

Government Contracts for SMMs: How to Find, Bid and Win Them

Small and medium-sized manufacturers (SMMs) should regularly seek government contracts for their stable revenue and growth opportunities. However, the government contract application process often seems overwhelming to businesses that have never before sought them.

While some steps can be intensive, the overall process is much more straightforward than you might think. Moreover, there are readily available resources for SMMs to take advantage of when pursuing their first government contract. To help, our guide breaks down everything you need to know about how to find government contracts, how to bid on government contracts and the resources you can turn to.

What are Government Contracts?

Government manufacturing contracts are lucrative business opportunities available to SMMs that operate much like normal business contracts, except the buyer is a government entity. As a result, there are generally far more requirements and scrutiny placed on government contracts.

In practice, a government contract will establish an agreement on deliverable products and their pricing. More complex contracts may allow some fluidity (e.g., deliverable quantity, pricing), but the terms must be met to receive payment. For the contracts' length, SMMs reap the benefit of guaranteed income – making them an excellent way to lock in scalable production and revenue.

Finding Government Manufacturing Contracts

Sorting through endless lists of newly available government contracts is a significant undertaking. But the government relies on the [North American Industrial Classification System](#) (NAICS) to designate the manufacturers eligible to apply – and SMMs should too.

Before checking databases for open contracts, be sure to confirm your exact NAICS code. Note that the classification system is highly specific, returning [7278](#) results for "manufacturing." Once you've confirmed your NAICS code, you can use it to search for open federal contract opportunities on the [System for Award Management \(SAM\)](#) or state and local procurement sites. For California's SMMs, state-level government contracts are listed on [Cal eProcure](#).

Types of Government Contract Structure

Government contracts may be structured in any manner, but they typically fall into one of three categories:

- **Firm-fixed-price:** As the most straightforward contract structure, firm-fixed-price opportunities involve SMMs determining their price for the requested items and submitting it as their bid. If accepted, the stated price is what the government will pay for the contract's duration. Generally, the lowest bid is most likely to win.
- **Indefinite-delivery, indefinite quantity (IDIQ):** IDIQ contracts are similar to firm-fixed-price but provide the government with greater flexibility. When a government entity knows it needs to purchase a minimum amount of the product but may order more at different times, it'll use an IDIQ. The minimum amount is guaranteed, but the government may award the contract to multiple SMMs to better account for irregular quantities and delivery schedules. These are also generally awarded to the lowest bids.
- **Large-scale projects:** Complex, large-scale contracts can involve subcontractors, numerous variables or unique structures. Their primary differentiation relates to application selection because the lowest bids are no longer prioritized. These contracts and their fulfillment are challenging enough that expertise and qualifications are given greater consideration – and the government has a greater willingness to spend more.

SMMs exploring their first contracting opportunities should note that many large contracts require subcontractor involvement. Partnering with a larger manufacturer to “get your foot in the door” with government contracting is a reliable way to position yourself as the primary or solo business for future opportunities. And many contracts carve out “set-aside” subcontractor opportunities requiring SMMs that meet criteria such as being majority-veteran-owned.

How to Apply for a Government Contract

SMMs applying for their first government contracts will generally follow the consistent, four-step process outlined below.

Step 1: Apply for a UEI Number and Register with SAM

Unique Entity IDs (UEI) are 12-character alphanumeric identifiers used to designate businesses or other entities within the System for Award Management. They are mandatory for submitting government contract applications. You can think of them as your business's social security number, granted upon registering for SAM or requesting a UEI.

Before the government adopted UEIs, they relied on the Data Universal Numbering System (DUNS). However, DUNS numbers have been phased out as of [April 4th, 2022](#), and all entities must have a UEI moving forward.

Crucially, SMMs pursuing their UEI numbers and SAM registration should *never* pay for it or related services, as they are freely available to all businesses. And although SMMs must renew their SAM registration annually, UEI numbers never expire. If you find this step difficult, consider contacting the available business resources below.

Step 2: Search for Open Contract Opportunities

After registering with SAM and procuring your UEI number, you can browse through the myriad open contracting opportunities on government websites. Virtually every SMM can find applicable opportunities, as SAM's listings returned roughly 50,000 for "manufacturing" searches as of September 1st, 2020.

The two most important contract portals for California's SMMs to familiarize themselves with are [SAM](#) for federal opportunities and [Cal eProcure](#) for those at the state level. However, you should check for other portals, including any run by local government entities.

The biggest challenge with these portals is learning to use the search capabilities effectively and efficiently, but the business resources provided below can assist you with the learning curve. And once you're comfortable with the system, you can set up automatic email notifications to inform you of any newly posted contract opportunities that match your NAICS code. Setting up these alerts is especially helpful for smaller manufacturers that can't dedicate resources to periodically browsing databases.

Step 3: Identify Opportunities that Your Company Qualifies for

Identifying the right government contracts for your SMM first involves checking the specified NAICS code and then evaluating the available opportunities (as you would with any business contract). You should always ensure that the production quantities and deliverable schedules are a good fit and can be met reliably throughout the contract's duration before continuing the time-intensive application process.

Crucially, always check the open contract opportunities for "set-aside" requirements. These stipulate that the contract (or subcontract) must be awarded to businesses holding stated certifications, meeting ownership criteria, or operating in specific locations. With government contracting being hypercompetitive, every advantage you can use counts, and set-aside opportunities increase your chances of winning by considerably narrowing the eligibility pool.

Set-aside opportunities include dedicated awards for:

- **Majority-veteran-owned businesses:** These set-asides may further specify that the contract must be awarded to businesses owned by [service-disabled veterans](#).
- **Majority-women-owned businesses:** Per the [US Small Business Administration](#) (SBA), the federal government has stated that it strives to award at least 5% of all contracting dollars to majority-women-owned businesses operating as prime contractors or subcontractors.
- **Minority-owned businesses:** These set-aside opportunities include those like the [SBA's 8\(a\) program](#) for socially and economically disadvantaged businesses. You can determine your eligibility for the 8(a) program by consulting [13 CFR 124](#).

- **HUBZone opportunities:** Unlike the above opportunities, contracts set aside for [HUBZone](#) aren't awarded based on ownership demographics. Instead, they are set aside for SMMs located in "historically underutilized business zones," acting as an economic stimulus for areas with higher-than-average unemployment and lower-than-average income levels.

SMMs should note that applying for set-aside contracts will require proof that your business meets the eligibility requirements.

Step 4: Submit the Required Application

Once you've determined which government contract opportunities to pursue, the application process begins. This will be the most time-consuming step, requiring strict adherence to providing all the requested information.

Government contract applications generally fall into two categories:

- **RFBs or RFQs:** "Requests for Bids" or "Requests for Quotes" are the most straightforward applications, typically focusing on the product you'll provide and its price. Most often, RFBs and RFQs are awarded to the lowest submitted bid.
- **RFPs:** "Requests for Proposals" are much more involved applications used to award larger contracts. RFPs will not only include information on products and pricing but cover how the contract will be fulfilled. The submitted proposal may even include information such as the specific employees working on the contract. Although these applications are much more complex, the government will often provide evaluation and ranking criteria to help you determine what information must be included and how to structure it.

Step 5: Be Persistent

Especially when first submitting government contracting applications, it's crucial for SMMs to remain persistent through any challenges they encounter. You won't always win your first opportunity – or even your first few. While the process is straightforward overall, there can be some learning curves, such as figuring out the proper way to frame information or leveraging networking events.

The more you stick with government contracting opportunities and the more applications you submit, the more familiar the process becomes. Eventually, you identify the right opportunity, compellingly provide the correct information, and finally secure your first contract. And throughout this process, there are numerous business resources available to assist SMMs at little to no cost to help with that.

Government Contract Application Best Practices

When applying for government contracts, remember the following best practices and tips:

- **Check for subcontracting opportunities:** Many government contracts explicitly stipulate that specific percentages of the work must be awarded to subcontractors. Becoming one lets you learn the ins and outs of government contracting without bearing primary fulfillment responsibility.
- **Check for applicable set-aside opportunities:** Any you qualify for will immediately increase your chances of success.
- **Do your homework ahead of time:** Researching which government entities procure the types and quantities of products you manufacture gives you a leg up in identifying which opportunities to pursue. You can also approach these entities at networking events to discuss their past contracts and why your SMM is a good fit for any new ones.
- **Market to government audiences:** Remember that the public sector often has different requirements and language than normal business contracts. To start, you'll need to know your NAICS code, UEI numbers, and certifications.
- **Don't offer additional information or substitutions:** Government contact officers review every proposal or bid they're sent. Adding unnecessary information makes their job take longer and is more likely to hurt your chances. Similarly, the government is generally not open to substitution suggestions and wants to see information for the exact products the contract opportunity specifies.
- **Be ready early:** Set your internal contract application deadline as one week before the government's official deadline. This ensures you'll submit in time and provide a few extra days in case any last-minute changes must be made. Little mistakes like submitting too late because of time zone differences can automatically disqualify your application.

Government Contract Resources for SMMs

Most importantly, SMMs should remember that they aren't alone when pursuing their first government contract. It's easy to learn how to get a government contract with the right partner, and numerous business resources – especially within California – are readily available to assist you, including:

- **[San Diego, Orange, and Imperial Procurement Technical Assistance Center](#):** This organization provides educational resources and direct help to SMMs in the stated counties that are first learning the processes of selling their goods and services to government entities at all levels.
- **Small business development centers:** These centers located throughout California will provide financial education resources for SMMs, like organizing your books and preparing funding applications. They'll help those seeking more capital, whether government contracts, loans, or grants.
- **Economic Development Centers/Corporations (EDC):** An EDC focuses on helping grown regional or local economies within their designated area. You can approach them to learn more about the funding opportunities available to businesses in their location, including government contracts.

Of course, you can also work with [REDACTED] and our dedicated programs for SMMs. In particular, our [REDACTED] program fosters “co-investment” and provides technical expertise and leadership. The advantages of [REDACTED] include:

- A [REDACTED] Advisor who will work with you one-on-one – and possibly alongside a Growth Coach – to help you achieve your business goals
- Networking opportunities to help identify potential customers, suppliers and strategic partners – including subcontracting opportunities
- Program information regarding economic incentives and funding, especially for business improvement and employee training
- Additional access to business assistance resources

[REDACTED] also partners with EDCs and Chambers of Commerce to enhance the help and resources we offer:

- [Inland Empire Regional Chamber of Commerce](#)
- [Kern County Economic Development Corporation](#)
- [Los Angeles Economic Development Corporation](#)
- [Orange County SBDC](#)
- [San Bernardino Economic Development Agency](#)
- [San Diego North Economic Development Council](#)
- [South San Diego County SBDC](#)
- [Ventura County Economic Development Association](#)