



Does Your Business Qualify for a Small Business Set-Aside Contract?

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Frequently we are reminded that "small business is the backbone of the American economy." In recent years small businesses have accounted for more than 50 percent of the American gross domestic product. Small businesses consistently have created new jobs while large businesses have been a job drain.

In recognition of the importance of small business, the Governor has set a goal for 40 percent of the Commonwealth's purchases to be made from small businesses. All procurements by the Commonwealth up to \$50,000 are set aside for certified small businesses. Furthermore, all federal government procurements exceeding \$3,000 but no more than \$100,000 are automatically reserved exclusively for small businesses. Whenever two or more small businesses can reasonably be expected to bid, federal acquisitions more than \$100,000 are set aside for small businesses. Does your business qualify to compete for a small business contract award?

For acquisitions conducted by the receipts over its most recently completed three fiscal years is "small" for a federal contract for custom computer programming services. The number of employees is irrelevant. In contrast, for a contract that calls for Computer Manufacturing (NAICS 334111), the size standard is 1,000 employees. So, a company that averaged 1,000 employees or less for each of the pay periods for the preceding 12 months is small for this procurement, regardless of its annual receipts.

The determination of whether your business is small gets complicated when you or your family are personally involved in more than one company or your company teams or forms a joint venture with another to compete for a contract. Then, rules of Commonwealth, a small business is:

1. independently owned and operated;
2. together with its affiliates, has 250 or fewer employees; and
3. has annual gross receipts of \$10 million or less.

A business also is small if it successfully completes the process for SWaM (Small Woman and Minority Business) certification. Find more information about certification at www.dmb.state.va.us.

Size determinations for federal government procurements are a bit more complex than the state process. The U.S. Small Business Administration (SBA) establishes size standards for types of economic activity or industry under the North American Industry Classification System (NAICS). For

each economic activity identified, the SBA assigns a size standard based either on a business concern's annual receipts or number of employees. For example, the NAICS code for Custom Computer Programming Services (NAICS 541511) is \$23 million in receipts. So, a company that averaged \$23 million or less in affiliation come into play. Regulators will aggregate the receipts and number of employees of a company and all of its affiliates when determining if the business is small. This requires awareness of the applicable rules and strategic planning in the teaming process.

You might be surprised to find that your business qualifies to compete for government contracts that are set aside for small businesses. Grow your business. Think small! To get started, search the state opportunities at www.eva.state.va.us and the federal government solicitations at www.fbo.gov.

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