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Best Practices Guide on Federal Contracting Opportunities Recommendations for Small Businesses in El Paso

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HUNT INSTITUTE
FOR GLOBAL COMPETITIVENESS

Best Practices Guide on Federal Contracting Opportunities
Recommendations for Small Businesses in El Paso



www.huntinstitute.utep.edu



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1. Knowledge: become an expert about your business, your industry and the federal market

The Federal Market

The U.S. government is the **largest purchaser of goods and services in the U.S.** Every year the Federal government awards more than \$500 billion in contracts, and a significant share of those contracts are specifically allocated to small businesses (at least 23% of all prime government contracts must be set aside for Small Businesses).

The Small Business Job Act requires that the President of the U.S. establish annual government-wide goals for procurement awards. Each Federal agency has socio-economic policies to provide small businesses with the maximum practicable opportunities to participate in agency acquisitions at the prime contract level.”

<https://www.sba.gov/content/small-business-act>

✓ *What is a Federal Contract?*

A Federal Contract is a legal instrument that allows the U.S. Government to purchase property and services from the private sector. Federal Contracts are governed by a strict set of terms and conditions, including clauses from the **Federal Acquisition Regulation (FAR)**. Small Business Programs are listed in FAR, part 19.

These contracts usually require frequent reporting and a high level of responsibility. A failure to perform and achieve the promised results or product on time and on budget, could result in criminal and/or civil actions and/or financial consequences.

✓ *Subcontracting*

For small businesses who are not ready to bid as prime contractors, subcontracting opportunities are a great resource. Experience gained from subcontracting with a federal prime contractor can better prepare businesses to bid for prime contracts in the future. Current regulations stipulate that for contracts offering subcontracting opportunities over \$650,000 for goods and services, or \$1.5 million for construction must offer the maximum practicable subcontracting opportunities to small businesses. To find subcontracting opportunities, a list of federal prime solicitations is listed under the **U.S. Small Business Administration Subcontracting Network (SUBNET)**.

<http://web.sba.gov/subnet/search/index.cfm>

✓ *Government Contracting Methods*

<i>Sealed bidding</i>	<i>Negotiation</i>
Involves the issuance of an Invitation for Bid (IFB) by a procuring agency.	Involves the issuance of a Request for Proposal (RFP) or Request for Quotation (RFQ).
Sealed bids are typically used to procure high-cost items with easily definable characteristics.	Government agencies typically issue a RFP when the award will be based on more than price. The RFP process allows businesses and contracting officials to bargain over details before a contract is awarded.
A contract is awarded to a responsible bidder whose bid, conforms to the requirements of a solicitation that will be most advantageous to the government. It considers only the price-related factors included in the IFB.	The business with the best proposal in terms of technical content, best value, price and other factors generally wins the contract. This is the preferred method in many federal procurement actions.

Are you a Small Business?

The SBA defines Small Businesses as **independent profit entities** having **fewer than 500 employees** (for manufacturing and mining industries) and **\$7.5 million in average annual receipts** (for non-manufacturing industries.)

Obtain the necessary information about your business

You need to make it easy for the government to identify the products and services you sell, as well as to uniquely identify your business. **There are a few numbers that you need to get** in order to categorize your business in regards to the industry sector, the physical location and for tax purposes.

Likewise, it is important to **register your business on-line**, so that you can highlight the services, products and all important information about your business. These are essential steps that you need to complete in order to increase your business' visibility and it is an opportunity to stand out in your industry.

o Getting started in Contracting



Identify the NAICS (North American Industry Classification) code(s) your business operates within. The 6-digit code is used to classify the **industry** of a business according to the type of economic activity in Canada, Mexico, and the U.S. The first two digits designate the largest business sector, the third digit designates the subsector, the fourth digit designates the industry group, the fifth digit designates the NAICS industries, and the sixth digit designates the national industries.

www.census.gov/eos/www/naics



Apply for a DUNS (Data Universal Numbering System) number. Before you can bid on government proposals, you need to obtain a unique nine-digit identification number for each **physical location** of your business. The DUNS number assignment is free for all businesses and it is required to register with the federal government for contracts or grants.

www.dnb.com



Identify your EIN (Employer Identification Number). Also known as the federal tax identification number, the EIN is the corporate equivalent to the Social Security number. It is issued to small businesses and other entities for tax purposes. The IRS uses this number to identify taxpayers that are required to file various business tax returns.

www.irs.gov



Register in SAM (System of Award Management). An on-line database composed of companies wanting to do business with the federal government. Since SAM is the **main supplier database** for the federal government, it is important to keep your SAM profile up-to-date to allow contracting officers, prime contractors, and buyers from state and local governments to learn about your company.

<https://www.sam.gov>



Register in DSBS (Dynamic Small Business Search) database. An on-line tool developed by the SBA, used by contracting officers to **identify potential small business contractors** for upcoming contracting opportunities. Small businesses can also use DSBS to identify other small businesses **for teaming and joint venturing**.

http://dsbs.sba.gov/dsbs/search/dsp_dsbs.cfm



Familiarize yourself with FedBizOps (Federal Business Opportunities) and search for contracting opportunities. FedBizOps is an online service operated by the federal government, which announces **available contracting opportunities**.

www.fbo.gov



Register with the GSA (General Services Administration) schedule. The multiple award schedule is used by the GSA to establish long term, government contracts with small businesses. Once the contracts are established, government agencies can order the supplies and services they need **directly from the small businesses**. Becoming a GSA schedule contractor increases your chances to obtain contracts across all levels of government.

www.gsa.gov/schedules

2. Marketing: develop a strategy to promote your business

Registering your business on-line is essential to build your way towards obtaining a federal contract or subcontract. However, it is important to **promote your business** and make it attractive to federal agencies and prime contractors. There are some valuable strategies that can help you market your business.

Increase your business visibility

Having an on-line presence is one of the most important assets for any business, not just to share information, but also to build credibility. Consumers and companies are looking to connect more than ever, so establishing an on-line presence through a **website**, and participating in **networking activities**, are great marketing tools.

- ✓ **Create and maintain a comprehensive website.** A website is a valuable tool for small businesses that can be used to introduce your business, to make it credible and to promote your products and services. Having a well-designed website can be an effective way to market your business and compete with other businesses in your industry.
- ✓ **Establish networks and relationships within the local community.** There are several **public and private organizations dedicated to assist small businesses in El Paso**. These organizations offer the possibility to increase your network of contacts with other businesses, primer contractors and with federal agencies. Likewise, they are valuable sources of information about federal contracting and subcontracting opportunities.

→ **Mission Installation Contracting Command (MICC)** at Fort Bliss, supports the contracting and acquisition needs of Fort Bliss comprising: the 1st Armored Division, 32nd Army Air and Missile Defense Command, U.S. Army Garrison Ft. Bliss, U.S. Army Sergeants Major Academy, William Beaumont Army Medical Center, and the Brigade Modernization Command.

MICC's Small Business Program is dedicated to provide contracting opportunities to local small business. In El Paso, MICC is located in Fort Bliss. You can reach out to the Small Business Specialist within MICC, to get information about Fort Bliss' specific policies and procedures. It is highly recommended that you provide a brief written summary about your products and services.

5800 Carter Rd. Fort Bliss, 79916
<http://www.micc.army.mil/418/>

MICC works in collaboration public and private organizations dedicated to assist small businesses in El Paso. Networking, outreach and information events are organized between MICC and such organizations.



→ **The Small Business Administration (SBA), El Paso District Office.** The SBA is an independent agency of the Federal government dedicated to provide small business with financial assistance, free consulting services, free training sessions in different topics related to: contracting certifications, Federal Acquisition Regulation (FAR), bonding opportunities, government contract negotiations, among others.

211 N. Florence Street, Suite 201, El Paso, TX 79901
<https://www.sba.gov/offices/district/tx/el-paso/about-us>



- **The Contract Opportunities Center (COC).** Operated by the El Paso Community College, the COC serves as a Procurement Technical Assistance Center (PTAC). It is committed to assist businesses in pursuing government contracting opportunities at the federal, state, county, and municipal levels. The COC provides counseling services free of charge, in areas mainly related to: identification of contracting and subcontracting opportunities, contract-related research services, preparation and submission of bids, and proposals, outreach support and guidance of on-line search engines.



9050 Viscount Blvd, Suite B545, El Paso, TX. 79925
<https://www.elpasococ.org/services.asp>

- **The El Paso Small Business Development Center (SBDC).** Member center of the South-West Texas Border SBDC Network of UT San Antonio, the SBDC assists small businesses providing counseling services free of charge. Seminars and training events are designed to help small business owners and managers enhance their knowledge and understanding in running and growing a successful business.



9050 Viscount Blvd, Suite B520, El Paso, TX 79925
<http://elpasosbdc.net/services/>

- **The El Paso Hispanic Chamber of Commerce.** Provides technical assistance to Small Businesses, through the establishment of three “Entrepreneurial Technical Assistance Centers” (ETAs); 1) The Women’s Business Border Center, 2) The Minority Business Development Agency and the 3) Texas Business Opportunity and Development Center. These centers support small businesses in the areas of business expansion, finance, management, marketing and procurement. The Hispanic Chamber works in hand with the COC and the SBA.



2401 East Missouri Ave, El Paso, TX 79903
<http://www.ephcc.org/index.aspx>

- **The Greater El Paso Chamber of Commerce,** advocates for the interests of businesses in El Paso to drive economic growth. The chamber provides its members mentoring and networking services, as well as promotes opportunities for businesses to fulfill government contracts.



10 Civic Center, El Paso, TX. 79901
<http://www.elpaso.org/about-us/strategic-plan>

- **El Paso Service Corps of Retired Executives (SCORE),** is a non-profit association dedicated to entrepreneur education and the formation, growth and success of small business locally and nationally. SCORE has been mentoring new and existing businesses, at no cost, for over 40 years and has a network of over 13,000 volunteers who donate their time to help entrepreneurs.



8340 Gateway East, Suite 207A, El Paso, TX. 79907
<https://elpaso.score.org/>

- **LiftFund El Paso,** is a nonprofit organization, dedicated to help small businesses that have difficulties accessing capital from typical lending sources (such as traditional banks), to get loans to expand and improve their businesses. Likewise, LiftFund provides educational services at no cost to borrowers, which are essential to foster self-sufficiency.



1421 Lee Trevino Drive B-1, El Paso, TX. 79935
<http://www.liftfund.com/about/>

- **Homegrown El Paso**, is a membership organization committed to look for innovative ways to educate and motivate the El Paso community and its entrepreneurs about the value of supporting local businesses in El Paso. Homegrown supports the efforts of the El Paso area's locally owned independent businesses to compete in an increasingly global environment.

100 S. Alto Mesa, El Paso, TX. 79912
<https://www.homegrownel Paso.com/>



- **Workforce Solutions Borderplex (WSB)**, supported by federal and state funding, WSB is a non-profit organization dedicated to assist local businesses to find skilled workers, to train your staff and to expand your business. Also, WSB supports the businesses' relocation, restructuring, and downsizing processes and assists with tax credit benefits.

300 East Main, El Paso, TX. 79901
<http://www.urgjobs.com/for-employers/>



- **Texas Wide Open for Business (TWOB)**, an initiative of the Texas Economic Development Corporation, TWOB promotes economic development in Texas on behalf of the State. It offers assistance to small businesses several areas, such as: funding, business' expansion and local incentives.

<https://texaswideopenforbusiness.com/small-business/grow-business>



3. Certifications: strengthen your business' skills

Before you can begin working with the government, it is important that you **find out whether your business qualifies to any available government certifications**. The Federal government sets aside certain **contract bid opportunities** exclusively for certified small businesses, so you can greatly take advantage of this opportunity.

Many laws applying to federal procurement have some special provisions about small business and disadvantaged or minority small business contracting. No law, however, has had a more profound effect than **Public Law 95-507**. To see the complete law, please visit:

<http://www.gpo.gov/fdsys/pkg/STATUTE-92/pdf/STATUTE-92-Pg1757.pdf>

Government Certification Programs

The SBA administers **five types of certifications**, designed to assist small businesses in the government contracting space.

→ *The Small Disadvantaged Businesses (SDB) certification*, is available for small business that are **at least 51%** owned by one or more individuals who are both socially and economically disadvantaged. SDB status makes a company eligible for bidding and contracting benefit programs involved with federal procurement.

The SBA defines socially disadvantaged groups as those who have been, historically, subjected to “racial or ethnic prejudice or cultural bias”. Economically disadvantaged individuals are defined as those for whom impaired access to financial opportunities has hampered the ability to compete in the free enterprise system.

The SDB certification is intended for businesses that are disadvantaged **but that are not participating in the 8(a) development program**.

<https://www.sba.gov/content/disadvantaged-businesses>

→ *The 8(a) Business Development Program*, helps socially and economically disadvantaged small businesses to compete in the marketplace. The 8A certification is intended to be used as **a tool for developing business ownership** among groups that own and control little productive capital, and to clarify and expand the program for procurement in the U.S.

<https://www.sba.gov/category/navigation-structure/8a-business-development-program>

→ *The Historically Underutilized Business Zones (HUBZone) program*, helps small businesses located in underutilized urban and rural communities, to gain preferential access to federal procurement opportunities. The HubZone program aims to increase employment opportunities, stimulate capital investment in those underutilized areas and empower communities through economic leveraging and multiplier effect (the increase in income from the new injection of spending.)

<https://www.sba.gov/category/navigation-structure/contracting/contracting-support-small-businesses/small-business-cert-0>

→ *The Women-Owned Small Business Federal Contract Program (WOSB)*, authorizes contracting officers to set aside certain federal contracts for eligible women-owned small businesses or economically disadvantaged women-owned small businesses.

<https://www.sba.gov/content/women-owned-small-business-program>

→ *The Service-Disabled Veteran-Owned Small Business Concern Procurement Program (SDVOSBC)*. This certification is available for the business owners who are veterans of the U.S. Armed Forces and who had been disabled in action.

<https://www.sba.gov/sdvosb>

Other Certification Programs

Private entities and non-profit organizations are also entitled to provide certifications in addition to above-mentioned government certification programs. These certifications are normally related to the small businesses' expertise, in technical and professional areas. The more educated and skilled a business is, the better chances it has to obtain a federal contract.

4. Cooperation: teaming with other businesses

Mentor-Protégé Program

The SBA Mentor-Protégé program was **designed to enable successful firms (mentors), to provide business development assistance to 8(a) Program Participants**. Also, it aims to enhance the capability of 8(a) Program Participants to be competitive, achieve entrepreneurial success, and to improve their ability to successfully compete for contracts.

Mentors can enter into joint-venture arrangements with protégés to compete for, and perform on, certain federal government contracts.

<https://www.sba.gov/content/mentor-protege-program>

Joint Ventures

According to the Federal Acquisition Regulation (FAR), a joint venture could be understood **as a legal organization that takes the form of a short-term partnership in which the persons jointly undertake a transaction for mutual profit**. Generally, each person contributes assets and share risks. Like a partnership, joint ventures can involve any type of business transaction and the parties involved can be individuals, groups of individuals, companies, or corporations.

In the Federal context, a very good example of a joint venture in El Paso is the establishment of Clark McCarthy Healthcare Partners II, the joint venture of Clark Construction Group and McCarthy Building Companies, Inc., These two companies decided to join forces and expertise, which allowed them to be awarded the \$648 million contract by The U.S. Army Corps of Engineers, to build the Fort Bliss Replacement Hospital in El Paso.

https://www.acquisition.gov/sites/default/files/current/far/html/Subpart%2019_1.html

5. Proposal-writing skills

Before preparing a proposal, it is very important that you understand the overall market of the service or product you would be providing. Also, learn as much as you can about your target agency's history of how it prefers to buy a specific service or product. Extensive research and planning are necessary in order **to tailor the proposal to the requirements of the bid.**

In general terms a proposal is a very **specific summary** explaining why a small business is qualified to undertake the job required by the Federal government. The bid proposal allows businesses to state their **qualifications** and to explain how their **background** would allow them to perform a specific job with excellence, accuracy, and within the established deadline. There are several recommendations that you should take into consideration when writing a proposal:

1) *Build a solid foundation*

It is highly recommended that you prepare a **one page summary** about your business. This constitutes the main element of your proposal, so make sure to include key information such as:

- Description of your business (Brief history, mission, vision and objectives)
- Main products and services
- Certifications
- Point of contact information (website and e-mail address)
- All the following (if applicable): NAICS code(s), DUNS number, EIN number and other relevant information.

2) *Ensure your technical approach responds to the requirements*

Write a **concise strategy** about how your technical expertise would respond to the requirements of the bid. Your technical approach must convince the agency that you have a strong management team and staffing approach that minimizes risk.

- Develop meaningful compliance matrices.
- Think through your recruitment and retention programs.
- Describe the experience and capabilities of your key personnel.
- Understand your technical proposal is one of the highest evaluated sections of your bid.
- Missing important elements of the RFP's source selection and evaluation criteria will get you disqualified.

3) *Explain how you will deal with potential problems*

This aspect of your technical proposal can lead to a strength for foresight and risk mitigation. Tell the agency the exact amount of labor hours and people it takes to perform each task.

- Inform the agency in your proposal who will be responsible for critical tasks.
- Discuss key people and what they will be responsible for.
- Highlight your proposal's Quality Control Plan (this plan is intended to evaluate an organization's procedures to make sure they provide the desired results)

4) *Think about your past performance*

Past Performance is a large part of your Technical score when the federal government evaluates your bid proposal. Small and medium-sized businesses usually do not have the people or immediate skill sets to handle larger government contracts. To overcome this hurdle, form a teaming agreement to fill the gaps.

5) Find the right teaming partners

Contracting agencies consider the past performance of your teaming partners and sub-contractors. For small to medium-sized businesses that want to break into government contracting or want to win larger contracts, finding teaming partners is the best way to meet the goal. However, make sure you understand the underlying legal principles such as affiliation and ostensible subcontractor rule.

- Consider selecting a teaming partner who has done a project similar in size and scope.
- Look for a company that has successfully completed government contracts on time and within budget.
- Make sure you understand affiliation and ostensible subcontractor rules.

6) Determine the costs: take advantage of government estimates and historical data

Costs should be “accurate, complete, and current” (as referenced by FAR clause 15.406-2). Many government bids end up being too high or too low when compared to the government’s estimate. You should explain why your approach is aligned with industry standards and how your approach will reach the agency’s result.

Utilize the agency’s historical data or estimates, for your advantage. If your price is too low the agency may think that you don’t understand the requirements of the RFP. See information on lowest price technically acceptable proposals. If it is high, provide documented support for your technical approach, labor hours, and staffing.

7) Avoid using proposal templates

It is recommended to avoid using templates of other proposals. Cutting and pasting decreases your chance of receiving meaningful consideration from source selection teams. When agencies look at technical proposals, they often see responses that have nothing to do with the proposal at hand. Companies who use this method are almost guaranteed to receive low technical scores.

8) Take advantage of questions and answer (Q&A) sessions

If a government RFP is unclear, it is important to communicate with the designated contracting officer. The Contract Opportunities Center (COC) organize several sessions bringing together purchasers, buyers and contracting representatives, providing an opportunity for small businesses to clarify the bid requirements.

This Q&A sessions allow to improve the quality and inaccuracies of responses submitted by contractors by making them aware of problem areas that need to be addressed when bidding or submitting proposals. In addition, for those contractors currently performing on a project, it is an opportunity for them to learn of actions that may jeopardize the successful completion of a project which could cause termination.

9) Make sure that your proposal aligns with procurement regulations

Small businesses tend to hire a bid proposal writing professional not well-versed in procurement laws. This can be a costly mistake. There is a clear difference between a general editor and bid proposal writing experts who understand the evaluation process. Changes in government regulations and trends in source selection have made it more important than ever that you understand the procurement process to be able to write a winning bid proposal. Seek guidance from the public and private organizations specialized in providing procurement assistance to local businesses (see pages 5 - 7).

6. Doing Business with the Department of Defense (DoD)

One of the most important **sources of employment for small businesses** is the military installations based in and around El Paso. Fort Bliss, the Biggs Army Airfield, White Sands Missile Range, and the William Beaumont Army Medical Center together constitute **one of the largest military complexes in the U.S.** These installations routinely require maintenance, modernization, and expansion of their facilities as mission priorities change, as the Base Realignment and Closure process continues to play out, and, most fundamentally, as infrastructure ages and requires replacement.

Relying on the private sector to satisfy these needs, the Federal government has established procurement processes to allow its agencies, such as the **Department of Defense** and the **Department of Veterans Affairs**, to procure goods and services from a range of private sector businesses.

Find DoD procurement opportunities at the following websites:

→ ***Doing business with the DoD.*** This is the “how-to” section of working with the Department of Defense. Information includes guides on marketing to the DoD, government contracting basics and subcontracting fundamentals.

<http://www.acq.osd.mil/osbp/sb/dod.shtml>

→ ***DoD Office of Small Business Programs (OSBP).*** The OSBP advice the Secretary of Defense on all matters related to small business and are committed to maximizing the contributions of small business in DoD acquisitions.

<http://www.acq.osd.mil/osbp/index.shtml>

→ ***Department of the Army, Office of Small Business Programs,*** is premier advocacy organization committed to maximizing small business opportunities in support of the Warfighter and the institutional transformation of the Army. This is a useful tool to better understand the Army’s needs and to find business prospects.

<http://sellingtoarmy.com/>

→ ***MICC Advanced Acquisition Plan.*** The MICC Advanced Acquisition Plan is a forecasting tool targeted to both industry and government. This spreadsheet provides a snapshot of existing and planned contracting actions for numerous installations and Army Commands for next fiscal year and beyond.

<http://www.micc.army.mil/business-opportunities.asp>