

LEVERAGING THE SMALL BUSINESS DISTINCTION

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Learning Objectives

- ▶ Know the specific classifications of small business concerns and how are they determined.
- ▶ Unique federal classifications of small business concerns and other federal certifications.
- ▶ Federal Agency Contracting and Small Business Procurement Goals.
- ▶ Small Business Size Standards and Common Small Business Terms.
- ▶ NAICS Codes and how they apply to your firm's classification.
- ▶ System for Award Management and Federal Contracting/Procurement Systems.
- ▶ Washington State Small Business Designations.
- ▶ Washington State/Contracting Procurement Systems.
- ▶ Washington's Electronic Business Solution (WEBS) and how to use it.
- ▶ State Contracts Assistance Network (SCAN).
- ▶ Washington APEX Accelerator [Formerly WA PTAC].
- ▶ Local Jurisdictions' Contracting/Procurement Systems.

The Small Business Act

- ▶ SBA's creation was largely a response to the pressures of the Great Depression and World War II.
- ▶ In 1953 President Dwight Eisenhower signed the **Small Business Act into law**, creating a new agency, the U.S. Small Business Administration (SBA).
- ▶ SBA's mission is to "aid, counsel, assist and protect, insofar as is possible, the interests of small business concerns."
- ▶ It also is charged with ensuring that small businesses earn a "fair proportion" of government contracts and sales of surplus property.

SBA's early days, today and in the future

- ▶ By 1954, SBA was making and guaranteeing loans for small businesses.
- ▶ It loans money to victims of natural disasters and helps small businesses get government contracts.
- ▶ SBA also provides business owners with management and business training.
- ▶ SBA was created to preserve free competitive enterprise and to maintain and strengthen the nation's economy.
- ▶ SBA provides specialized outreach to women, minorities, and armed forces veterans.
- ▶ SBA loans are available to victims of natural disasters.
- ▶ The agency also offers specialized advice and support in international trade.
- ▶ With its commitment to its goals, SBA is working to create a more equitable and sustainable economy supported by America's small businesses.

Federal Agency contracting goals

- ▶ The SBA is responsible for ensuring the government-wide goal for participation of small businesses is established annually at the statutory levels, and that the reporting agencies' achievements are relative to the goals.
- ▶ Here's how the process works:
- ▶ The SBA negotiates with agencies to establish individual agency goals that, in the aggregate, constitute government-wide goals.
- ▶ In addition, the SBA negotiates a small business subcontracting goal based on recent achievement levels.
- ▶ The SBA establishes the government-wide and agency socio-economic category goals at their statutory levels.
- ▶ Before the beginning of the fiscal year, the SBA reviews agency year-to-date performance, and agencies submit their proposed goals to the SBA.
- ▶ The SBA's Office of Government Contracting determines if these individual agency goals, in the aggregate, meet or exceed the government-wide statutorily mandated goals in each small business category.

Small Business Procurement Goals

- ▶ The SBA notifies the twenty-four (24) agencies of their final agency goals that currently range widely, depending on the type of small business and agency; for example:
- ▶ Department of Commerce (DOC): Prime Contract Small Business Goal is 39.00%; Prime Small Disadvantaged Business Goal is 20.90%
- ▶ Department of Homeland Security (DHS): Prime Contract Small Business Goal is 35.50%; Prime Small Disadvantaged Business Goal is 17.90%
- ▶ Department of Transportation (DOT): Prime Contract Small Business Goal is 33.40%; Prime Small Disadvantaged Business Goal is 21.00%
- ▶ Social Security Administration (SSA): Prime Contract Small Business Goal is 26.00%; Prime Small Disadvantaged Business Goal is 10.20%

Unique SBA federal classifications of businesses

- ▶ Women-owned businesses: SBA helps women entrepreneurs launch new businesses and compete in the marketplace.
- ▶ The Office of Women's Business Ownership (OWBO) helps women entrepreneurs through programs coordinated by SBA district offices and oversees Women's Business Centers
- ▶ Programs include business training, counseling, federal contracts, and access to credit and capital.
- ▶ These centers seek to level the playing field for all women entrepreneurs, who still face unique obstacles in the business world.
- ▶ Native American-owned businesses: The federal government provides opportunities in contracting, business development, and other programs for Native American small business owners.
- ▶ Veteran-owned and Military spouse businesses: SBA offers support for veterans and military spouse entrepreneurs as they enter the world of business ownership.
- ▶ Rural businesses: Rural small businesses are an integral part of local economies and communities.
- ▶ Minority-owned businesses: SBA is committed to supporting the development and growth of minority-owned small businesses and entrepreneurs from underserved communities.

Special SBA and other federal classifications of businesses

- ▶ **Small Disadvantaged Business:** Eligible businesses can self-certify and find opportunities at [SAM.gov](https://sam.gov).
- ▶ **Women-Owned Small Business Federal Contract Program:** The federal government's goal is to award at least 5% of all federal contracting dollars to women-owned small businesses each year.
- ▶ **Veteran contracting assistance programs:** Learn about federal programs that help veteran-owned small businesses access federal contract awards and surplus personal property.
- ▶ **8(a) Business Development program:** Federal contracting and training program for experienced small business owners who are socially and economically disadvantaged.
- ▶ **SBA Mentor-Protégé program:** Your small business can learn from an experienced government contractor through SBA's Mentor-Protégé program.

Small Business Size Standards

- ▶ In order to compete for set-aside contracts, a business must meet the SBA's size standards - the maximum size a business can be to qualify as small.
- ▶ Businesses can self-certify as small in the System for Award Management (SAM) database.
- ▶ NAICS Codes (North American Industry Classification System) are another essential designation for your small business concern to leverage.
- ▶ A special table lists the current size standards that correspond to individual NAICS Codes.
- ▶ Contracting officers must designate a NAICS Code for a contract.
- ▶ Many local government entities apply NAICS Codes in their procurement solicitations.

Common Small Business Terms

- ▶ **Affiliates:** Affiliation with another business is based on the power to control, whether exercised or not, or whether a third party controls or has the power to control multiple businesses.
- ▶ **Annual receipts:** This is the “total income” (or “gross income”) plus the “cost of goods sold.”
- ▶ These numbers can normally be found on the business’ IRS tax return forms.
- ▶ Receipts are averaged over a business’ latest three complete fiscal years to determine the average annual receipts.
- ▶ **Employee calculation:** This is the average number of people employed for each pay period over the business’ latest 12 calendar months.
- ▶ Any person on the payroll must be included as one employee, regardless of hours worked or temporary status.

Introduction to NAICS Codes

- ▶ NAICS was developed under the auspices of the Office of Management and Budget (OMB), and adopted in 1997 to replace the Standard Industrial Classification (SIC) system.
- ▶ Various agencies and organizations also use NAICS as a basis for their procurement programs, requiring that a NAICS code be provided for each good or service to be procured.
- ▶ NAICS is an industry classification system, not a product classification system, and therefore neither intended nor well suited for this purpose.
- ▶ The North American Product Classification System (NAPCS) was developed under the direction and guidance of OMB.
- ▶ The NAPCS incorporates all of the outputs/products of the industries defined in NAICS, with "product" referring to goods produced and services offered.
- ▶ A business establishment is assigned one NAICS code, based on its primary business activity, whereas multiple NAPCS codes can be linked to any one establishment to indicate its various products.

How to determine the correct NAICS code for your business

- ▶ You can use the search feature at www.census.gov
- ▶ In the "2022 NAICS Search" box on the left side of that page, enter a keyword that describes your kind of business.
- ▶ A list of primary business activities containing that keyword and the corresponding NAICS codes will appear.
- ▶ Choose the one that most closely corresponds to your primary business activity, or refine your search to obtain other choices.
- ▶ Rather than searching through a list of primary business activities, you may also view the complete 2022 NAICS structure with codes and titles by clicking on "2022 NAICS" (under the "Reference Files" section) on this Web site.
- ▶ Then click on the 2-digit Sector code to see all the NAICS codes under that Sector.
- ▶ Then choose the 6-digit code of your interest to see the corresponding definition, as well as cross-references and index items, when available.

System for Award Management *(SAM.GOV)*

- ▶ You must register your entity (you as an individual or your organization) to be able to bid on contracts or apply for federal assistance (e.g., grants, loans) from the federal government.
- ▶ “Registering” means registering an entity to do business with the government on SAM.gov.
- ▶ You must sign up and sign in to your account to use many of the features of SAM.gov, such as saving searches, following records, or viewing standard reports.
- ▶ “Signing up” means getting an account and setting up a profile on SAM.gov.
- ▶ User account credentials are managed by login.gov, a service that allows you to sign in to many federal government websites with one set of credentials.

Washington State Small Business Designations

- ▶ Office of Minority and Women’s Business Enterprises (OMWBE): “The legislature finds that minority and women-owned businesses are significantly underrepresented and have been denied equitable competitive opportunities in contracting. It is the intent of this chapter to mitigate societal discrimination and other factors in participating in public works and in providing goods and services and to delineate a policy that an increased level of participation by minority and women-owned and controlled businesses is desirable at all levels of state government. The purpose and intent of this chapter are to provide the maximum practicable opportunity for increased participation by minority and women-owned and controlled businesses in participating in public works and the process by which goods and services are procured by state agencies and educational institutions from the private sector.”

Washington State Dept. of Enterprise Services (DES)

- ▶ DES provides centralized business services to state government agencies; to other public entities such as cities and counties; to tribal governments; and to Washington residents.
- ▶ Key procurement/contracting services that DES performs:
- ▶ **Construction & public works**
- ▶ Energy efficiency
- ▶ Engineering & architectural services
- ▶ Fleet management & EVs
- ▶ Printing & mail services
- ▶ Property management
- ▶ **Small agency support in contracting**
- ▶ Surplus property

DES Service Highlights

- ▶ Goods and services contracts: Manage 200 statewide contracts with 1,750+ vendors, resulting in \$2.1 billion in annual goods and services purchases.
- ▶ Construction projects: Manage 800+ design and construction projects worth \$400M+ each year.
- ▶ Statewide facilities: Care for government facilities totaling 180,000+ square feet and 14 acres in Cowlitz, King, Thurston and Yakima counties.
- ▶ Building leases: Administers 700+ active leases totaling 9.5M+ square feet with rents totaling \$185M+ each year.
- ▶ Provision of goods and services.
- ▶ Cooperative purchasing.
- ▶ Convenience contracts & Master contracts.
- ▶ Sole source contracts.
- ▶ Awards of procurement contracts to veteran-owned businesses.
- ▶ Awards of procurement contracts by state agencies to veteran-owned businesses.

How to work with the State

- ▶ DES manages more than 200 statewide contracts for goods and services.
- ▶ These contracts are awarded to over 1,750 businesses, many of them small businesses.
- ▶ State and local government agencies, tribal governments and nonprofit organizations purchase roughly \$2.1 billion in goods and services from these businesses each year through WEBS.
- ▶ Anyone who wants to sell to agencies or buy goods or services using a contract must register in WEBS, [Washington's Electronic Business Solution].
- ▶ Businesses can find bids opportunities and sign up for email notifications in WEBS.

How to leverage WEBS to your advantage

- ▶ Responding to a bid opportunity
- ▶ Pre-bid conference, bidder questions and solicitation amendments are posted in WEBS, and you are encouraged to attend the pre-bid conference to learn more and ask questions about the solicitation.
- ▶ Submitting your bid
- ▶ Ensure you read and understand the solicitation document, all appendices, amendments, and other attachments.
- ▶ Include all required attachments and documentation.
- ▶ Bid evaluations
- ▶ After the solicitation is closed, bids are evaluated using a formula specific to the opportunity, and the bid(s) that score the highest will receive awards.
- ▶ Getting paid
- ▶ There are two ways to get paid by the state: The Office of Financial Management (OFM) pays vendors via check or Electronic Funds Transfer (EFT).
- ▶ Businesses can also accept payment through a state credit card, called a purchase card.

Register in WEBS & Search for Opportunities

- ▶ Businesses interested in contracting with the state must register in WEBS.
- ▶ Getting help with WEBS is not difficult and there are helpful guides available.
- ▶ Check your email settings to receive WEBS notifications
- ▶ Check for bid opportunities regularly
- ▶ Even if you are registered to receive solicitation notifications regularly, it is recommend you regularly check for opportunities you may have missed.
- ▶ You can view all current opportunities on the bid calendar without logging into WEBS or you can login to WEBS to search all available posted in greater detail.
- ▶ Keep your business information updated
- ▶ Update your account anytime your essential business information changes, such as contact names or email addresses.
- ▶ You will need to email WEBS to change your account administrator.

Searching in WEBS

- ▶ Log in to WEBS
- ▶ Select “Search Opportunities”
- ▶ Select “All Commodity Codes” and “All Counties”
- ▶ Select “Filter by Government Organization” in the dropdown menu.
- ▶ Select the name of the organization that posted the bid opportunity.
- ▶ The bidding opportunity will be listed on the next screen.
- ▶ Commodity codes
- ▶ DES assigns keywords to each commodity code that describes the products or services offered.
- ▶ You can add commodity codes that match what you sell when you register in WEBS or select “Manage Commodity Codes” on the welcome page to add.
- ▶ Construction projects
- ▶ If you are interested in learning about new construction projects, you can select the NIGP Commodity Code: 914-84 Trade Services Construction Non-classified.

State Contracts Assistance Network (SCAN)

- ▶ To help more small businesses be successful when working with the state, the DES Procurement, Inclusion, and Equity (PIE) program created the State Contracts Assistance Network (SCAN).
- ▶ SCAN partners represent small and diverse businesses.
- ▶ DES built the State Contracts Assistance Network from the ground up for business owners so SCAN partners can help you win more bids.
- ▶ Certify your veteran-own business with the Washington State Department of Veterans Affairs (WDVA).
- ▶ Sign up for the Business Diversity Newsletter
- ▶ Educating you through business seminars and workshops
- ▶ Scholarships for SCORE's classes and seminars.
- ▶ Attend live training events like the next State Contracting Opportunities and Open House.
- ▶ Supporting your unique needs through networking opportunities with SCAN partner organizations.

SCAN Partner Organizations

- ▶ African Chamber of Commerce of the Pacific Northwest
- ▶ African Community Housing Development
- ▶ Black Dot
- ▶ Black Owned Business Excellence (BOBE)
- ▶ Greater Seattle Business Association (GSBA)
- ▶ Greater Seattle Korean Association
- ▶ Northwest Mountain Supplier Development Council (NWMSDC)
- ▶ Northwest Native APEX Accelerator
- ▶ Seattle Latino Chamber of Commerce
- ▶ Sister Sky Inc.
- ▶ South Sound BIPOC Chamber
- ▶ Tabor 100
- ▶ Thurston County Chamber of Commerce-BIPOC Business
- ▶ Tri-Cities Hispanic Chamber of Commerce
- ▶ Washington Minority Business Development Agency (MBDA) Business Center
- ▶ Washington State Microenterprise Association (WSMA)
- ▶ Women's Business Enterprise Council Pacific (WBEC-Pacific)
- ▶ Yakima County Development Association

More Small Business Assistance for Washington State Firms

- ▶ State Contracting Opportunities & Open House: Join DES on the third Thursday of each month, from 3 - 4 p.m., for a virtual event where they discuss a variety of topics with an opportunity for questions and answers.
- ▶ Stay informed: DES hosts events, provide training, and work with small and diverse business communities to connect them with tools, resources, and statewide contracting opportunities.
- ▶ Business Diversity Advisory Group (BDAG): The BDAG of DES advises its Contracts and Procurement Division on ways to reduce barriers for small, diverse and veteran-owned businesses to participate in state contracts for goods and services.
- ▶ Washington State has a certification for Veterans and Servicemembers. Certification is free and requires only basic veteran discharge status and business information to complete.
- ▶ The Small Business Liaison Team (SBLT) consists of representatives from 27 agencies. Its mission is to listen to businesses, then drive action to make it easier to do business in Washington State.

Washington APEX Accelerator

- ▶ Sign up to become an APEX Accelerator client.
- ▶ Register for our newsletter.
- ▶ Refer to our comprehensive Resource Links.
- ▶ Register for events or workshops.
- ▶ Register for Bid-Match.
- ▶ Becoming an APEX Accelerator client means you have access to an extensive list of services that go beyond just links and resource guides.
- ▶ Individual one-on-one counseling sessions with an experienced Government Contracting Assistance Specialist.
- ▶ Access to an expanded Library of Documents that includes Capability Statement templates, RFP Response Checklists, and much more.
- ▶ Marketing assistance.
- ▶ Proposal review services.
- ▶ All APEX Accelerators are funded in part through a cooperative agreement with the Department of Defense.

Local Jurisdictions’ Contracting/Procurement Systems

Using the MRSC map of participating public agencies that match the locations of RISE Accelerator Cohorts, these entities and more rely on MRSC to fulfill their procurement needs.

- ▶ Skagit County
- ▶ City of Anacortes
- ▶ City of Burlington
- ▶ City of Mount Vernon
- ▶ City of Sedro-Woolley
- ▶ Port of Skagit County
- ▶ Skagit County Fire Districts
- ▶ Skagit Transit System
- ▶ Okanogan County
- ▶ City of Brewster
- ▶ City of Omak
- ▶ Okanogan County Transit
- ▶ Town of Coulee Dam
- ▶ Walla Walla County
- ▶ City of College Place
- ▶ City of Walla Walla
- ▶ Columbia School District
- ▶ Waitsburg School District
- ▶ Klickitat County
- ▶ Centerville School District
- ▶ City of White Salmon
- ▶ Franklin County
- ▶ City of Connell
- ▶ City of Kahlotus
- ▶ City of Pasco
- ▶ Franklin County
- ▶ Kahlotus School District
- ▶ North Franklin School District

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