

While problems can manifest themselves in many ways, perhaps the most common scenario is when the prime contractor in a teaming agreement wins the solicitation, but fails to award the small business team member the subcontract. When the subcontract fails to materialize, the small business may be left with nothing but dashed hopes and an expensive lesson.

The major reason small businesses are disappointed is a poorly-drafted teaming agreement. Larger companies with more experience in these matters can often outmaneuver small companies if they choose to do so. In rare instances, a prime contractor may even enter teaming agreements with no intention of actually awarding work to the small business.

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The best way to prevent such scenarios is to make sure that the teaming agreement contains provisions that protect your interests as a subcontractor and team member, and that the teaming agreement itself is an enforceable contract. Here are some tips that may help you avoid potential pitfalls\*:

- Select an attorney with experience in representing small businesses in government contracting matters to draft or review the teaming agreement. Never sign a teaming agreement unless it has been reviewed by an attorney that you have hired.
- Make sure you have an advance confidentiality agreement (non-disclosure agreement) in place before entering any negotiations that require you to release any proprietary information to the other party. The advance confidentiality agreement should contain enforceable provisions for liquidated damages (monetary payment) in the event that either party breaches the agreement.
- Include provisions in the teaming agreement that make the agreement enforceable. Courts will generally not enforce "gratuitous promises." For example, the agreement may simply state, in effect, that the prime contractor will award a subcontract to you if it wins the solicitation. If the agreement makes no provisions for the terms of the subcontract or penalties for not making the subcontract, the agreement might not be enforceable.
- Make sure the teaming agreement is more than just an "agreement to agree." It should be as specific as possible about the scope of the work to be subcontracted, how prices

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will be set, and when the subcontract will be awarded in the event of a successful bid. Include a provision that obligates the parties to negotiate a subcontract "in good faith."

- Include provisions that specify under what circumstances the teaming agreement may be terminated.
- Choose your teaming partner carefully. Make sure that they have a genuine interest in you as a subcontractor, and not just as one more element in making their bid look good. Verify that there is executive-level commitment to your company, and that your corporate cultures are compatible.
- Remember that even if your company is included in the proposal, your agreement is with the prime contractor, not the government. Do not expect the government to act as a mediator or to direct the prime contractor to award the subcontract to you.
- Keep in mind that a teaming agreement is not a subcontract. A subcontract must be negotiated and awarded following the successful completion of the bid process.
- Be aware that language in the subcontract may supersede or nullify obligations that the prime contractor has undertaken in the teaming agreement. If the prime contractor fulfills its obligations under the teaming agreement by negotiating a subcontract with you, the subcontract would be the operable agreement, and its wording may allow for termination for the convenience of the prime contractor. Make sure that any protections you have negotiated for yourself in the teaming agreement survive after the award of a subcontract, preferably for the duration of the prime contract.

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## Getting Paid Promptly

Under the Prompt Payment Act, federal agencies are required to pay for goods and services received within the payment terms specified in the contract or purchase order. Unless specified differently in the contract, payment must be made within 30 days. If payment is not made within the timeframe allowed, the contractor may be entitled to interest on the late payment.

But when does the term of 30 days begin? Unfortunately for the contractor, the term of 30 days begins not when the goods or services are delivered, but when the designated agency office actually receives a complete invoice conforming to the terms of the contract. If you delay in submitting the invoice, or if it is lost or misdirected, the payment will likely be delayed. Be sure to note what information is required by the contract to be on the invoice. This will include information such as a purchase order or contract number, a description of the goods and services by line item, and, if applicable, a requisition number. It also includes Electronic Funds Transfer (EFT) information for your business. Federal agencies are required to make payments using EFT unless a special waiver is issued. Without this information, they will be unable to process your invoice, resulting in payment delays.

Agencies are also required to take advantage when possible of discount terms if offered by the vendor and specified in the contract. For example, when negotiating your contract, you can offer payment terms as 2/15 Net 30. This means that full payment is due in 30 days, but the agency can take a 2 percent discount if payment is made within 15 days.

## Getting Paid More Promptly — Accepting Commercial Payment Cards

According to GSA, there are more than 3 million GSA SmartPay cards in circulation. Purchase and other commercial payment cards are an increasingly important payment method for government buyers.

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Even if you already accept credit cards, you might be missing out on some key advantages of accepting purchase/commercial cards. To understand why, you need to understand what makes a purchase/commercial card like SmartPay different from the personal card you hold in your wallet or purse.

SmartPay and similar government and corporate purchase cards require the capture of more information during the payment transaction — information similar to that contained in a detailed invoice. This is known as Level III Processing, and is the major factor that makes using purchase/commercial cards so attractive for the government and other large organizations.

Level III processing replaces the traditional paper and mail invoicing system with a completely electronic process, and saves the federal government alone over \$1 billion every year in its cost of procurement. Federal government buyers may actively seek out suppliers who can accept Level III transactions because of the ease of use, cost savings, and tighter controls over spending and fraud.

As a vendor, you can benefit, too. You can receive your payments in as little as 48 to 72 hours, instead of 30 or more days with traditional invoicing. You can also gain a competitive advantage when federal buyers seek out suppliers who can accept their GSA SmartPay purchase/commercial cards using Level III processing. What's more, many corporations and other large organizations are also increasing their use of purchase/commercial cards, so these benefits and advantages may extend into other markets. Finally, processing transactions — especially large dollar amounts — using Level III processing can potentially save you money on your credit card processing fees.

Check with your credit card processor to find out whether they support Level III processing. If not, you may have to find a new processor. When establishing a new merchant account, make sure the processor supports Level III processing.

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## Level III Processing and SmartPay

GSA provides information about the benefits and program implementation of the GSA SmartPay purchase card, including FAQ for vendors and other resources, at [www.gsa.gov](http://www.gsa.gov). Some specific guides are available at <https://smartpay.gsa.gov/guides-publications>.

## Special Procurement Programs for Small Businesses

### 8(a) Business Development Program

The U.S. Small Business Administration's (SBA) 8(a) Business Development Program is designed to develop the competitiveness and capabilities of small businesses owned and controlled by socially and economically disadvantaged individuals. Under the 8(a) program, federal agencies work with SBA to define contract opportunities for businesses in the program, with the contract awards going directly to the companies. In some cases the SBA may act as a prime contractor by entering into contracts with other federal departments and agencies and subcontracting the work to companies in the 8(a) program. These subcontracts are generally awarded on a noncompetitive or limited-competition basis.

Companies certified for participation in the 8(a) program must be at least 51 percent owned by either an individual who is a socially and economically disadvantaged citizen of the United States or an economically disadvantaged Indian tribe (including native Alaskan corporations or native Hawaiian organizations). SBA district offices have business development specialists who can provide guidance in determining whether an individual is socially and economically disadvantaged and guide the applicant through the certification process.

Program participants use the money and experience from the federal contracts to develop their capabilities and establish a track record. The ultimate goal is for these businesses to graduate from the program as healthy, viable businesses able to

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succeed in the competitive marketplace. For more information on the 8(a) program, including how to apply for certification, visit the SBA website at <http://www.sba.gov/8abd/>.

### **Certificate of Competency (CoC)**

If a small business is denied a government contract because the contracting agency believes the business is not able to perform the work, the business may apply to the SBA for a Certificate of Competency. SBA staff conducts an objective assessment of the capabilities of the small business. If the business is deemed capable of performing the work, the SBA will issue a Certificate of Competency in support of the business. The Certificate of Competency is conclusive as to the capability of the small business to perform the contract.

### **Small Business Innovation Research Program (SBIR)**

The Small Business Innovation Research Program gives small businesses the opportunity to meet federal research and development needs, encourages participation by minority and disadvantaged persons in technological innovations, and promotes private sector commercialization of these innovations.

Under the SBIR program, the federal government awards money through a competitive process to small businesses to analyze the feasibility of innovative technological ideas and to develop those ideas with promising commercial applications. Each participating federal agency designates research and development topics and releases at least one SBIR solicitation annually. For a list of participating agencies and contact information, visit <http://www.sba.gov/content/research-grants-small-businesses>.

### **Small Business Technology Transfer Program (STTR)**

The Small Business Technology Transfer Program is similar to the SBIR program both in the way it is administered and in its goal of increasing private-sector commercialization of basic technology research. The key difference is that the STTR program

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partners small businesses with a nonprofit research institution, such as a federal government laboratory or research university, and the research is conducted jointly. For more information about SBIR and STTR, including competitive opportunities for small businesses and qualifications, visit <http://www.sba.gov/content/research-grants-small-businesses>.

## Legal and Accounting Issues for Federal Procurement

While acquisition streamlining has in some ways resulted in a more business-like federal procurement process, federal procurement is still subject to the FAR and (for defense procurement) DFARS. For this reason, it is recommended to have a contract attorney that specializes in government contracts review your contracts and advise you on any special requirements and obligations you may have. Legal and other government contracting experts can help you in the following ways:

- Prepare, negotiate and review contracts and teaming agreements
- Assist you in qualifying for and obtaining government contracting vehicles such as the GSA Schedule
- Perform claims analyses and prepare claim submissions
- Evaluate and protect intellectual property rights relating to government contracts
- Assist you in addressing and evaluating the various ethical and procurement integrity issues that arise in the course of doing business with a government agency, including evaluating whistle-blower claims and representing companies facing suspension or debarment
- Assist you in complying with various social and economic policies that apply to government contractors such as Buy American laws, and minimum wage requirements for certain employees working on government contracts
- Review, identify and negotiate contract changes and

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terminations

- Assist you in determining whether certain types of costs incurred in performing government contract are allowable under the applicable and special cost principles that apply to government contractors
- Prepare and litigate bid protests
- Handle claims under the Contract Disputes Act before boards of appeal and the Court of Federal Claims.

The government has an open process for small business to engage in awards, review the process, question performance issues, and provide remedies if needed. The process and guidelines are different from commercial transactions and, as with any business venture, understanding the rules of the game can help you better manage the process.

A government contract may also impose certain record-keeping and financial accountability requirements on you. Some contracts allow the government to audit your records and you may be required to meet certain solvency or bonding requirements both before the contract is awarded and during performance.

## Resources for Selling to the Federal Government

The most valuable assets you can have in selling to the federal government are robust qualifications, quality products and services, and competitive prices. If your company has these characteristics, your only limitation is knowing how to identify opportunities and take advantage of them.

Fortunately, there is no shortage of help. The following websites and programs will provide you the information and assistance you need from start to finish. For more in-depth training, seminars and face-to-face counseling, see the programs listed on [page 79](#).

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## Federal Business Opportunities (FBO)

<http://www.fbo.gov>

FBO is the government-wide portal for procurement opportunities that exceed \$25,000. It contains a searchable database of federal government contract and grant awards, solicitations, and requests for proposal. The archives are an invaluable resource to find out which agencies have purchased your types of products in the past, how much they paid, and what company received the contract. You can use this information not only to identify your best prospects, but also to ensure that you will be competitive.

## Small Business Administration (SBA)

<http://www.sba.gov>

SBA is the primary advocate of small business within the federal government. While SBA is best known for its financial assistance programs, it is very active in promoting the use of small businesses by government buyers. Procurement specialists at SBA district offices are experts in helping small businesses identify procurement opportunities both locally and at the national level. The SBA website also contains a convenient list of links to the procurement offices of most federal departments and agencies. You can also find contact information for the nearest SBA district office.

## Procurement Technical Assistance Centers (PTAC)

<http://www.aptac-us.org>

PTACs are funded by the federal government's Defense Logistics Agency in combination with local sources to assist small businesses through the procurement process. See [page 51](#) for more information.

## Small Business Development Centers (SBDC)

<http://www.asbdc-us.org>

The Small Business Development Center network is the nation's premier provider of small business counseling and education. Partially funded by SBA, there are over 1,000 SBDCs nationwide, including one or more lead centers in each state.

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While services offered by individual SBDCs vary by location, many can provide practical one-on-one counseling on federal and state procurement opportunities. To find the SBDC nearest you, visit the website of the Association of Small Business Development Centers, listed above.

## Office of Small and Disadvantaged Business Utilization (OSDBU)

<http://www.osdbu.gov>

OSDBUs are located in the procurement office of each agency with significant purchasing activity and are responsible for promoting the use of small, minority-owned, and women-owned businesses. They are an invaluable resource for small businesses seeking contracts and subcontracting opportunities with major agencies. For a list of links to OSDBU websites, visit the website listed above.

## System for Award Management (SAM)

<http://www.sam.gov>

SAM is where you register as a prospective government contractor. See [page 15](#) for more information.

## Acquisition Central

<http://www.acquisition.gov/>

Acquisition Central is a library of government acquisition information, and includes links to the Federal Acquisition Regulation, acquisition forecasts, and other useful contracting data.

## Certifications

If you plan to use your status as a small, small disadvantaged, women-owned, veteran-owned or HUBZone-certified business, you will need to be able to certify to government procurement officials that you do, in fact, qualify. To see whether you qualify as a small business, visit the SBA Office of Size Standards website at <http://www.sba.gov/size>. Based on the current size standards, small businesses are permitted to self-certify. More information



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about classifications is available at <http://www.sba.gov/category/navigation-structure/contracting/working-with-government/small-business-certifications-audiences>.

## Women-Owned Businesses

Women-owned businesses may also self-certify when seeking federal contracts, but having a third-party certification can be a valuable marketing tool when seeking subcontracts in the private sector. The most widely accepted certification is the Disadvantaged Business Enterprise (DBE) certification from your state department of transportation. The DBE certification is required for construction-related contracts and is widely accepted in the prime contractor community. Visit the U.S. Department of Transportation OSDBU website at <http://osdbu.dot.gov/> for more information. Two leading private-sector certifiers are:

- Women's Business Enterprise National Council  
<http://www.wbenc.org/>
- National Women Business Owners Corporation  
<http://www.nwboc.org/>

Additional resources and information about women-specific opportunities are available at <http://www.sba.gov/content/women-owned-small-business-federal-contract-program>. For more resources for women-owned businesses, see [page 73](#).

## Small Disadvantaged Businesses (SDB)

SDBs are businesses owned by individuals who are “socially and economically disadvantaged” – typically members of certain racial or ethnic minority groups as defined by regulation. The SBA's Office of Business Development is responsible for certifying small disadvantaged businesses for procurement purposes, and for participation in the SBA 8(a) Business Development Program. Visit the SDB website at <http://www.sba.gov/content/disadvantaged-businesses> for more information. For additional resources for minority contractors for both the government and private sector, see [page 73](#).

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## Historically Underutilized Business Zones (HUBZone)

The HUBZone Program stimulates economic development and creates jobs in urban and rural communities by providing federal contracting preferences to small businesses certified by the SBA as HUBZone. These preferences go to small businesses that obtain this certification in part by employing staff who live in a HUBZone. The company must also maintain a "principal office" in one of these specially designated areas. To determine whether your business qualifies for HUBZone consideration, visit <https://eweb1.sba.gov/hubzone/internet/index.cfm>.

## Veterans and Service-Disabled Veterans

Currently veterans and service-disabled veterans may self-represent as to their business ownership and small business status at the time of contract solicitation or bid response. Veteran business owners can also register their business qualifications in a unique national database called VIP-Vendor Information Pages that was developed and is maintained by the VA Center for Veterans Enterprise (CVE) at <http://www.vetbiz.gov>.

VIP registration and owner representations protocol conforms expressly to the business ownership definition standards set by Public Law 106-50, the Veterans Entrepreneurship and Small Business Development Act (1999). The Office of Federal Procurement Policy (OFPP) cited the VetBiz-VIP registry as a primary source of information on veteran-owned small businesses. For more information on programs and opportunities for veterans, visit <http://www.vetbiz.gov> or <http://www.veteranscorp.org>.

Federal contracting offices can set aside individual requirements for small disadvantaged and veteran-owned small businesses if there is a reasonable assurance that bids or proposals will be received from two or more such businesses and awards can be made at a reasonable price. In certain situations, contracting officers can make sole source awards to small disadvantaged or veteran-owned small businesses.

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# Selling to State Governments

## Overview of Selling to State Governments

The federal government may be the world's biggest buyer, but the 50 state governments and the District of Columbia also are major buyers of all types of equipment, supplies, services, and construction, representing an enormous market.

Despite the tantalizing size of this combined market, it is important to understand that it is comprised of 51 individual customers, each with its own procurement rules and procedures. While the federal government can be viewed as a single market subject to the Federal Acquisition Regulation (FAR), there is no single counterpart regulating transactions with all state governments.

The size of state budgets grew dramatically in the 1990s, driven by strong tax revenues and transfers of responsibility for many programs from the federal government to the states. Growth in state tax revenues faltered around 2001, then picked up before falling again in the last few years. This variability reveals a major challenge for businesses hoping to sell to state governments, namely that most state governments are constitutionally required to have a balanced budget. If tax revenues do not materialize, the state cannot spend the money, no matter how dire the need.

During downturns, states struggle to prioritize their expenditures, relying on reductions, program cancellations, and delayed purchases to keep their budgets in balance. This means that the pool of discretionary dollars – especially budgets that can be spent on new equipment, systems, and services – though still large in the aggregate, is subject to considerable year-to-year fluctuation.

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Given the budgetary pressures periodically faced by many state governments, it is very important to focus on some basics of marketing:

- Precisely target your best prospects by researching the market. Knowing who has budgets to spend and when they need to spend them is priceless information.
- Allow for realistic lead times. Enter the market with a long-term perspective so you will be in position to take opportunities as they arise.
- Be prepared to deliver value. When budgets are tight, the customer is more cost-conscious than ever.

Compared to the federal government, which must adhere to the FAR, state government purchasing regulations are typically less restrictive. Sealed, competitive bidding is the norm on larger contracts, especially for construction and commodities, but in some states many contracts and purchase orders up to \$30,000 or even \$50,000 are awarded simply by negotiating with known vendors in compliance with existing state regulations. State contracts that involve the use of federal funds may be subject to federal procurement regulations.

In some instances, politics plays a crucial role in determining who gets the contract, with key government managers or department heads working behind the scenes to help a preferred vendor get the award. While this may sound like a vestige of the “good old boy” network, in practice it works more like purchasing decisions in a large private-sector corporation would. A personal friendship does not automatically mean you will get the contract, but it can help ensure that your offer receives more than a cursory look.

With 50 potential state government buyers, how do you decide which to target for your product or service? The obvious first choice is your own state government, for a variety of reasons.

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- As a resident of your state, you are likely to be more familiar with your state's operations, locations, and needs than for other states.
- It's easier to network with people that are geographically close. Personally knowing the individuals who buy, or having common interests and acquaintances, will help you get on the "inside," with firsthand knowledge of your customer's needs, buying timelines, and budget projections.
- Many purchases of services and equipment, including construction, require the ongoing presence of the contractor. Geographic proximity may, in fact, be a requirement of the contract.

What about preferences for in-state vendors? Most states have no or few codified preferences where being in-state is the only qualification. For those states that do have some preferences, they usually apply only to specific products (such as agricultural/forestry products and printing), apply only to contracts below a set dollar amount, or apply only in cases of a tie bid. More common are preferences for small businesses and businesses that are owned by minorities or women. Preferences such as these often apply only to in-state vendors.

## Who Makes Purchasing Decisions in State Governments?

Because the procurement process and applicable regulations vary by state, you will find that the decision-making process – especially who makes the decisions – also varies. In some states, the procurement process is highly centralized and regulated, while in other states decisions are made closer to the end user.

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The type of product or service and how it is used has a major impact on who makes the purchasing decision. For example, the following types of products are usually procured by a central purchasing office, often a subagency of the state's department of administration or functional equivalent:

- Office supplies
- Office furniture and equipment
- Telecommunications
- Information technology equipment and services
- Real estate services (except transportation-related)
- Facilities maintenance, supplies, and equipment
- Printing
- Vehicles

Generally speaking, if you offer a product or service that is used by a variety of state agencies, the central purchasing office plays a major role in the procurement process. However, even in states where the central procurement office exercises administrative control, a great deal of procurement activity is delegated to other departments.

Procurement authority for other particular classes of goods is often concentrated within one or a few agencies. For example, road construction contracts may be awarded by the state's department of transportation. Building construction and renovation may be contracted through the office of the state architect. State-sponsored institutions, such as universities, prisons, and hospitals may exercise more independent purchasing authority, but are usually still subject to state purchasing guidelines.

Regardless of whether a procurement is made through a central purchasing office, the decisions on what products and services to buy are made at the program level. The highway department decides how many road signs to buy. Social services agencies decide what support services are needed. The lottery commission chooses its own mix of advertising methods. The department of revenue establishes its own needs for professional

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development training. And so on, throughout the various functions of state government.

When the program managers have determined a need for a product or service, they follow the applicable procurement procedures. For products or services purchased by a central procurement office, the manager will issue a requisition for the product or service or purchase it using an existing contract schedule. For items not purchased centrally, the manager will use the agency's own procurement facilities following the state's procurement regulations.

## **State Government Procurement Methods**

Just as the federal government employs a variety of procurement methods, state governments have many means of acquiring the products and services they need. While no two state governments are the same, the following methods are common to most states.

### **Sealed bids**

Sealed bids are used to ensure competition, especially on large contracts. A request for bids is publicly issued in one or more ways: phone or mail solicitation to vendors on a bidder's list; posting at a government-maintained website; an advertisement in the public notices section of local newspapers; or phone calls to businesses believed to be qualified.

The dollar amount threshold for formal sealed bidding varies by state. In some states it is as low as \$15,000; for others it can range up to \$100,000. With few exceptions, sealed bids at the state level are awarded to the low bidder.

### **Informal bids**

Many states have a streamlined procurement process for contracts expected to be below a certain dollar amount. In such cases, the procurement officer can fulfill the competition requirement merely by calling three or more potential vendors and

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asking for a verbal or written price quote. The contract is awarded to the low bidder. Typical thresholds for this type of procurement are from \$5,000 to \$30,000 for products and construction, and \$50,000 to \$100,000 (or more) for services. Contracts above the threshold would use the sealed bid method.

### **Direct purchase (noncompetitive)**

Almost all states allow designated program managers to make small purchases (typically the threshold is under \$5,000) using their best judgment. The buyer can contact (or be contacted by) a single vendor and, if the offer and price appears to be fair and reasonable, the buyer makes the purchase without competitive bidding. Such purchases are often paid at the time of purchase using a credit card. Alternatively, a simple purchase order can be issued for the vendor to bill against.

### **Consolidated purchasing**

Just as the General Services Administration of the federal government administers government-wide contracts for certain classes of goods, the central purchasing office of each state makes consolidated purchases to serve the needs of all state agencies.

Consolidated purchasing at the state level can take many forms. Some states such as California model a Multiple Award Schedule (MAS) after the federal General Services Administration MAS. Companies that sell products to the federal government on GSA Schedule can easily make their products available to the state government (and even local governments within the state) according to the same prices and terms of the federal contract. Individual state agencies can make purchases from these contracts using their best judgement to determine which vendor offers the best value to meet their specific needs.



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Regardless of whether a state coordinates schedules with GSA, all states have government-wide purchasing contracts for commonly used supplies, equipment and services. Such contracts are generally awarded by competitive bid. The winning bidder or bidders become the state's designated supplier(s) for the product or service for the period of time specified in the contract.

Another consolidated purchasing vehicle involves aggregation of requisitions. The central purchasing office will combine the needs of several agencies into a single contract to get the best price and streamline the procurement process. This differs from an MAS in that the contract is to deliver a specific quantity of goods or services at a specific time rather than to provide the items as needed over a specified period of time.

## **Electronic bidding**

In order to expedite the procurement process and involve a maximum number of bidders, many states have moved certain procurement functions to the Internet. Bidders can visit the website to register as a vendor, search for opportunities, and submit bids or proposals electronically. Websites for these electronic procurement initiatives are listed by state beginning on [page 53](#).

Note: Many states use the NIGP Numerical Commodity Code Listing system (NIGP Code) when classifying products for procurement purposes. To find out whether your state uses this system, visit the central procurement website (listed beginning on [page 53](#)). If the state uses this system, it will have a code look-up page on its website.

Some states, corporations, and federal agencies use a reverse auction approach whereby prequalified bidders are invited to attend an online bidding conference. Bidders submit bids electronically, but have the ability to revise their bids lower during the auction, with the lowest bidder at the end winning.

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## Cooperative purchasing

Many state governments offer cooperative purchasing programs which local government entities can use to procure goods and services at the same prices and terms negotiated by the state government. Usually the permission of the vendor is required before the state will include the products in the cooperative program. Vendors participating in the program can use it to facilitate sales to city and county governments, educational systems, special-purpose entities, and other participating buyers.

### Key Steps in Marketing to State Governments

- 1. Research the market to determine which states and their respective agencies purchase the products and services you offer.** Start with one state (such as your own) to gauge its needs. If you find that your own state government buys what you produce, chances are that other state governments do as well.
  - **Determine what commodity code system your state uses (NIGP, NAICS, etc.)** and find out what codes apply to your offerings by calling the procurement office or visiting the procurement website (see [page 53](#)).
  - **Get help in researching your market by contacting procurement specialists at your local Procurement Technical Assistance Center, Small Business Development Center, or SBA district office.** (See pages [51](#), [52](#), and [37](#) respectively for more information about these resources.) If applicable, be sure to ask about subcontracting opportunities.
  - **Find out about past contracts awarded to other companies.** This will indicate which agencies are likely to buy in the future. You will also get a sense of the competitive pricing landscape. If possible, examine the losing bids, too, for clues that will prevent you from sharing the same fate in the future.

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**2. Learn about procurement procedures by visiting the state's procurement website** (see [page 53](#)). Most of these websites explain how procurements are made, what agencies are involved for specific classes of products and services, and what procurement methods are used for various dollar thresholds. If your business has a federal GSA contract, find out whether you can use this to become a state vendor as well.

**3. Find out about certifications that can qualify your business for special procurement consideration.** The state's procurement website or the resources listed in Step One can help you determine what certification opportunities are available for your business in your state. Many states offer preferences for one or more of the following:

- Small businesses
- Women-owned businesses
- Veteran-owned and disabled veteran-owned businesses
- Disadvantaged (minority) businesses, and
- Businesses located in targeted economically underutilized geographic zones (typically inner cities or rural areas with high unemployment or low incomes).

While preferences vary by state, in some cases having one or more certifications will give your business a significant advantage through set-aside programs, additional bid opportunities, or a percentage-based preference. With a percentage-based preference, a certified business will win the contract if its bid is within the specified percent of the low bidder.

**4. Make sure you have the proper licenses and supporting documents.** You probably already have a license to do business in your state, but if you are seeking procurement opportunities in another state you

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may have to register as a foreign corporation with the other state's Secretary of State. Contact the office of the secretary of state, the state corporation commission, or other office responsible for business licensing and ask about a Certificate of Authority for a Foreign Corporation. Some contracts require that you be bonded, although this requirement is sometimes waived for new or expanding small businesses. If you need to be bonded and cannot obtain bonding on your own, contact your local SBA district office for assistance.

5. **Register as a vendor.** Visit the state's procurement website (see [page 53](#)) for registration procedures, which can usually be conducted online. This will get you on bidder's lists and notification services so you will be alerted to opportunities as they arise. The information you provide when registering will also make it easier for buyers to deal with you throughout the procurement process. If you have identified specific agencies as significant buyers, contact their procurement offices to see if you can register as a vendor.
6. **Actively market your products or services to state program offices.** While being on bidder's lists will generate some opportunities for you, you should not rely solely on your registration to find opportunities.
  - **Call the procurement offices and program managers of the agencies that buy your offerings.** If possible, arrange a meeting so you can brief them in person about your capabilities and learn more about their needs. Cultivating a personal relationship with the key decision-makers is the best way to maximize the business you get from your customers.
  - **Work with a small business procurement specialist or counselor from one of the resources listed in Step One to develop an appropriate marketing plan for your product or service.** Experienced specialists can

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refer you to the right contacts within the state government so you can start building relationships. They can also help identify subcontracting opportunities with prime contractors, which is a significant source of procurement dollars for small businesses.

- **Attend matchmaking events and procurement trade fairs.** These are usually sponsored by the state government itself, by private-sector business advocacy groups such as chambers of commerce, or by local SBDCs, SBA district offices, and other small business counseling programs. Visit [www.businessmatchmaking.com](http://www.businessmatchmaking.com) to see if there is an upcoming program in your area.
- **Deliver excellent results.** You should consider each contract you get as an opportunity to showcase your abilities with an eye toward the next contract. Government buyers look for vendors with experience and a track record of good performance, so each contract is a stepping stone to the next. Plus, the relationships you develop as you progress are the basis for referrals to other agencies, and even contacts in other state governments.

## Resources for Selling to State Governments

### Procurement Technical Assistance Centers (PTAC)

The U.S. Department of Defense, through the Defense Logistics Agency, awards grants to various organizations throughout the country to assist businesses wanting to do business with federal, state and local governments. Highly trained and experienced personnel are available to provide procurement assistance through one-on-one counseling and/or procurement conferences/seminars. Those who consult PTACs have a higher rate of winning government contracts.

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Specific PTAC services may include:

- Identifying marketing opportunities
- Providing bidding opportunities
- Advising and assisting businesses in the preparation and submission of applications, certifications, and registrations
- Assisting with post-award functions such as quality, accounting systems, and payment
- Explaining government procurement regulations, terms and procedures, etc.

Refer to <http://www.aptac-us.org> for the PTAC nearest you.

## Small Business Development Centers (SBDC)

Local SBDCs are an excellent source of information, counseling and assistance for state and local procurement opportunities. Many offer formal procurement seminars or one-on-one counseling by procurement experts in topics such as:

- Access to capital
- Accounting and recordkeeping
- Business plans
- Marketing
- Operations

In addition to educational services, some SBDCs sponsor vendor fairs, trade shows, and matchmaking events to help their small business clients obtain government business. See [page 79](#) for more information about SBDCs and how to contact the center nearest you.

## U.S. Communities Government Purchasing Alliance <http://www.uscommunities.org>

U.S. Communities is a national group purchasing alliance for state and local governments. As a cooperative purchasing initiative, it is designed to allow state and local governments to

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purchase products using contracts competitively awarded by other agencies. Suppliers are able to reach a larger potential customer base with such cooperative purchasing vehicles.

## State Government Procurement Offices

Listed on the following pages are key procurement websites for each state and the District of Columbia. You can also check the SBA's list of State Government Certifying Agencies—which also features state vendor registration websites—at <http://www.sba.gov/content/state-government-certifying-agencies>.

### Alabama

Division of Purchasing (Department of Finance)

<http://purchasing.alabama.gov>

### Alaska

Division of General Services

<http://www.doa.alaska.gov/dgs/>

### Arizona

State Procurement Office

<http://www.spo.az.gov/>

### Arkansas

Office of State Procurement (Dept. of Finance and Administration)

<http://www.dfa.arkansas.gov/offices/procurement/Pages/default.aspx>

### California

Department of General Services

<http://www.dgs.ca.gov/pd>

### Colorado

State Purchasing Office

<http://www.colorado.gov/dpa/dfp/spo/index.htm>

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Department of Administrative Services -  
State Procurement Marketplace

<http://www.das.state.ct.us/cr1.aspx?page=256>

## Delaware

Government Support Services (Contracting)

<http://gss.omb.delaware.gov/contracting/index.shtml>

## District of Columbia

Office of Contracting and Procurement

<http://ocp.dc.gov/DC/OCP>

## Florida

Purchasing Division

[http://www.dms.myflorida.com/business\\_operations/state\\_purchasing](http://www.dms.myflorida.com/business_operations/state_purchasing)

## Georgia

Department of Administrative Services

<http://doas.georgia.gov/Suppliers/Pages/Home.aspx>

## Hawaii

State Procurement Office

<http://www.spo.hawaii.gov/>

## Idaho

IPRO

<http://ipro.sicomm.net/IPRO/>

## Illinois

Central Management Services

<http://www2.illinois.gov/cms/business/sell2/Pages/default.aspx>

## Indiana

Department of Administration, Procurement Division

<http://www.in.gov/idoa/proc/index.html>



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### Iowa

Department of Administrative Services

[http://das.gse.iowa.gov/procurement/howto\\_vendors.html](http://das.gse.iowa.gov/procurement/howto_vendors.html)

### Kansas

Department of Administration -  
Office of Business Process Improvement

<http://www.da.ks.gov/purch/>

### Kentucky

Office of Procurement Services

<https://eprocurement.ky.gov/>

### Louisiana

Office of State Purchasing and Travel

[http://doa.louisiana.gov/osp/vendor\\_index.htm](http://doa.louisiana.gov/osp/vendor_index.htm)

### Maine

Division of Purchases

<http://www.maine.gov/purchases/venbid/newven.shtml>

### Maryland

Department of Budget and Management

<http://dbm.maryland.gov/agencies/procurement/Pages/DoingBusinesswithDBM.aspx>

### Massachusetts

Administration and Finance

<http://www.mass.gov/anf/budget-taxes-and-procurement/procurement-info-and-res/sell-to-the-state/>

### Michigan

Department of Technology, Management & Budget –  
Contract Connect

<http://www.michigan.gov/micontractconnect>

### Minnesota

Vendor Information

<http://www.mmd.admin.state.mn.us/mn06000.htm>

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## Mississippi

Department of Finance and Administration -

Office of Purchasing, Travel and Fleet Management

<http://www.dfa.state.ms.us/Purchasing/VendorInformation.html>

## Missouri

Division of Purchasing and Materials Management

<http://oa.mo.gov/purch/>

## Montana

Department of Administration - OneStop

<http://vendor.mt.gov/default.mcp>

## Nebraska

Department of Administrative Services

<http://www.das.state.ne.us/materiel/purchasing/>

## Nevada

Department of Administration, Purchasing Division

<http://purchasing.state.nv.us/>

## New Hampshire

Department of Administration

<http://www.admin.state.nh.us/purchasing/vendorresources.asp>

## New Jersey

Department of Treasury, Division of Purchase and Property

<http://www.nj.gov/treasury/purchase/doingbusiness.shtml>

## New Mexico

General Services - State Purchasing Division

<http://www.generalservices.state.nm.us/statepurchasing/>

## New York

Office of General Services - Procurement Services

<http://www.ogs.ny.gov/BU/PC/BizInfo.asp>

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## North Carolina

NC E-Procurement

<http://eprocurement.nc.gov/Vendor.html>

## North Dakota

State Procurement Office - Office of Management and Budget

<http://www.nd.gov/spo/>

## Ohio

Department of Administrative Services, State Procurement

<http://das.ohio.gov/forBusinessPublic/tabid/58/Default.aspx>

## Oklahoma

Division of Capital Assets Management -  
Central Purchasing Division

[http://ok.gov/DCS/Central\\_Purchasing/index.html](http://ok.gov/DCS/Central_Purchasing/index.html)

## Oregon

Department of Administrative Services -

Offices of Procurement Services and Procurement Policy

<http://www.oregon.gov/DAS/EGS/PS/Pages/index.aspx>

## Pennsylvania

Department of General Services

[http://www.dgs.state.pa.us/portal/server.pt/community/departmen\\_of\\_general\\_services/1230](http://www.dgs.state.pa.us/portal/server.pt/community/departmen_of_general_services/1230)

## Rhode Island

Department of Administration, Division of Purchases

<http://www.purchasing.ri.gov/>

## South Carolina

Budget and Control Board, Procurement Services

<http://procurement.sc.gov/>

## South Dakota

Bureau of Administration - Office of Procurement Management

[http://www.state.sd.us/boa/opm/vendor\\_info.htm](http://www.state.sd.us/boa/opm/vendor_info.htm)

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### Tennessee

Department of General Services - Central Procurement Office

<http://www.tennessee.gov/generalserv/purchasing/dobuis.html>

### Texas

Comptroller of Public Accounts, State Purchasing

<http://www.window.state.tx.us/procurement/>

### Utah

Department of Administrative Services - Purchasing

<http://purchasing.utah.gov/vendor/index.html>

### Vermont

Doing Business with the State of Vermont

<http://vermont.gov/portal/business/index.php?id=92>

### Virginia

Division of Purchases and Supply

<http://www.eva.virginia.gov/>

### Washington

State Department of Enterprise Service - General Administration

<http://www.des.wa.gov>

### West Virginia

Purchasing Division

<http://www.state.wv.us/admin/purchase/>

### Wisconsin

Bureau of Procurement VendorNet System

<http://vendornet.state.wi.us/vendornet/default.asp>

### Wyoming

Department of Administration and Information -  
General Services Division—Procurement

<http://www.wyoming.gov/business.aspx>

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# Selling to Large Corporations

## Overview of Selling to Large Corporations

The \$500 billion that the federal government spends every year on products and services is a very big number. But together, America's large corporations' spending of dollars every year for raw materials, components, wholesale goods, and administrative products and services exceeds even that amount. In fact, they spend so much that indices of their purchasing activities, as published by the Institute for Supply Management, are used by policy makers and economists as indicators of the overall health of the economy.

While large companies make many of their purchases from other large companies, there are huge opportunities for smaller enterprises, too. Several trends are working in favor of smaller companies to get even more opportunity:

- **Outsourcing.** Big companies are constantly on the lookout for ways to streamline their operations and focus on their core competencies. The result is that many functions that used to be performed in-house are outsourced to contractors. Key functions such as employee benefits administration, warehousing, customer service, travel services, fleet management, legal services – even research and development, manufacturing, and marketing – are being put out for bid.
- **Subcontracting.** Large prime contractors on federal and state government projects are usually required to subcontract a significant portion of the work to small businesses, including disadvantaged, women-owned and veteran-owned

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businesses. The growing use of contract bundling, in which multiple requirements are combined into a single government contract, has generated many subcontracting opportunities for small businesses.

- **Social responsibility.** Many large businesses believe that being a good corporate citizen should involve efforts to award contracts to small businesses, women-owned businesses, and minority-owned businesses. These efforts include outreach and support initiatives, contracting goals, and MOUs with organizations representing these types of small companies.
- **Total solutions.** As technology and the economy become more complex, large businesses can gain a competitive advantage by promoting themselves as one-stop solution providers to their clients and customers. Often, this means the large business has to round out its offerings with niche products and services. The result: big companies will team with smaller companies with the right expertise so they can better serve its customers. These relationships can take the form of joint ventures, subcontracts, or outright purchases. In any case, they result in increased sales for small firms.

## Subcontracting Opportunities with Prime Contractors

Subcontracting represents one of the best ways to obtain business from large firms because on most large federal and state prime contracts they are required to award subcontracts to small companies. See [page 25](#) for a summary of these subcontracting requirements.

As a subcontractor, your business relationship is with the prime contractor, not the government. But keep in mind that many of the terms and conditions of the prime contract flow down to the subcontracts. It is the responsibility of the prime contractor

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to include these terms and conditions in the subcontract and monitor compliance.

Winning subcontracts depends in part on your ability to identify and pursue the bidding opportunities. Try using a three-pronged strategy by: (1) approaching the government agencies that award prime contracts, (2) contacting the large firms that get them, and (3) making it easy for them to find you.

- 1. Approach agencies that award prime contracts.** Determine which government agencies are awarding large contracts that have subcontracting possibilities for your offerings. Search FedBizOpps.gov for current and historical procurement postings. Each agency with significant procurement responsibilities has small business specialists or an Office of Small and Disadvantaged Business Utilization (OSDBU). Contact these small business advocates and try to arrange an in-person meeting to describe your capabilities in detail. They can match your offerings with the subcontracting needs of their prime contractors, and – when they identify specific opportunities – they will refer you to the prime contractor. If there is a particular large company that you wish to subcontract to, ask an OSDBU officer for contact information for the Small Business Liaison Officer (SBLO) for that company.
- 2. Approach the prime contractors directly.** Identify contractors that receive prime contracts with subcontracting possibilities for your offerings. FedBizOpps.gov is a good place to start, and the OSDBUs can also tell you who they are. You can find specific subcontracting opportunities by visiting SUB-Net, SBA's Subcontracting Network at <http://web.sba.gov/subnet>. You should also keep up with happenings in your industry by reading trade publications, joining business associations, and attending trade shows and vendor fairs. Networking opportunities like these can lead directly to subcontracting opportunities because you can meet the people involved.

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Research the company by visiting its website to learn about its operations, needs, and potential points of contact. Try to find links to a corporate phone directory, business partner site, federal markets page, vendor information, small business liaison office, or similar-sounding resources. It might take some persistence to find the right part of the corporation's website because home pages are usually focused on the needs of customers rather than potential suppliers.

- 3. Make it easy for prime contractors to find you.** Make sure you are registered in SAM (see pages [3](#) and [15](#)). Prime contractors search this database when seeking potential subcontractors, particularly women, minorities, and HUBZone businesses. Large contractors also maintain their own databases of potential subcontractors. The OSDBU of the government agency awarding the subcontract can tell you how to get listed in these databases.

If yours is a woman- or minority-owned small business, join associations that represent businesses like yours. A major goal of most of these organizations is to promote diversity in government and corporate purchasing programs. They may publish a directory or database of small businesses meeting certain criteria, which prime contractors search to find potential subcontractors. Some associations that are particularly active in this regard are listed on [page 76](#). Also, there are several publications and websites that are useful to minority-owned firms seeking subcontracts. These include *Minority Business News* (<http://www.mbnusa.biz>), *MBE Magazine* (<http://www.mbemag.com>), and The Minority Business Network (<http://www.mbnet.com>).



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## Who Makes Purchasing Decisions in Large Corporations?

The rules governing purchasing in large corporations tend to be more flexible than they are for federal and state governments, with a considerable amount of authority delegated to division managers. Often, the decision *to* make a purchase and the decision *from whom* to purchase are made by the same individual or department, even if the paperwork is put through the purchasing division.

Because the inner workings of large companies are not transparent to outsiders, knowing how your product or service will be used can help you identify the best point of entry when marketing. Chances are your product or service falls into one of three categories:

- **Business products and services.** These are the things a business needs to do business, and include products and services in categories such as: office supplies and equipment; marketing and advertising; facilities (construction, maintenance, security and repair); human resources; general administrative and management; information technology; travel and transportation; and other products and services dealing with the ongoing operations of the corporation. Generally, these items are purchased at the level they serve. For example, landscaping is usually contracted for a single building, so the decision maker would likely be local. Financial planning and advertising, on the other hand, generally serve the entire corporation and would be headquarters functions.
- **Raw materials and components.** These are items that are physically incorporated into the corporation's products. Depending on the value, complexity and importance of the item, these may be purchased at the plant level or by headquarters purchasing.

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- **Goods purchased for resale by a retailer.** Except for items of regional interest (such as products with a local sport team's logo), buying decisions for these items are almost always made by buyers at the headquarters level.

Even when you know how the corporation will be using your product or service, how do you find the right person in an organization with thousands or even tens of thousands of employees? The resources listed on pages 37-40 are a good place to start; they can help you look in the right place, or may even have a specific contact. Here are some other tips for finding the right decision maker:

- **Search the company's website for a company phone directory.** These are often organized by division, and include titles and addresses.
- **Network.** Ask others in your industry whether they have a contact at the large corporation. If you belong to a trade association, find out whether anyone at the corporation is also member, or ask the association's staff for a contact. Your suppliers may also do work for large companies and could provide names. As a courtesy, always ask whether you can use the names of referrers when contacting others they recommend.
- **Attend trade shows for your industry.** Large corporations may send people from a variety of functions to a single trade show. If you are set up as a vendor, you'll have the opportunity to meet them (and perhaps even make a sale). Or try going to a trade show where corporations are the vendors. Often, the representatives are from sales and marketing, but just as often there are people from the technical side, too. Keep in mind that they are there to sell to you, but they usually won't mind helping you out with a name and phone number of somebody else in the organization you should talk with.

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- **Call the company's headquarters and tell the operator what you are seeking.** The operator can probably direct you to a person who can help you.

## Marketing and Selling to Large Corporations

Once you have identified good prospects within the organization, you can market to them in any number of proven ways:

- Direct mail
- Telephone
- Face-to-face sales call
- Advertising in carefully selected industry or professional publications
- Trade shows

Using two or more of these methods together may be more effective. For example, you may telephone a prospect to arrange a face-to-face meeting at a trade show you both will be attending.

You may find that marketing to prospects at large companies is not much different from selling to a smaller companies, but with a few key differences.

First, actually getting the opportunity to talk with decision makers is more difficult. They may be flooded with sales calls from other vendors, so just getting your foot in the door is an accomplishment. One recommended strategy is to make the first contact by mail, introducing yourself as a potential vendor and explaining why you believe your products or services will benefit the decision maker. Mention that you will be following up by phone at a specific date and time. When you call back, you might not get through to your target, but you are more likely to get a call back when you leave a message. If you cannot talk with the individual right away, ask the assistant when a better time would be. You could also make the initial contact by e-mail

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(with a link to your website). This makes it easy for the contact to either respond right away or forward the information to another person who may have a need.

Second, buyers from large corporations are much more concerned about your track record and background than small-company clients. Price tends to be less important than a proven record of reliability and the quality of your offerings. You may be asked for your personal qualifications and those of your staff, multiple references (which will be checked), how long you've been in business, specific technical aspects of your product or service, or your contingency plans in case of a natural disaster, materials shortage, or other complication. This is especially true for products or services that affect the corporation's ability to deliver on its obligations to its own customers.

While your reliability and quality are given great weight, obviously price is always a consideration — you do have to be competitive. Make sure the price is reasonable relative to the value you deliver, especially on products or services for which there are readily available competitors. Keep in mind also that corporate budgets are often subject to internal controls, performance targets, and audits. This is important to you because it is important to your buyers; their job performance will be evaluated in part based on how you perform. If you can convince them that you will make them look good or meet specific targets, your sales job will be much easier.

Another factor that may affect your ability to sell to a corporation is your compatibility with the corporation's supply chain management systems. Supply chain management encompasses the procedures and systems large companies use to coordinate and integrate all aspects of their value-added processes, with the goal of serving their customer's needs as completely and efficiently as possible.

A key component of supply chain management is making sure that products from suppliers are available when, where and

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how they are needed and in the quantities that are needed. To accomplish this, many large companies require their suppliers to use information systems and procedures that allow for electronic data interchange (EDI) with the corporation. Some requirements this may place on you as a supplier include:

- Accepting orders and payments electronically
- Barcoding products according to the specifications of the customer. Barcoding requirements may apply to cartons or pallets, as well as to individual units.
- Packaging goods or shipments in the corporation's standard quantities that may be different from your normal practices
- Having the ability to provide real-time tracking of goods in transit and providing advance notice of estimated delivery times (not just dates)
- Being able to provide your inventory levels or expected availability dates electronically
- Being able to accept Level III purchase card payments (see [page 32](#) for more information)

Other issues that you should be prepared for, depending on your product or service, include:

- Business and professional licenses required in the state(s) where you will be performing the work
- Security clearances for key staff, particularly on subcontracts to the Department of Defense and intelligence agencies.
- Adequate insurance (usually a minimum of \$1 million liability and/or professional liability)

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- Bonding
- Confidentiality – many corporations require that you sign an agreement requiring you to maintain certain information as confidential
- Security – you may be required to institute specific security measures to protect property in your care, including confidential or secure information
- D-U-N-S number and (for federal subcontracts) CAGE code (see [page 7](#) for more information)
- Product certifications to ensure they apply to applicable environmental, safety and quality standards
- ISO certification. Issued by the International Organization for Standardization (ISO), the ISO 9000 Series Standards are comprehensive management guidelines to ensure product and service quality. Having ISO certification will greatly enhance your standing when marketing to large corporations. For more information, visit the ISO website at <http://www.iso.org>, or the website of the American National Standards Institute at <http://www.ansi.org>.

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# Selling to Foreign Governments and International Organizations

## Overview of Selling to Foreign Governments and International Organizations

As large as the U.S. market is, it's important to realize that an even bigger market waits beyond the borders. Foreign governments, corporations, and multilateral organizations are potential customers for every product and service imaginable. U.S. companies have an advantage because of their reputation for high quality and good service. For many small companies, however, these markets can seem inaccessible because of distance, language barriers, and a self-perceived lack of expertise and market information.

Assistance is available to help tackle some of these issues, and market information and payment technologies are advancing to the point where even the smallest company can seek customers overseas.

Selling to foreign entities involves many of the same steps you would take when selling to governments or large corporations in the United States. You'll have to research the market to find your best prospects, classify your product or service, qualify and register for vendor lists, and so on. Fortunately, there is no shortage of help.

## Resources for Selling to Foreign Governments and International Organizations

### U.S. Department of Commerce (DOC)

<http://www.commerce.gov>

The U.S. Department of Commerce is a leading advocate for U.S. businesses seeking to sell their products and services abroad. The Department's U.S. Commercial Service maintains

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a network of offices worldwide, including in the U.S., to provide counseling, market research, and assistance to U.S. exporters. Export Assistance Centers are located around the U.S. and in more than 70 countries. Regulatory compliance is one of the most important aspects of selling to foreign governments and international organizations; experts at the Export Assistance Centers can explain export licensing and other requirements and procedures of the U.S. Department of State and the Department of Commerce. See <http://export.gov> for details.

The U.S. Commercial Service also maintains Commercial Liaison Offices to multilateral development banks. These banks provide funding and services for the development and construction of public works, public health, education, and environmental projects around the world, and represent an excellent procurement opportunity for U.S. companies.

The Commercial Liaison Offices to these multilateral development banks, including the World Bank, the Asian Development Bank, the African Development Bank, the Inter-American Development Bank, and the European Bank for Reconstruction and Development, inform U.S. companies of commercial opportunities. In addition, the Commercial Liaison Offices assist U.S. companies through the procurement process, introducing them to key contacts at the Bank, and – when necessary and advisable – advocating on behalf of the company to ensure fair consideration during the bid process.

For more information about these services, or to locate an office near you, visit the U.S. Commercial Service website at <http://trade.gov/cs/>.

## **Other U.S. Government Resources**

The Millennium Challenge Corporation (MCC) is a federal agency within the U.S. Department of State that provides grants to developing countries, mostly for infrastructure projects, and it encourages SMEs to bid on procurement opportunities. Visit <http://www.mcc.gov> for more information.



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The U.S. Agency for International Development (USAID) also buys goods and services from U.S. companies to facilitate its work around the world. See <http://www.usaid.gov> for details.

You can also check the U.S. Government's Federal Register for international procurement opportunities, issued weekly, by visiting <https://www.federalregister.gov>.

## Procurement Technical Assistance Centers

<http://www.aptac-us.org>

The Department of Defense, through the Defense Logistics Agency, awards grants to various organizations throughout the country to assist businesses wanting to do business with federal, state and local governments. Assistance may also be available at many of these Procurement Technical Assistance Centers (PTACs) in finding *international* opportunities. See [page 51](#) for more information about PTACs or visit the website listed above.

## Small Business Development Centers (SBDC)

<http://www.asbdc-us.org>

The Small Business Development Center network is the nation's premier provider of small business counseling and education. Partially funded by SBA, there are over 1,000 SBDCs nationwide, including one or more lead centers in each state. While services offered by individual SBDCs vary by location, some may be able to offer assistance in monitoring and bid preparation. To find the SBDC nearest you, visit the the Association of Small Business Development Centers at <http://www.asbdc-us.org>.

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## Legal Issues

In addition to obtaining counseling from experts at the U.S. Department of Commerce and/or PTACs, you may wish to consult a qualified attorney who can help you with legal issues such as international intellectual property protection, export licensing, and other issues that may apply to your business.\*

Selected resources for international intellectual property protection include the following websites:

- **U.S. Patent & Trademark Office**  
<http://www.uspto.gov>
- **Stop Fakes (U.S. Patent & Trademark Office)**  
<http://www.stopfakes.gov>
- **U.S. Customs and Border Protection**  
<http://www.customs.gov>
- **World Intellectual Property Organization (WIPO)**  
<http://www.wipo.int>

\* Note: The information contained here is not intended to provide legal or professional advice or substitute for the advice of an attorney. Neither the publisher (Braddock Communications, Inc.) nor its sponsors and advertisers are engaged in rendering legal, accounting or other professional advice. You should consult a qualified attorney to obtain legal advice.

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# Procurement Opportunities and Assistance for Women- and Minority-owned Businesses

## Overview

The federal government has statutory contracting goals to award 5 percent of federal prime contracts to women-owned small businesses and 5 percent to small disadvantaged businesses (SDB). There are also monetary and evaluation incentives for large prime contractors to award subcontracts to small businesses in these groups.

In addition to the assistance programs for SDBs and women-owned businesses described in this section, certain federal agencies have bidding preferences up to 10 percent for SDBs in certain industries where the U.S. Department of Commerce has determined that the underrepresentation of SDBs is due to past discrimination. Visit the SBA's SDB website at <http://www.sba.gov/sdb> for more information about these preferences.

For the purposes of procurement, an SDB is defined as a small business that is at least 51% owned and controlled by a socially and economically disadvantaged individual or individuals. African Americans, Hispanic Americans, Asian Pacific Americans, Subcontinent Asian Americans, and Native Americans are presumed to qualify. Other individuals can qualify if they show by a "preponderance of the evidence" that they are disadvantaged. All individuals must have a net worth of less than \$750,000, excluding the equity of the business and primary residence.

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## Office of Small and Disadvantaged Business Utilization (OSDBU)

Every federal agency with significant procurement activity has an OSDBU. OSDBUs are responsible for ensuring that an equitable share of the total prime contracts and subcontracts awarded by its agency are awarded to small businesses, small disadvantaged businesses, and women-owned businesses. Although most contracts are awarded on an unrestricted basis, some contracts (including those under \$100,000) are reserved for small businesses.

The primary activities of OSDBUs are geared toward establishing and meeting small business contracting goals. There are, however, specific resources many OSDBUs provide that are invaluable to small businesses:

- Forecast of contracting opportunities – an annual report of planned procurements by the agency, which small businesses can use to identify specific opportunities.
- A list of prime contractors used by the agency to help small businesses identify subcontracting opportunities.
- Contracting outreach programs, such as specialized training and vendor fairs for small businesses, including women-owned businesses and SDBs.

## Small Business Development Centers (SBDC)

The SBDC network delivers training and counseling to small businesses on a variety of topics through over 1,000 sites nationwide. Many SBDCs have special procurement programs that are of special interest to women- and minority-owned firms. For more information about SBDCs, see pages [52](#) and [79](#).

## Minority Business Development Agency (MBDA)

MBDA provides funding for a network of Minority Business Development Centers (MBDCs), Native American Business Development Centers (NABDCs), and Business Resource

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Centers (BRCs), which provide minority entrepreneurs with one-on-one assistance in writing business plans, marketing, management and technical assistance and financial planning to assure adequate financing for business ventures.

The MBDA Federal Procurement Center focuses on federal contracting, serving minority-owned companies that have annual revenues of at least \$1 million.

For more information about MBDA, visit <http://www.mbda.gov>.

## Procurement Technical Assistance Centers (PTAC)

The Department of Defense, through the Defense Logistics Agency, awards grants to various organizations throughout the country to assist businesses wanting to do business with federal, state and local governments. Assistance is available on a variety of procurement topics, including preparation and submission of applications, certifications, and registrations for women and minority-owned businesses. See [page 51](#) for more information about PTACs or visit <http://www.aptac-us.org> for the PTAC nearest you.

## SBA 8(a) Business Development Program

The 8(a) program directs federal procurement dollars to small disadvantaged businesses certified in the 8(a) program. For more information on this program, see [page 33](#).

## Women's Business Centers

The Women's Business Center program is administered by the SBA's Office of Women's Business Ownership. Through a network of over 80 centers, Women's Business Centers provide long-term training, mentoring and counseling on a variety of topics, including federal contracting. For a list of centers, visit <http://www.sba.gov/content/womens-business-centers-directory-0>.

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## Women's and Minority Business Associations

Several national business associations representing women-owned businesses and minority-owned businesses take an active role in advocating government and private-sector procurement opportunities for their members. They accomplish this objective in a variety of ways:

- Advocating for policies within the government and corporate America that lead to greater contracting opportunities for their members.
- Publishing specific contract opportunities for their members at their websites or in newsletters.
- Maintaining a database of members and their capabilities that government and corporate buyers can use to find qualified women-owned or minority-owned suppliers.
- Entering Memoranda of Understanding (MOU) with major buyers to establish diversity contracting goals.
- Sponsoring procurement events where their members can meet and network with government and corporate procurement representatives.

Several associations that are particularly active include:

- National Association of Women Business Owners  
<http://www.nawbo.org>
- National Black Chamber of Commerce  
<http://www.nationalbcc.org>
- National Minority Supplier Development Council  
<http://www.nmsdcus.org>
- U.S. Hispanic Chamber of Commerce  
<http://www.usbcc.com>
- U.S. Pan Asian American Chamber of Commerce  
<http://www.uspaacc.com>

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# Procurement Opportunities and Assistance for Veteran-owned Businesses

## Contracting Goals for Veteran-owned Businesses

The Veterans Entrepreneurship and Small Business Development Act of 1999 established an annual government-wide goal that not less than 3 percent of the total value of all prime contract and subcontract awards for each fiscal year be awarded to small business concerns owned and controlled by service-disabled veterans. The term “small business concern owned and controlled by veterans” for the purposes of the act is defined as a business that at least 51 percent owned by one or more eligible veterans or, in the case of publicly owned businesses, at least 51 percent of the stock of which is owned by one or more veterans. There is no minimum disability rating requirement. These veterans must also control the firm’s management and daily business operations.

The Act additionally stated that federal procurement officials and prime contractors shall provide small business concerns owned and controlled by veterans and small business concerns owned and controlled by service-disabled veterans with the maximum practicable opportunity to participate in the performance of contracts let by any Federal agency, including subcontracts.

The Act serves to provide veterans greater visibility by requiring SBA to track and annually publish the percentage of federal procurement awards to veteran and service-disabled veteran businesses. This helps focus procurement activities on veterans and service-disabled veterans as a special interest group.

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For more information, visit the Center for Veterans Enterprise at <http://www.vetbiz.gov>, the SBA at [www.sba.gov/VETS](http://www.sba.gov/VETS), or The Veterans Corporation at <http://www.veteranscorp.org>. A list of Veterans Business Outreach Centers, where specialists can be consulted, is available at <http://www.sba.gov/content/veterans-business-outreach-centers>.

In December 2003, Congress passed legislation that established set-asides for service-disabled veterans similar to the 8(a) set-asides for small disadvantaged businesses. This legislation allows for sole-source contracts up to \$3 million (\$5 million for manufacturing), and creates set-asides that limit bidding to businesses owned and controlled by service-disabled veterans if there are two or more such businesses qualified to bid on the contract.

## The National Veterans Business Development Corporation (The Veterans Corporation)

Created by Congress, The Veterans Corporation is a non-profit organization that provides veterans and service-disabled Veterans with the tools they need to start or expand their own businesses.

The Veterans Corporation provides a wide range of programs and services for veterans who own their own business or who wish to start their own business, including access to capital and services, access to training, and access to markets. All veterans, service-disabled veterans, active Reserve and Guard members and active duty military preparing to leave the service are eligible for membership in The Veterans Corporation. For more information or to sign up online for free membership visit <http://www.veteranscorp.org>.



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## Summary of Procurement-Related Training Programs for Small Businesses

### Procurement Technical Assistance Centers (PTAC)

Funded by the Department of Defense, PTACs are a nationwide network of centers devoted to providing practical, hands-on assistance for small businesses seeking government contracts at the federal, state and local level. PTACs provide assistance at every stage, from identifying potential customers and developing a marketing plan to understanding the bid process and complying with applicable regulations. For a list of PTACs and for more information about the program, visit <http://www.aptac-us.org>.

### Small Business Development Centers (SBDC)

With over 1,000 centers nationwide, the SBDC network provides training to over one million small businesses annually, and does not charge for most services. Many local SBDCs provide seminars, counseling, and special events to help small businesses take advantage of procurement opportunities. To find the SBDC nearest you, visit the Association of Small Business Development Centers' website at <http://www.asbdc-us.org>.

### General Services Administration (GSA)

GSA is the federal government's business manager, responsible for managing many government assets and buying a wide array of products and services, and offers essential training for small businesses seeking to sell their products and services to the federal government.

The GSA website at <http://www.gsa.gov/portal/content/105221> provides detailed information about how to sell and market your offerings to the federal government via GSA. See also <http://www.gsa.gov/portal/category/101351> for online training.

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GSA also offers on-site Schedules contract training for small businesses, webinars, web-based self learning modules at its Vendor Support Center (<http://vsc.gsa.gov>), and various seminars, workshops and other events. A series of GSA-produced training videos is available on at <http://www.youtube.com/user/usgsa/>.

## Selected Additional Resources

Staying up-to-date with news relating to your industry is vital, as is keeping tabs on government-procurement issues.

Listed below are some resources that cover government-procurement issues:

- **American Small Business Coalition—Simplified Acquisition Snapshot™**  
<http://www.theasbc.org/?page=sapsnapshot>
- **Federal Computer Week**  
<http://www.fcw.com>
- **Federal Times**  
<http://www.federaltimes.com>
- **Government Executive**  
<http://www.GovConWire.com>
- **Government Computer News**  
<http://www.GCN.com>
- **GovPro**  
<http://www.govpro.com>
- **ExecutiveGov**  
<http://www.executivegov.com>
- **Washington Technology**  
<http://www.washingtontechnology.com>

Other useful websites include:

- **GSA's Interact (blog)**  
<http://interact.gsa.gov>
- **USASpending.gov**  
<http://www.usaspending.gov>

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## Glossary of Procurement-Related Terms

**Best value** – Method of evaluating bids in which the contracting officer uses many criteria, including the capabilities of the bidder, to determine which offer is in the best overall interest of the buyer.

**Blanket purchase agreement (BPA)/Blanket purchase order** – A contract that establishes prices, terms, conditions and period of time for which a vendor agrees to provide goods or services as required by the buyer. No quantities are specified.

**Certificate of Competency** – A certificate issued by the Small Business Administration (SBA) stating that the holder is “responsible” (in terms of capability, competency, capacity, credit, integrity, perseverance, and tenacity) for the purpose of receiving and performing a specific government contract.

**Commercial Marketing Representative (CMR)** – SBA employee who works with large prime contractors to ensure that small businesses can compete for subcontract awards. CMRs also counsel small businesses on how to market to large prime contractors and identify subcontracting opportunities.

**Confidentiality Agreement** – A contract between two parties contemplating sharing proprietary information that stipulates how each party may use or disclose the other party's information, data or documents, and providing for penalties in the event of a breach. Also called a Non-Disclosure Agreement or Advance Confidentiality Agreement.

**Contracting Officer** – A person with the authority to enter into, administer, and/or terminate contracts and make related determinations and findings.

**Contractor Team Arrangement** – An arrangement in which (a) two or more companies form a partnership or joint venture to act as potential prime contractor; or (b) an agreement by a potential prime contractor with one or more other companies to have

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them act as its subcontractors under a specified government contract or acquisition program.

**Cooperative purchasing** – The combining of requirements of two or more governmental units to obtain the benefits of volume purchases and/or reduction in administrative expenses.

**Default** – Failure by a party to a contract to comply with contractual requirements.

**Dynamic Small Business Search (DSBS)** – A Federal Government database used by federal agency buyers and prime contractors to identify potential small business contractors and subcontractors. It is part of the Central Contractor Registration (CCR) database, and small businesses can be included in DSBS by registering at sam.gov.

**Electronic Data Interchange** – Transmission of information between computers using highly standardized electronic versions of common business documents.

**Fair and Reasonable Price** – A price that is fair to both parties, considering the agreed-upon conditions, promised quality, and timeliness of contract performance. “Fair and reasonable” price is subject to statutory and regulatory limitations.

**Full and Open Competition** – With respect to a contract action, “full and open” competition means that all responsible sources are permitted to compete.

**Line item** – An item specified in a solicitation for which the vendor must specify a separate price.

**Multiple award** – Contracts awarded to more than one supplier for comparable supplies and services. Awards are made for the same generic types of items at various prices.

**Negotiation** – Contracting through the use of either competitive or other-than-competitive proposals and discussions. Any contract awarded without using sealed bidding procedures is a negotiated contract.

**NIGP Code** – A proprietary product classification system promulgated by the National Institute of Governmental Purchasing, Inc. The NIGP Code is used by 30 states for classifying products and commodities for procurement purposes.

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**Procurement Center Representative (PCR)** – SBA employee who reviews proposed acquisitions at government buying offices to ensure that small businesses have the maximum practicable opportunity to compete for federal contracting orders. PCRs are available to counsel small businesses on how to do business with the government.

**Purchase Card** – A card used by governments and corporations to pay for procured goods and services. A purchase card replaces traditional invoice and check transaction methods with an instantaneous, electronic transaction that captures all necessary transaction data and provides more timely receipt of funds to the seller.

**Request for Bid (RFB)/Invitation for Bid (IFB)** – A solicitation in which the terms, conditions, and specifications are described and responses are not subject to negotiation.

**Request for Proposal (RFP)** – A document outlining a government agency's requirements and the criteria for the evaluation of offers, which are subject to negotiation.

**Requisition** – An internal document that a program office sends to the purchasing department detailing products or materials needed to fulfill a specific need.

**Responsible offeror or bidder** – An offeror or bidder that has the capacity, both technically and financially, to perform the contract on which it is bidding or making an offer.

**Solicitation** – The process used to communicate procurement requirements and to request responses from interested vendors.

**Statement of work (SOW)** – A detailed statement describing the buyer's requirements, including, if necessary, what products, services and methods will be used to fulfill the need.

**Subcontract** – A contract between a prime contractor and a subcontractor to furnish supplies or services for the performance of a prime contract or subcontract.

**Teaming Agreement** – A commitment by two or more companies to combine their resources for the purposes of bidding on a specific government contract. This may take the form of a

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joint venture, which would act as the prime contractor, or as one company acting as the prime contractor with the intent of awarding a subcontract to the other team member(s) upon contract award.

**Termination** – Cancelling or voiding a previously awarded contract. Termination for default means the contract is ended due to the contractor's failure to perform. Termination for convenience means the contract is ended at the discretion of the buyer (no reason required).

## Resources for Additional Terminology and Acronyms

- **Federal Aquisition Institute**  
<http://www.fai.gov/pdfs/glossary.pdf>
- **Grants.gov**  
<http://www.grants.gov/help/glossary.jsp>
- **Defense Acquisition University — Terms/Acronyms**  
<https://dap.dau.mil/glossary/Pages/Default.aspx>
- **Defense Acquisition University — Glossary**  
[http://www.dau.mil/pubscats/PubsCats/13th\\_Edition\\_Glossary.pdf](http://www.dau.mil/pubscats/PubsCats/13th_Edition_Glossary.pdf)



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Microsoft was founded on a belief in technology's ability to foster innovation and help people and businesses realize their full potential. That fundamental belief that technology can change the world and improve people's lives is why we do what we do. It drives our long-term investments and it has fueled the company's commitment to innovation and to delivering technology products and solutions that meet the needs of businesses of all sizes.

## COMMITTED TO SUPPORTING SMALL BUSINESSES

Small business owners represent the heart and soul of the American economy. They are dreamers, inventors, problem solvers and job creators. Microsoft views small businesses as critical to fueling the economy, and we are committed to helping them to drive economic growth and prosper by delivering technology that fosters innovation, productivity and success. We do this by listening to business customers and addressing their needs as we develop and enhance our technology product lineup. And we do it by investing in resources and partnerships that foster small business growth.

Microsoft seeks to offer educational resources and content that help our small business customers grow and thrive. [Microsoft Business Hub](#) is our online portal for small businesses to find small business tips and advice, as well as learn about Microsoft products and technology solutions that can help them to be more successful. It offers features like:

- [Insider Edge Online Events](#). These 5-7 minute segments explore topics and issues that are important to small businesses, such as:
  - Social media advice for small business owners
  - Developing business plans for first-time entrepreneurs
  - Increasing collaboration among remote employees

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- **Downloadable guides** to help small businesses navigate technology issues and opportunities, like [Disaster Preparedness](#), [Remote Working](#), and [Guides to the Cloud](#).
- We explore general business topics and technology best practices on the [Business Hub](#) blog.
- The Business Hub is integrated with Microsoft's [SMB Support Center](#), accessible on the Support tab of the Business Hub, which offers robust online support for small businesses. The [Fix It Solution Center within the SMB Support Center](#) provides a diagnostic tool and free, automated solutions for addressing common issues, such as:
  - Fixing performance, errors or crashes
  - Installing or upgrading software or hardware
  - Adjusting security or privacy settings on user accounts

## Partnerships in Small Business Advocacy

In Microsoft's efforts to support the needs and interests of the small business community, we recognize the contributions of public and private sector small business advocacy organizations. In the U.S., Microsoft has forged partnerships with the Small Business Administration, the Association of Small Business Development Centers (ASBDC), SCORE, the American Chamber of Commerce Executives (ACCE), local Chambers of Commerce and hundreds of other organizations that work every day to counsel and help small business to be more effective and profitable. Through these partnerships, we provide technology learning resources to small businesses nationwide, and financially support the work of our partners to advance the interests of American small businesses.



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## A Network of Technology Experts

Microsoft has a network of thousands of IT solutions providers, many of whom are solely dedicated to serving the technology needs of small and mid-sized businesses. Microsoft Partners are actively engaged through the achievement of formal certifications and competencies that represent their ability to deliver trusted, knowledgeable technology expertise to small business customers. Together, Microsoft and our partners jointly provide solutions and services to help small businesses realize their full potential. Find a local Microsoft Partner [here](#).

## Microsoft Stores

Microsoft Stores serve as a local resource for small businesses to test out hardware and software and learn about technology. Microsoft Stores offer regular workshops and seminars around technology topics of interest to small businesses, as well as ways for small business customers to connect with local IT service providers who can offer expertise on where technology can provide businesses a competitive advantage. Find a Microsoft Store near you [here](#).

## TECHNOLOGY DESIGNED TO MEET THE NEEDS OF SMALL BUSINESSES

Millions of small businesses across the U.S. use Microsoft technology to operate their businesses, to connect their employees to one another, to reach and serve customers, and above all, to grow and thrive. Today, small businesses can access the same rich functionality as large companies, but at incredibly affordable prices on a pay-per-use basis. It's easier than ever to set up a new business in terms of the technology that can help run that business. And today there are no compromises for small businesses because technology today enables new levels of productivity, flexibility and ease of use.

[Increase Productivity](#)  
[Reach More Customers](#)  
[Manage Customer Data](#)  
[Work from Anywhere](#)

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## Increase Productivity

Make every minute count by getting more done every day—whether you're in the office, at home, or on the go. With technology that helps you simplify tasks, connect with others, and make smarter decisions, you can get more done in less time.



[Office](#) Professional Plus 2013 is the future of productivity. Office Professional Plus 2013 includes Word, PowerPoint, Excel, Outlook, OneNote, Access, Publisher, and Lync.

- Productivity with modern, touch-enabled experiences
- Quickly form business insights with Excel
- Bring ideas to life with PowerPoint and Word.
- Stay connected to the people you work with using Outlook and Lync



### Office 365 Small Business Premium

Welcome to the next generation of [Office 365](#), a powerful service that transforms the way you get things done. Office 365 is the smart choice for managing your business efficiently and professionally—without the need for technical expertise.

- **Anywhere Access**

Work from virtually anywhere with access to your latest documents and files using familiar Office applications, optimized for use across PCs, smartphones and tablets.\*

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### • Working Together

Work together easily using your familiar Office applications with business email, shared calendar, document sharing, and high definition video conferencing.

### • Best on Windows

The new Office works well across many devices but it delivers a great experience on Windows 8. Office responds to touch as naturally as it does to keyboard and mouse.

\* A compatible device, Internet access and/or carrier connectivity required. Fees may apply.



[Windows 8](#) Pro offers you an intuitive interface that puts the technology you rely on most right in front of you. It combines the potential of a tablet with the power of a PC.

- **Uncover a new era of PCs:** Sleek and lightweight, with fast startup times and long battery life, Windows 8 PCs are built for work and play.
- **Work from anywhere:** Manage your business on the road and access your PC, files, apps, and media from virtually anywhere with Remote Desktop.
- **Find valuable apps:** Use applications right out of the box—mail, calendar, IM, news, weather, and more—and explore other apps to help develop your business practices.
- **Protect your business:** Secure Boot helps ensure your device is safe every time it starts up, and BitLocker helps protect your data even if your device is lost or stolen.
- **Take control:** Windows 8 Pro lets you easily manage user settings, updates, and security options on all your devices.

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## Reach More Customers

Finding more customers in today's fast-paced, digital world requires being in a lot of places at once. Not too long ago this would have been an impossible task for small businesses to manage. Not anymore - now Microsoft has a number of free and easy-to-use tools that make it easy for you to extend your reach to where your next potential customer is: anywhere and everywhere.

To attract new customers you must first make sure people can find you and then make a positive first impression. [Brandify](#) is a free online tool that simplifies both those challenges and can help you:

- Find out whether your company is visible in all the places people look for it online.
- Discover how your online brand comes across to potential customers.
- Receive guided recommendations to improve both how people find and perceive your business.



### **Bing Business Portal**

With more than 2.5 billion searches on Bing each month, you can't afford not to be there. [Bing Business Portal](#) is a free business list claiming service that can help put you in front of all those customers looking for products and services like yours.

- Claim your business listing so local customers are able to find and contact you.
- Customize your profile so you stand out.

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## Bing Webmaster Tools

Do you have a website? Are you curious how people can find your website from search engines like Bing? Our free [Bing Webmaster Tools](#) can help you learn that information and much more to help you get more web traffic from Bing and Yahoo Search.

- Increased site traffic starts with understanding how people are searching and finding your website. Bing Webmaster Tools show what searches drive traffic to you.
- Learn how to better rank in search with visual tools that show you where you can make improvements on your website.
- Our self-help content ranges from the very basics to advanced SEO, so learn at your own pace.



### **Bing Ads**

Reach more customers. [Bing Ads](#) helps you reach up to 151 million unique searchers on the Yahoo! Bing Network, 46 million of whom do not search on Google®. Moreover, these searchers are likely to spend 5.4 percent more than Google® searchers online. Putting your ads in front of them can help you get more clicks and more sales.

- Bring new clients to your website through pay-per-click advertising.
- Quickly and efficiently reach your target customers using relevant keywords to promote your product or service.
- Already using Google® AdWords? Import your campaigns to Bing Ads with just a few clicks using our tools.

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## Manage Customer Data

It's one of the best business problems to have: so many customers you're not sure what to do with all the customer data. Microsoft can help with business solutions that empower you and your employees to maintain up-to-date customer information and access all contacts and emails in one place. Managing your customer data has never been so easy.



### Microsoft Dynamics CRM Online

Get the power to uncover new sales possibilities and avoid the hassle of new IT or time-consuming administration. It's hosted in the cloud, so you get all the sales planning and management advantages of [Microsoft Dynamics CRM Online](#) for just a simple monthly fee.

- **Access CRM services via email:** Manage the pipeline, opportunity growth charts, and case resolution stats within Microsoft Outlook.
- **Lighten your workload:** Free up time with a streamlined system that won't slow you down with issues.
- **Manage your goals better:** Define key performance indicators so you can measure results.
- **Enrich your CRM implementation:** Get new applications from the Microsoft Dynamics Marketplace.

## Work from Anywhere

It's common in today's business environment to work from various places, communicate with coworkers and clients based in different locations, and require access to important documents on-the-fly. Microsoft mobile solutions enable you to stay connected—in or out of the office—so you can access business resources with robust security, manage email and calendars, and update client proposals from anywhere.

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# Windows Phone

## **Windows Phone**

Whether you're a small or midsize business, [Windows Phone](#) is designed to help you be productive as soon as you start using it. It even offers the flexibility of integrating with Exchange, SharePoint, Lync, and Office 365.

- The intuitive Outlook experience built into this phone makes it easy to stay organized with email, contacts, calendar, and tasks.
- Reach your colleagues from wherever you are with Lync Mobile.
- Extend collaboration outside the office walls with Office Mobile Access.
- Find hundreds of business apps in the Windows Phone Store or create one for your company.

## **CONCLUSION**

Small businesses are the lifeblood of the U.S. economy, and Microsoft is committed — through the products we deliver, through the resources we invest in, and through the partnerships we forge — in supporting the interests and advancement of American small business.