

Size Doesn't Matter in Subcontracting

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First let us review a few definitions since government contracting is fraught with acronyms and coded terminology. In government contracting a business that has won a contract is referred to as the prime contractor or simply the “prime”. There are two areas in which the prime may need assistance and therefore seek subcontractors or in contract-speak sub-to-the-primers: 1) the prime needs assistance with a portion of the contract. This could be in the areas of general staffing or staffing in a specific location or trade, technical expertise, logistics or managerial assistance of technical; 2) The prime must fill its subcontracting requirements as specified by the SBA (Small Business Administration) and the funding agency. While the number varies the standard amount that must be subcontracted to small businesses frequently lands in the 20 – 28% arena of the total contract value. In addition to this amount the agency may insist upon quotas for the overall business operations (even those not covered by government contracting) that normally range from 1 – 5% of all purchases.

Size Doesn't Matter

As a Small Business Owners (SBOs) you may be wondering if you are too small to be a player in this market. While size can certainly play a factor in many arenas, when it comes to subcontracting with larger corporations your agility, management experience, and can-do attitude are far more important attributes

than your mere size. More to the point, most folks agree that perception of size is relative depending upon your point of view. In my earlier days with large corporations, I considered any company with less than \$1 billion in sales revenue to be "small." Today my perception of small is under \$1 million. Size is certainly relative.

Consider the quote below from Malcolm Margolis, founder of the publishing firm Heyday Books; beloved storyteller and exuberant celebrator of the San Francisco Bay Area's natural and cultural wonders. Some have compared him to Gandalf in The Lord of the Rings, some to a wise old rabbi with a good sense of humor, and yet others to Yoda in Star Wars. However you may choose to view him, his writings always cause me to pause and smile. I hope they do the same for you. Perhaps the quote below will ease any concerns you may have of how your company might be viewed by larger corporations.

"The next time it begins to rain... lie down on your belly, nestle your chin into the grass, and get a frog's-eye view of how raindrops fall... The sight of hundreds of blades of grass bowing down and popping back up like piano keys strikes me as one of the merriest sights in the world."

What, you may wonder, is the moral of the story above? Just this: No matter your size, there is an opportunity and a situation that can utilize your company's strengths, while providing the momentum to demonstrate your talents to the right

audience... just like the blades of grass. These opportunities are likely because requirements of the Small Business Administration require large corporations to determine which portions of their contracts can be subcontracted to small businesses. Once this is determined, the large corporations designate corporate staffers to seek out small businesses for this purpose. These positions are usually given the title of a Small Business Liaison Officer/Manager. It is to the eye of these SBO seekers that you must bow and bend to, like the blades of grass, in order to demonstrate your talents.

Why this opportunity exists

While the methods vary, most corporations spend a great deal of time seeking sufficient quantities of small business owners (SBOs) to fulfill their requirements. In so doing they may seek out Rotary, Kiwanis, or Lion's members; they may also speak with bankers who are in the local area, and yet many randomly visit small companies who may be found within chamber listings. In a nutshell, they are forced to lie on their bellies in a rainstorm and look for those blades of grass. I know this firsthand...because this was part of my job for almost two decades.

The three attributes you need

To become a Sub-to-the-Prime size really doesn't matter. Before you set your heart on being a subcontractor you will need to review your process and ensure that you can demonstrate that you possess the follow attributes:

- 1) You are a capable vendor,
- 2) You provide a superior product or service, and
- 3) You possess the ability to adapt to changing criteria.

Once you are certain you can demonstrate these attributes to the Small Business Liaison Officer of a larger corporation you will need to devise a marketing plan to locate them. Also available on this website is another article entitled "How to Find Prime Contractors".

With these three elements, you can become a Sub-to-the-Prime and benefit from government spending regardless of your size.

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