



Dutko Worldwide

Building Public-Private Partnerships

Procurement 101: Market Opportunities and Contracting For the Public Sector



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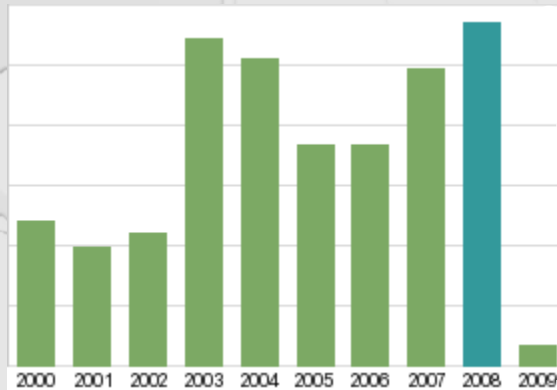
Today's Agenda

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



Federal Market Overview

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



2000	\$241,105,481
2001	\$195,443,900
2002	\$220,065,291
2003	\$542,818,896
2004	\$509,932,126
2005	\$367,116,407
2006	\$368,146,403
2007	\$493,421,713
2008	\$569,107,570
2009	\$33,528,378

- ◆ For FY2008, contract values for federal spending in the carpet and rug industry were often valued between \$1M-100,000.



The Stimulus

The American Recovery and Reinvestment Act of 2009 (ARRA)

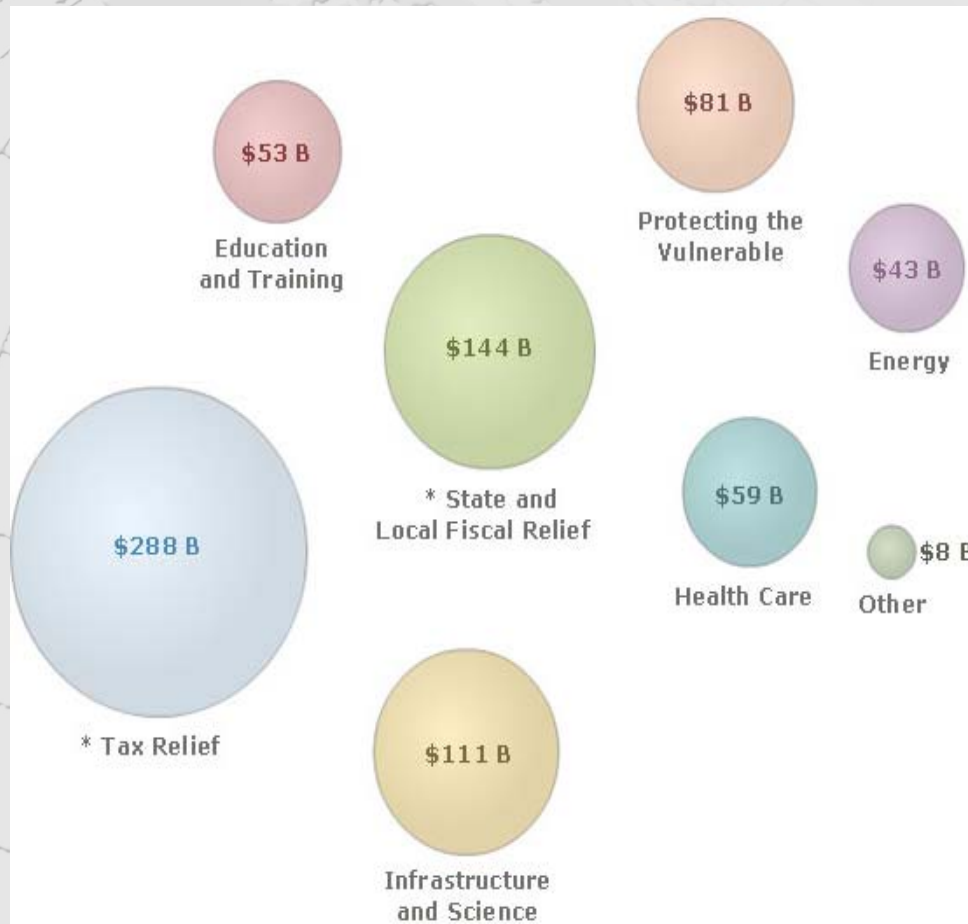
\$789 billion signed into law by President Barack Obama on February 17, 2009, the American Recovery and Reinvestment Act constitutes a significant spending measure. With \$288 billion in tax cuts and nearly \$500 billion in actual spending, this package offers a real market opportunity for companies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



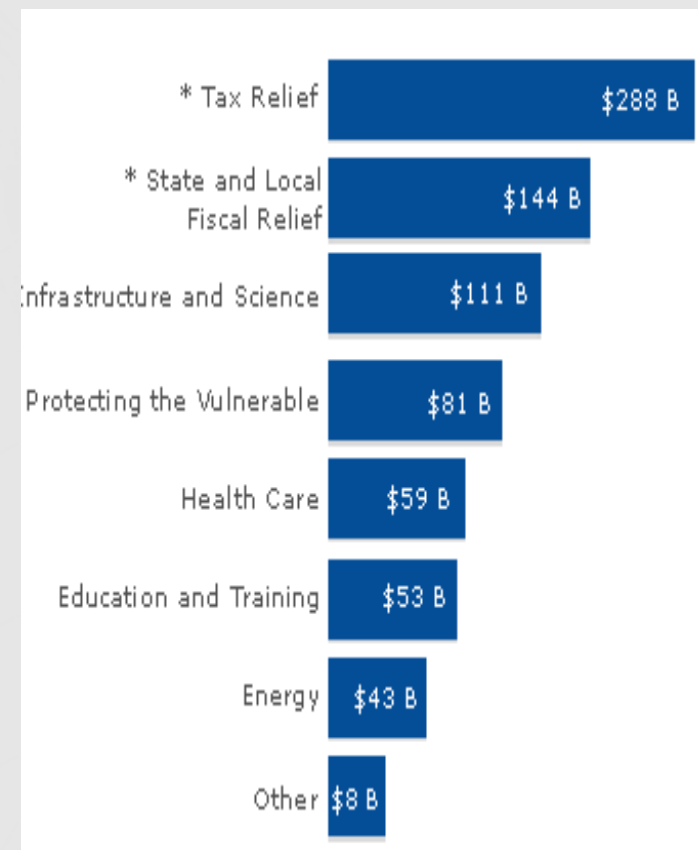
Source: Ruth Fremson/New York Times



Where is the Stimulus Money is Headed?



Source: Recovery.gov



Source: Recovery.gov



GSA: Green Leadership by Example

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

Key GSA criteria:

- Ability of a project to put people back to work quickly
- Ability of a project to effectively transform Federal buildings into high-performance green buildings

GSA's plan is composed of four categories:

- New Federal Construction (including Land Ports of Entry)
- Full and partial building Modernizations
- Limited Scope Projects
- Small Projects

A nationally-managed, regionally executed Program Management Office has been established to oversee all GSA ARRA projects: The Office of High-Performance Green Buildings



GSA Federal Buildings Programs and Funding

- ◆ **\$3,168,844,000 - High Performance Green Building Modernizations - Full and Partial Modernizations**
 - As of March 29, 2009, these dollars have been earmarked for 43 federal building sites in 43 states, territories, and the District of Columbia.

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

- ◆ **\$298,576,000 – High Performance Green Building Small Projects**
 - For disbursement to programs that improve energy efficiency in federal buildings smaller than 20,000,000 square feet.



U.S. Department of Housing & Urban Development

- ◆ **Public Housing Capital Fund**
 - **\$1 billion** to be awarded **competitively** to priority investments that “leverage...renovations and energy conservation retrofit investments”. HUD must award these competitive funds by September 30, 2009.
- ◆ **Native American Housing Block Grants**
 - **\$255 million** in **formula grants** to be awarded to tribal housing projects that feature energy efficiency, energy conservation, and infrastructure development
- ◆ **Energy Retrofit and Green Investments**
 - **\$250 million** for grants or loans for energy retrofit and green investments in HUD-assisted housing



DoD Facilities

- ◆ **DoD Facility Infrastructure Investments**
 - **\$4.24 billion** provided for facilities sustainment, restoration, and modernization, **\$3.69 billion** of which must be invested in energy efficiency projects to repair and modernize DoD Facilities



Why the Government Market? Pros & Cons

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

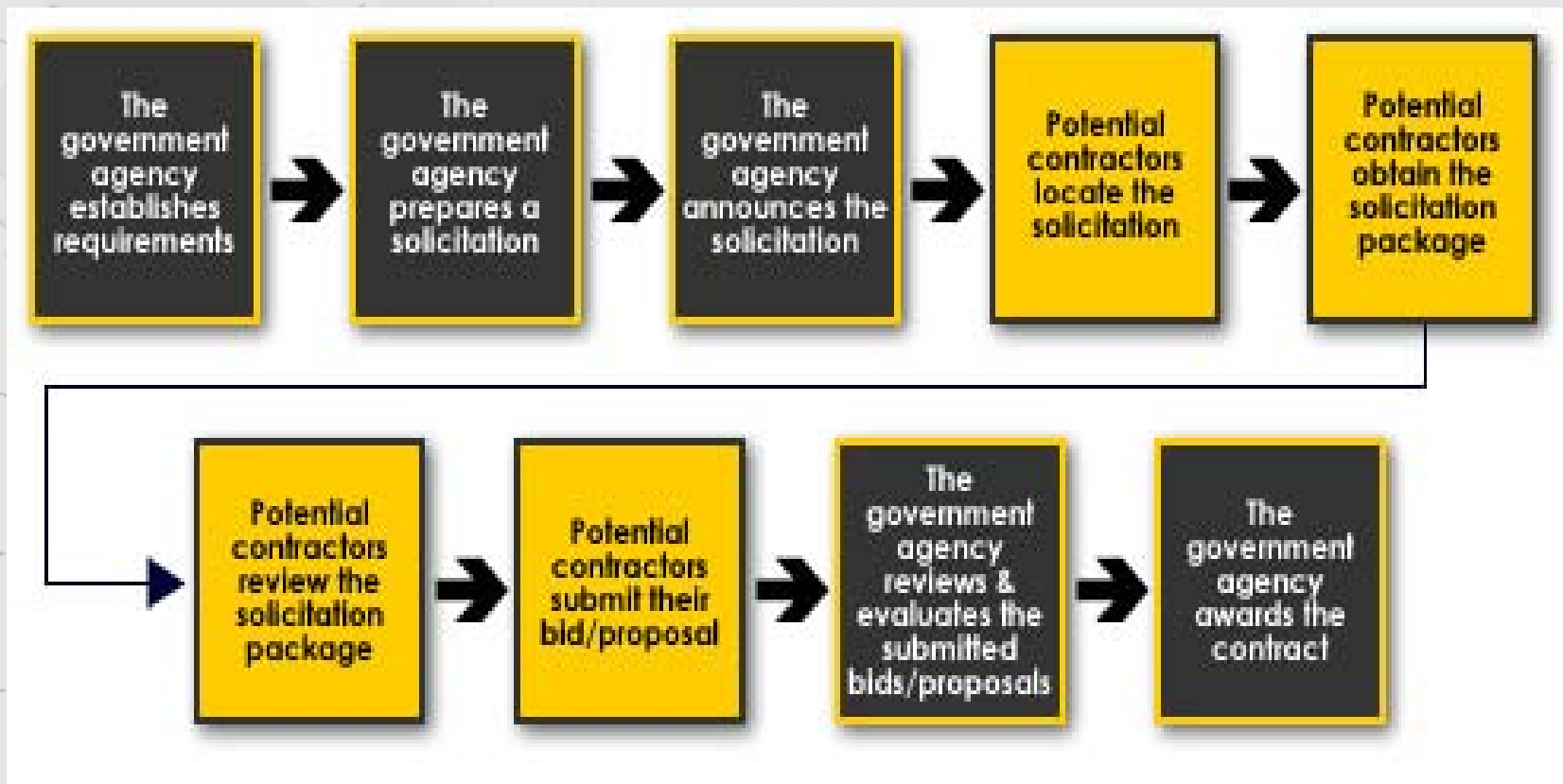
- ◆ Challenges
 - Sales Cycle
 - Understanding the Process



A Taste of Contracting Basics



Federal Procurement Process (Formal)





How to Break into the Market



Pre-Step 1: Getting Started

- ◆ Consider being a subcontractor to an experienced prime contractor
Sub-contractor/Supplier/Service provider
 - Contact the prime companies
 - web.sba.gov/subnet
- ◆ Get some smaller orders to develop a track record and learn the prequalification process. Be an established business with a good past performance history and good references. Past Performance is **IMPORTANT**.



Other Things to Consider Before Step 1

- ◆ Have adequate working capital to finance the job (It is unlikely that the government will authorize advance payments).
- ◆ Have adequate insurance (and bonds if required) with a good risk record.



Step 1: Classify your Products/Services

- ◆ Standard Industrial Classification (SIC) Codes:
www.osha.gov/oshstats/sicser.html
- North American Industry Class System (NAICS)
Codes:
www.census.gov/epcd/www/naics.html

For Carpet and Rug Manufacturers, the codes are:
SIC 2273 / NAICS 314110

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DUNS = 9 character identification number provided by the Dun & Bradstreet Corporation. Go online or call to apply for one. Free.

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

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

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

Rachel Fischer, 9/14/2004



Step 2: Get Registered

- ◆ Certain registrations are required, but only if you want to get paid when contracting with the federal government.
- ◆ Provides the federal government with a central database of all its vendors.
- ◆ May be used by Contracting Specialists to find vendors.

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T-PIN - After registering in CCR, you will receive a T-PIN which is the password you use to update your business on CCR. Keep in a safe, but accessible place. If you lose it, it may take up to 2 weeks to receive a new one by mail and if someone gets a hold of it, they can change your bank account info and receive your payment from the govt.

Rachel Fischer, 9/14/2004



Central Contracting Registry

Registering in the Central Contracting Registry:

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

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Everything is electronic now. Must be able to communicate with them electronically.

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

Rachel Fischer, 9/14/2004



ORCA - Online Representations & Certifications Application

- ORCA is an e-Government initiative that was designed to replace the paper based Representations and Certifications (Reps and Certs) process.
- <https://orca.bpn.gov/>



Step 3: Get Certifications - Federal

- **HUB-Zone Certification:** Business and at least 35% of employees located in a HUB-Zone.
- **Small Disadvantaged Business Certification:** 51% owned/controlled by socially disadvantaged group and personal net-worth limit.
- **8 (a) Certification:** In business for at least 2 years, an SDB, and personal net-worth limit (\$250,000).
- **Woman-owned Certification:** 51% owned by a woman and personal net-worth limit (\$750,000).
- **Veteran- or Service-Disabled Veteran-Owned Small Business (VOSB/SDVOSB):** Department of Veterans Affairs, P.L. 109-461, www.vip.vetbiz.gov

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

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

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

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

HANDOUT for SBA CERTIFICATIONS

Rachel Fischer, 9/14/2004



Federal Government Procurement Goals

- 23% of prime contracts for small businesses
- 5% of prime and subcontracts for SDB's
- 5% of prime and subcontracts for WOB's
- 3% of prime contracts for HUB-Zone
- 3% of prime and subcontracts for SDVOSB's



Step 4: Identify the Opportunity

◆ FedBizOpps.gov

The screenshot shows the FedBizOpps.gov website. The header features the text "Fed Biz Opps" and "Federal Business Opportunities" above a banner image of the US Capitol and an American flag. The main content area is divided into three columns. The left column contains navigation links under four categories: "Find Business Opportunities" (with a "go" button), "General Information" (including Section 508 Vendor Notice, Interface Description, Management Responsibility, and Frequently Asked Questions), "Privacy and Security Statement" (including Privacy and Security Statement), and "FedBizOpps News" (including What's New?, FBO Awards, and 508 Compliance). The middle column contains a paragraph describing the site as the single government point-of-entry (GPE) for federal government procurement opportunities over \$25,000, and includes two buttons labeled "FedBizOpps BUYERS" and "FedBizOpps VENDORS". The right column contains "Related Links" (including Demo FBO, Federal Agency Business Forecasts, Federal Assets Sales, Federal Commons, Firstgov, Minority Business Development Agency, PRO - Net, SUB - Net (Subcontracting Opportunities), and Vendor Notification Service) and "Contact Information" (including Email: fbo.support@gsa.gov and Phone: 877-472-3779 (Toll Free)). Below the main content area, a statement reads: "The FedBizOpps Team is committed to Section 508-compliant accessibility." The bottom of the screenshot shows a Windows taskbar with various application icons and a system tray displaying the time as 5:14 PM.



Other Ways to Find Opps

- Networking events
- Registering on an agency's site
- Referrals
- Build a relationship as a sub-contractor, team partner, mentor-protégé



Step 5: Pursue Opportunities

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



Wrap-Up and Summary

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

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All of this information is very overwhelming.

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

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

Rachel Fischer, 9/14/2004

Contact Information



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