

## Subcontracting Resource Guide

Before you explore this tool, let’s get a quick insight into what it means to be a prime contractor or a subcontractor and how they work together. As a prime contractor, you’ll work directly with the government.<sup>1</sup> And if you’re a subcontractor, you’ll work for prime contractors instead of working directly with the government.<sup>2</sup> This means that, in terms of their working relationship, prime contractors manage subcontractors and the work they produce to make sure it meets the requirements defined in their contract.<sup>3</sup>

Some government contracts require that “other than small businesses” (OTSBs) work with a small business. This requirement generates opportunities for small businesses—like yours—to get involved in government contracting.<sup>4</sup> In addition, subcontracting is an excellent place to start before deciding if you are interested in pursuing a prime contractor role.

Now, explore the requirements, terms and resources that will help you better prepare to compete for subcontracts.

### Part 1: Checklist for Becoming a Small Business Subcontractor

Put an X in either the **Yes** or **No** box below to see if you meet the basic requirements to be a small business subcontractor for federal contracts.

No.	Question	Yes	No
1.	Is your business located in the United States (and “makes a significant contribution to the U.S. economy through payment of taxes or use of American products, materials or labor” <sup>5</sup> )?		
2.	Does your business qualify as small based on the <a href="#">size requirements</a> ?		
3.	Have you identified your North American Industry Classification System (NAICS) number?		

4.	Do you understand Federal Acquisition Regulation (FAR) requirements for small business subcontracts?		
5.	Have you researched and identified your target market?		
6.	Have you researched federal government contractors in your market and their suppliers?		
7.	Do you have a strong pitch and niche in the market that you are planning to contract in?		
8.	Have you researched what your competitors are charging for similar services?		

If you answered “No” to question 3, use the [SBA’s Size Standards Tool](https://www.sba.gov) at [www.sba.gov](https://www.sba.gov) or register in [SAM](#).

If you answered “No” to question 5, it’s a good idea to become familiar with FAR 19.7, Small Business Programs. Check out the link below.

- [FAR Subpart 19.7 Small Business Programs](#)

If you answered “No” to question 8, contact an APEX Accelerator, which will be discussed in the resources section below to explore options associated with evaluating competition.

## Part 2: Helpful Terms

This section covers some key terms you will want to learn before getting too deep into the subcontracting realm.

- **Procurement Classification Codes:** These are **two-digit codes** that are used to look for contract solicitations. They are divided into two groups. Groups A–Z represent **service groups** and Groups 10–99 represent **products**.
- **Set-aside contracts:** These are contracts that are for a particular socioeconomic demographic. There are two types of set-aside contracts. The most common one is a **competitive set-aside**, which means that at least two small businesses are capable of competing for the work. The less common contract type is a **sole source set-aside**, and these are awarded without going through the competitive bidding process. These are awarded when only one business can demonstrate that they can perform the work.<sup>6</sup> For more information on these different government set-aside programs, go to the next excursion and read **The Four Main Federal Government Contracting**

**Certification Programs: Find the One That’s Right for You! on Ascent**, which discusses the main certification programs that are available for these set-aside contracts.

- **SubNet’s Notices of Sources Sought (NSS):** These are the identification numbers created by larger business entities that are used for each solicitation on the SBA’s subcontracting network, [SubNet](#).

An OPPORTUNITY	A POSSIBILITY
Is the prime contractor searching for a business or individual to do work?  If so, then this is a <b>subcontract opportunity</b> .	Is the prime contractor looking for information, identifying a vendor’s capabilities, or do they have a contractual requirement to subcontract?  If so, then this is a <b>subcontract possibility</b> .

Being able to identify the difference between these two subcontracting terms will help you determine the amount of time and effort you will want to put into the endeavor.

### Part 3: Finding Subcontracts with the Right Resources

There are many resources available to help find the right subcontracting opportunity for your small business. Below is a list of some of the most comprehensive sites, directories and training programs.

- Go to the federal government agency’s **Office of Small Business Utilization (OSBU)**. Here you’ll...
  - Locate major federal government contractors.
  - Find out when they are going to have small business events.
  - Do some research to find out what the agency buys.
  - Research the agency’s small business goals.
- Use the **Dynamic Small Business Search (DSBS)**. This system can be used to search for procurement information<sup>7</sup> in multiple ways by using any or all of the wide range of criteria below:
  - Location
  - Ownership data
  - Federal certifications (e.g., SBA 8(a) certification)
  - Industry sector codes (e.g., NAICS, “Buy Green” NAICS)
  - Business type (e.g., manufacturing, construction, etc.)
  - Keywords
  - Minimum acceptable bonding level(s)

- Quality certifications (e.g., ISO-9000, etc.)
  - Security clearance
  - EDI capabilities
  - Unique identifiers (e.g., CAGE code, UEI, EIN, SBA customer number, etc.)
- **Federal Contract Opportunities:** This is a one-stop shop to find small business events and collaboration opportunities and identify potential prime contractors.
- **SBA's SubNet:** SubNet is a searchable database operated by the SBA that lists **active subcontracts** available. Search by NSS numbers or **solicitation (SOL)** numbers, by business directory, by state and by territory. Once you select a state and/or NSS/SOL number in the search results, you will get solicitation details such as:
    - Type of business solicited
    - Corresponding NAICS code
    - Solicitation contact information (name, phone number, E-mail)
    - SOL/NSS number
    - Performance start date
    - Solicitation closing date
    - Description of the solicitation request
    - File attachments (optional)
- **Directory of federal government prime contractors with subcontracting plans:** Use the information in this downloadable Excel spreadsheet to find the prime contractor's website to determine their subcontracting requirements. **Disclaimer:** The SBA doesn't advise that you contact a business to ask for or about subcontracting possibilities until you've already gone to the company's website to search for this information yourself.
- **APEX Accelerators:** This website can assist small businesses that seek contracts with the federal government, state and local governments, and government prime contractors. The majority of the help the Accelerators provide is free. This help includes:
    - Registration in systems such as SAM
    - Identification of contract opportunities
    - Understanding requirements
    - Preparation and submission of bids
- **Federal Contract Data Reports:** Use this site to research subcontracting possibilities by generating a report that includes federal government contracts that contain subcontracting plans. Subcontracting plans indicate that the contractor has goals to subcontract to small businesses.

## Conclusion:

Subcontracting can be a great way for your business to enter the government contracting arena. By partnering with a prime contractor, you can leverage their ability to win and manage large contracts. Plus, you'll gain valuable insight from their expertise.

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<sup>1</sup> U.S. Small Business Administration, *Prime and Subcontracting*, <https://www.sba.gov/federal-contracting/contracting-guide/prime-subcontracting> (accessed June 21, 2019).

<sup>2</sup> Ibid.

<sup>3</sup> Ibid.

<sup>4</sup> Ibid.

<sup>5</sup> U.S. Small Business Administration, *Size Standards*, <https://www.sba.gov/federal-contracting/contracting-guide/size-standards> (accessed July 2, 2019).

<sup>6</sup> U.S. Small Business Administration, *Set-Aside Contracts for Small Businesses*, <https://www.sba.gov/federal-contracting/contracting-guide/types-contracts#section-header-0> (accessed June 12, 2019).

<sup>7</sup> U.S. Small Business Administration, *Help Page, Optimizing Search Results*, U.S. Small Business Administration, [http://pro-net.sba.gov/pro-net/search/dsp\\_search-help.cfm](http://pro-net.sba.gov/pro-net/search/dsp_search-help.cfm) (accessed July 2, 2019).