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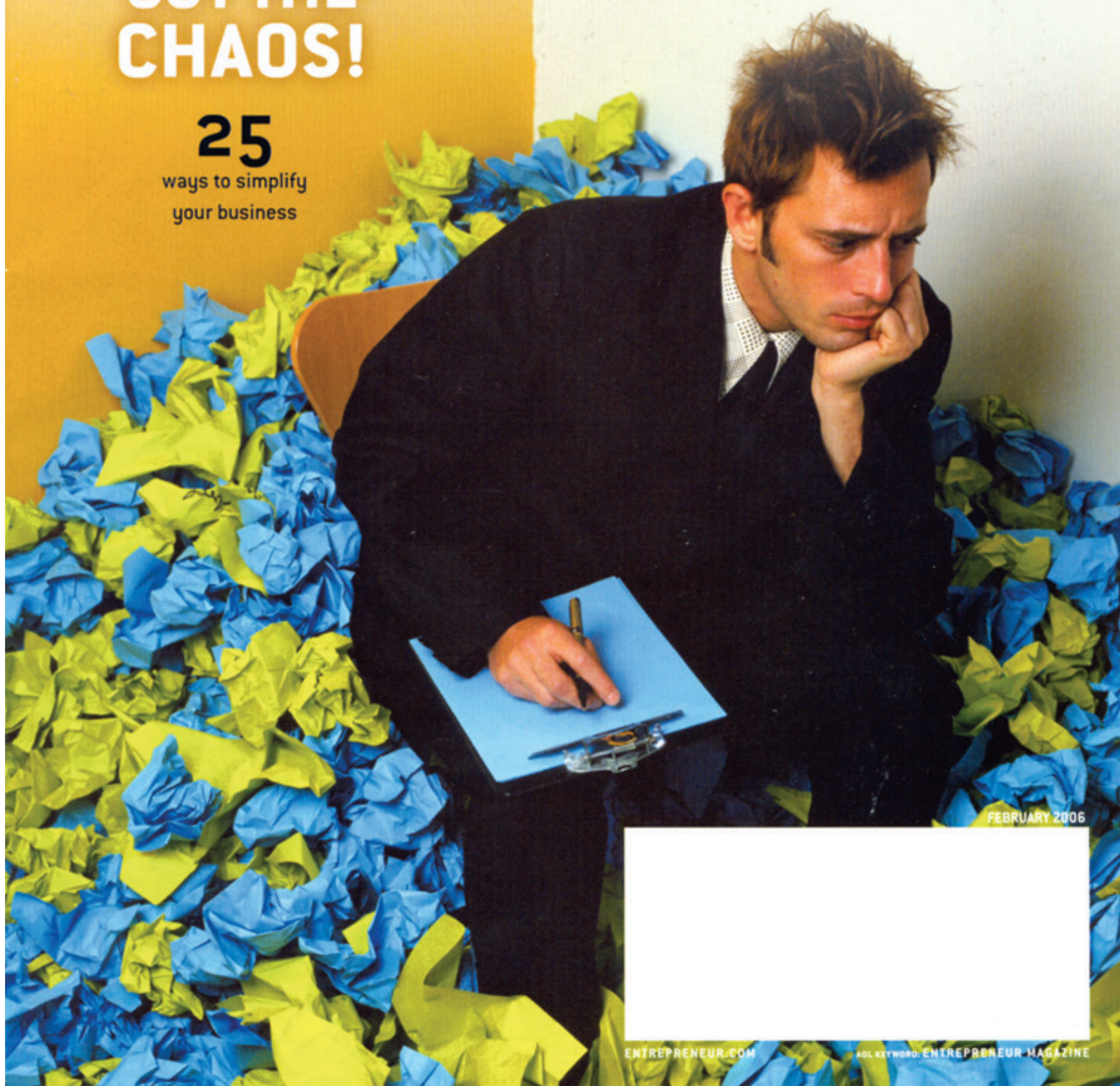
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bership, the vast majority want to get federal contracts, yet 80 percent say they wouldn't try" because they think the system is still rigged, says Barbara Kasoff, co-founder and president of Women Impacting Public Policy, a non-profit, bipartisan public-policy advocacy organization. "They just don't have the energy to go through the complex maze [of contracting]."

Alan Castillo understands the feeling. "When you're researching contracting, you may start to get the details of it and see the risk is too high," says Castillo, 37, founder and president of Phoenix-based Castillo Technologies, a provider of IT services to public-sector and business clients.

"So many things stack up against [the] little guy," agrees Abe Abraham, founder and president of CMI Management Inc., an Alexandria, Virginia, company that provides maintenance and operations support for private-sector and government clients. Abraham found that, even after he got approved as a potential government contractor, he was constantly aced out by larger firms.

Befriending the Giant

Despite the obstacles, some savvy small companies have played the contracting game well. After his initial frustration, Abraham eventually won contracts by hiring a full-time proposal writer. "You [need to] get the capital to have people focused on contracting full time," says Abraham.

Similarly, Cecelia McCloy, 51, president and CEO of Integrated Science Solutions Inc., a 55-person Walnut Creek, California-based science and engineering company, has been so successful, she now does about 95 percent of her business with federal government-related entities. Today, the company, which was founded in 1999, boasts over \$7 million in 2005 revenue.

McCloy follows a specific formula. She avoids contracts with international components, which can require high security costs. And she rarely attempts to get a main, or "prime," contract, instead accepting smaller subcontracts given out by big companies with prime deals—companies that can also teach her more about contracting. (See "The Subcontracting Path" on page 70.)

Most important, McCloy doesn't bid on contracts when she knows she doesn't have a shot at winning them. "You need to investigate—look at who the incumbent contractors are," she says. McCloy either speaks with federal procurement officers or accesses



Write stuff: Hiring a full-time proposal writer helped Abe Abraham win contracts.

the federal database of contracts maintained by the General Services Administration (www.gsa.gov), an agency that oversees procurement.

Judith Nelson, director of government contracts at EZGSA, a Bethesda, Maryland, consulting company focused on small-business contracting, says smart entrepreneurs also get a GSA schedule—a contract that paves the way for government agencies to do business with you. Normally, small companies identify what type of GSA schedule they should get—there are different schedules for different types of companies—and submit an offer to get one. The GSA evaluates the companies, but it often takes four to eight months to do so. "Getting a GSA schedule takes so long, there's a huge backlog of people trying to get [one]," says Castillo. (When *Entrepreneur* called to inquire about the lengthy waiting period, the GSA took several months to respond, then failed to make any officials available to speak.)

Successful contractors also focus their energies on federal agencies known to welcome entrepreneurs. "It comes down to people, and the people at the Department of Homeland Security are active in trying to ensure small business plays a role," says Murphy of Eagle Eye. Entrepreneurs also praise the Air Force, the EPA and NASA for their outreach efforts to small businesses.

Other entrepreneurs team up with peers to create larger consortiums that can compete with big corporations to claim a prime contract. Trade groups and contracting events can facilitate this collaboration. The U.S. Women's Chamber of Commerce, for example, holds an annual Women's Federal Contracting Summit, and the National Women's Business Center has launched the Procurement Institute, a contracting academy that teaches small companies how to anticipate government contracting cycles.

While many more changes are still necessary for small companies to compete, the SBA is attempting to move things in the right direction. It has launched Business Matchmaking, a kind of speed-dating program for small contractors: Small-business owners and government officials meet in a large room, pair up at tables, and then rotate from table to table every 15 minutes at the ring of a bell. This gives businesses a chance to offer their proposals to several procurement officers at once. The SBA says it is also more closely monitoring its database of small contractors to weed out oversized corporations.

The SBA's new size standards, too, could mean a brighter future for small contractors, though some entrepreneurs worry the standards will set the bar too high, allowing relatively large firms with tens of millions in revenue to qualify. Abraham also points out that a provision forcing companies to renew their size status every year could add red tape and confusion to the process. They're valid worries, indeed, but at least entrepreneurs now have some changes to look forward to—and some hope that they'll one day get their fair share of contracts from Uncle Sam. ■

JOSHUA KURLANTZICK is a writer in Washington, DC.

ONLINE EXCLUSIVE: Go to www.entrepreneur.com/contracting for a list of helpful government resources and small-business-friendly government agencies looking for subcontractors.

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