

## GUIDELINES FOR GOVERNMENT PROCUREMENT AND MARKETING

### SUMMARY

Contracting with the Federal Government can be an important source of business for the tooling and machining company. Government business is good business. Its policy recognizes the need to attract the best industrial capabilities to meet its needs. Its profit policy reflects this need. However, selling to the government is different from selling to your commercial customers. You, the contractor, must abide by certain rules. If you don't, you may not get the contracts, or, if you do get the business, you may find yourself in unnecessary trouble. The basic contracting rules for all Federal Government agencies are set forth in the Federal Acquisition Regulation (FAR). Additional rules unique to Department of Defense contracting are set forth in the DoD FAR Supplement. Many public libraries subscribe to these regulations. DoD purchasing offices and contract administration offices maintain copies to which you may refer. The government is searching continuously for additional suppliers for its vast array of needs. Thus, great business opportunities are waiting for competent suppliers. This BMA describes the more important techniques of seeking out and obtaining government work.

### AGENCY SELECTION & VISIT

To sell to the Federal Government, business firms must first identify those agencies and offices which buy the supplies or services the firm has to offer. There are one or more defense procurement offices in virtually every major city, and these offices provide information and guidance to business firms. Initially, it is suggested that you visit those procurement centers which are within reasonable commuting distance of your firm for familiarization.

### COMMERCE BUSINESS DAILY

The Commerce Business Daily (CBD) is a valuable source of information to identify products and services that individual procurement offices plan to buy. The CBD not only lists the invitation for Bids (IFB), Request for Proposals (RFP), and Request for Quotations (RFO), but it periodically lists advanced procurement information on upcoming procurement, pre-award surveys, up-to-date contract awards and surveys, and the sale of surplus equipment and machinery. The CBD is published by the Department of Commerce and may be purchased by means of an annual subscription. Subscription fees vary according to means of delivery (first class versus slower postal rates). For current subscription rates, check with your nearest U.S. Department of Commerce Office listed in your local telephone directory under "U.S. Government," or write the Superintendent of Documents,

Commerce Business Daily, Government Printing Office, Washington, D.C. 20402-9373.

### SMALL BUSINESS ADMINISTRATION REPRESENTATIVE

The Small Business Administration (SBA) works closely with the principal purchasing agencies of the Federal Government in developing policies and procedures that will lead to increased contract awards to small business concerns. Small business is, by definition, any firm whose total employment, including affiliates, is less than 500. The SBA Administrator provides a large range of services to individual small businesses to help them obtain and carry out government contracts. The following are some of the important ways in which the agency assists small business concerns:

1. SBA procurement center representatives are stationed at major buying centers of the Federal Government to assist small business firms with contracting problems and advise them on how to do business with the government.
2. The SBA encourages and assures that the major government purchasing agencies set aside suitable government purchases for award to small business concerns on a competitive basis.
3. The SBA may request changes in specifications that are too restrictive, initiate breakouts on sole source pur-

chases, and review and evaluate the overall small business programs of government procurement.

4. Through its Certificate of Competency Service, SBA provides an appeal procedure for the small businessman who faces loss of a government contract award because the purchasing office believes he lacks the necessary financial means, and/or the technical competency to meet the contract requirements.
5. SBA Field Offices help bring together government prime contractors in need of subcontractors, with small businessmen who have the required expertise and facilities.

### **BID BOARD-INSPECTION OF AVAILABLE BID PACKAGES**

All procurement offices have reception areas (sometimes called Contractor Relations Offices). The designated Small Business Representatives will introduce you to the nature of the procurement processes peculiar to each particular agency. Current advertised bids are posted at these locations. Take the time to review and inspect one or several of the bid packages or bid sets posted on the board. Office personnel at these locations can be helpful by assisting you in reviewing the packages attached to those bids posted on the board.

In most cases, the drawing packages are reproduced on microfiche aperture cards. Readers with viewing screens are usually available at the various procurement agencies to review the data packages. Periodically a bid set should be ordered to become familiar with the technical content, bid rules, and contract terms. This is a good exercise to prepare for making bid versus no-bid decisions.

### **FILING BIDDERS APPLICATION LIST - FORM 129 & DD 558-1**

After learning which agencies buy the items he can best supply, the plant owner should ask the agencies for the forms necessary to have his firm put on their bidders lists. In answer to a request for listing, the civilian purchasing agencies will send a Standard Form 129 (Bidders Mailing Application List). In addition, the military procurement agencies will send a DOD Form 558-1, known as the "Bidders Mailing Application List Supplement." The purchasing agency will also send a list of products and services it buys.

Before filling out item 8 on Standard Form 129, check with the appropriate military command and request the listing of commodities they purchase with the identification code numbers for each. If the procurement office does not send a list of items, or if the list does not include the exact products or services your firm can furnish, attach a separate sheet showing the specific types of products or services your firm is currently producing or has the capacity to produce. The filling of Form 129 does not cover all government agencies. A separate Form 129 should be filed with each agency or procurement center with which your firm wants to do business. Example - If you file with Picatinny Arsenal in Dover, New Jersey, don't expect to receive bid packages from Rock

Island Arsenal in Rock Island, Illinois, because they are both part of the U.S. Army Armaments, Munitions and Chemical Command - each center may procure only from its own lists.

### **PROCUREMENT AUTOMATED SOURCE SYSTEM (PASS)**

A newer method developed by the SBA allows small companies to have access to over 3,000 federal procurement offices, as well as to many prime contractors with only one registration. Called the Procurement Automated Source System, or PASS, the system is computer-based and uses information provided by vendors themselves in a "company profile" questionnaire to match capabilities with contract demands. To register with PASS, request an SBA Form 1167 from your nearest SBA office or write U.S. Small Business Administration, Procurement Assistance, 1441 L Street, N.W., Washington, D.C. 20416.

Within the application form is space for a description of the company's capabilities. These sections are scanned by a computer for KEY WORDS. Thus it is important that this section be filled in accurately.

### **ADVANCE PLANNING AND PROCUREMENT INFORMATION**

Each of the military services has a format APPI system. All steps in the procurement are planned in the pre-solicitation stage. Responsibilities are assigned, the length of the program and the schedule is established, and the cost is estimated.

A good example of this system is the Army's APPI for which any given item is packaged into a single sheet form which includes pertinent historical and descriptive facts, current fiscal year procurement action, total annual quantities required, monthly production rates, past pricing, availability of technical data, previous sources, anticipated methods of procurement, and the Army's planned procurement in following fiscal years.

This information is synopsisized in the Commerce Business Daily, and is available for inspection in the Contractor Relations Office at the various procurement agencies. The APPI may be mailed to those on the bidders list, or it may be released by the other Army/Industrial Material information Liaison Officers (AIM-ILO) to industrial sources alerted by the CBD synopsis of this information.

### **MILITARY SPECIFICATIONS**

Specifications for items used or being procured by various government agencies are usually available at the appropriate procurement offices. Any specification or standard mentioned in a DOD contract or IFB can be obtained at no cost by addressing a request or by submitting DD Form 1425 to the Naval Publications and Forms Center, 5801 Tabor Avenue, Philadelphia, Pennsylvania 19120-5099 or telephone, area code 215-697-3321 or 215-697-3323. The contract or IFB should be cited and the particular specifications desired should be identified by number and title in your request. This

Navy Center is principal stock and distribution point for these publications. Engineering data, blueprints, drawings, and technical information regarding the standardization documents should be requested from the appropriate contracting officer.

### **ADVERTISED AND NEGOTIATED BIDS**

There are two methods of procurement: Formal Advertising and Negotiation. Formal advertising is preferred when requirements are well defined and firm, and there is adequate competition. It is used primarily for the procurement of supplies and services not in the Research and Development stage (R & D). These procurements are advertised in the CBD.

When making a purchase by Formal Advertising, a purchasing office sends the "Invitation for Bid" (IFB) to those firms listed on its bidders list for that particular item. If a particular bidders list contains an unusually large number of qualified bidders, the purchasing office may send invitations to only part of the list each time it makes a purchase. This rotation process is continued with subsequent procurements until each listed firm has had an opportunity to bid on that category of hardware.

In most instances, bid packages are dispensed on a first come, first served basis. Firms respond with a formal bid or quotation. All bids must arrive by a deadline and are opened at the same time. The contract is then awarded to the lowest responsive bidder, one who is responsible and whose bids are the most advantageous to the government, price, quality, and other factors considered.

Government purchases may also be made by negotiation with qualified suppliers and without formal advertising for bids. For example, a purchase may be made by negotiation if it is not possible to draft adequate specifications or if the item is of an experimental, developmental, or research nature.

In purchasing by negotiation, the procurement office also uses its bidders list for the particular item or service it is requesting. The office asks for price quotations or proposals including detailed analysis of estimated cost or other evidence of reasonable prices. These "Request for Proposals" (RFPs) are sent to a similar number of suppliers so that the purchase will be made on a competitive basis.

The procurement team then evaluates the proposals, and negotiations are initiated with those firms considered best qualified. Negotiations cover all facets of the procurement—price, profit, performance, specifications, and schedules are analyzed. The winning firm receives the award on the same terms as in advertised procurement. That is, to the best advantage of the government—price and other factors considered. Remember, in most instances both the Invitation for Bid (IFB) and Request for Proposal (RFP) are synopsized in the Commerce Business Daily well in advance of the release of the technical data packages. In that way, the firms are prepared in advance to handle or respond to the proposal effort when it arrives.

### **TYPES OF GOVERNMENT CONTRACTS**

Predictability is the key factor that determines the type of contract utilized by the government. If the requirements are well established and the outcome predictable, some form of fixed price contract is specified. If the outcome is uncertain, however, a cost reimbursement contract would be specified, and the government would bear a fair share of the risk. The essential difference is that under a fixed price contract the contractor guarantees that he will comply with all contract requirements, while in cost reimbursement types he will only promise his best efforts. The following is a condensed description of the major types discussed above:

1. Fixed price contracts provide for a firm price. Maximum risk is placed on the contractor. Following are the common types:
  - (a) Firm Fixed Price. The contractor agrees to meet all requirements for a set price. The contractor assumes all risks.
  - (b) Fixed Price With Economic Price Adjustment. The contractor is compensated for unpredictable labor rates and material costs, but, as with firm fixed price contracts, he's still liable for all other risks. These usually apply only to long term contracts.
  - (c) Fixed Price incentive. A target cost is established and the profit hinges on the contractor's achievements with regard to final cost schedule and/or performance.
2. Cost Reimbursement Contracts are most commonly used for procurement of R&D. Also, they may appear in a production contract in which the specifications are not firm or are to be determined. The government monitors this contract very closely, requiring that the contractor have an acceptable accounting system. Typical examples are:
  - (a) Cost Plus Fixed Fee. The contractor is reimbursed for all costs determined to be fair, within the scope of the regulations, and applicable to the job. In addition, he is paid a predetermined fee.
  - (b) Cost Plus Award Fee. This type provides for cost reimbursement with the fee determined as a result of an evaluation of the contractor's performance upon termination. The basis for evaluation is established by the contract in advance.
3. Other Types of Contracts. There are special situations other than those discussed above that usually pertain to R&D procurement.
  - (a) Time and Material Contracts. These provide for payment for time and materials expended. There is a profit based on a percentage of the work done and a ceiling that the contractor can exceed only at his

own risk. These contracts are used only when the amount of work required and the cost are highly unpredictable.

- (b) **Basic Ordering Agreements.** These relate to contract clauses to be negotiated at a later time. An example is the negotiated clause for the ordering of spare parts under a provisioning agreement.
- (c) **Letter Contracts.** R&D contracts, when the requirement is urgent, usually fall in this category. The letter enables the contractor to start work, order parts, and make expenditures under limited, defined, partial funding. Formal negotiation of the contract takes place as soon as possible.

## **TWO-STEP FORMAL ADVERTISING**

This procedure is conducted in two phases. The purpose of the first step is to qualify bidders for competition and to clarify requirements. The second step consists of a formally advertised procurement confined to those bidders who submitted acceptable technical proposals in the first step.

**First Step.** Qualified sources are requested to submit technical proposals. These technical proposals are submitted without price. They include, among other things, the engineering approach, special manufacturing processes, special testing techniques, producible plans, facilities to be used, and other matters.

After evaluating the technical proposals, the contracting officers and government engineers determine the acceptability of those submitted. Unsuccessful bidders are then notified, leaving the stage set for the second step.

**Second Step.** Prices are solicited from bidders whose technical proposals were judged acceptable during the first step. This phase of the procurement is conducted in accordance with conventional, formal advertising procedures with contract award to the lowest responsible bidder.

## **PRE-AWARD SURVEYS**

Pre-award surveys are conducted to determine the technical and financial ability of a firm to perform a contract successfully. These are a necessary safeguard for the protection of both the government and the contractor, as they serve to reduce to a minimum the possibility of termination, default, or delinquent deliveries. In all cases, pre-award surveys are requested by the contracting officer and apply not only to planned procurements of major end items, but to procurement of relatively low dollar value items such as spare parts and support equipment which usually come within the range of small business.

These surveys will normally be conducted by the local Defense Contract Administration Services Representative (DCASR). The objective of the pre-award survey is to determine the ability of a firm to be responsive in the following areas:

- Is the firm a recognized or capable manufacturer of the item or commodity to be procured?

- Does the firm have, or can it secure, adequate financial resources? Ordinarily a notarized financial statement from the bank or auditor is all that is required.
- Does the firm have the necessary experience and technical qualifications, and can it acquire all the facilities and equipment necessary to fulfill this contract successfully?
- Is the firm able to comply with the required delivery or performance schedule?
- Does the firm have a satisfactory record of performance, integrity judgment, and skill?

The specialists comprising the award survey team are expected to maintain a high standard of conduct at all times during the course of the plant visit. They are also required to make every effort to qualify the prospective contractor as long as the best interests of the government are not jeopardized.

## **BID VERSUS NO BID DECISIONS**

Once an invitation to bid has been received, the contractor must decide: Bid or no bid. Proposal preparation consumes the time of the best people in the organization and is expensive. Obviously, these expenditures must not be wasted on invitations of small chance. This decision, in essence, lies in the hands of management, sales, and estimating, since they specialize in the various product lines covered in the data package. Listed below are some of the factors which should be considered prior to submitting a bid:

- Can you compete?
- Who is the competition?
- Does the competition have an advantage through earlier participation?
- Is this proposal “wired”? That is, are the specs impossible to meet? Is the schedule unreasonable? Is there a very short turn around time?
- What type of contract is it? High or low risk?
- Do you have the support needed for special requirements such as quality control and configuration management?
- What are the facilities requirements?
- Do you have the necessary personnel, skills, and expertise to be responsive and profitable?
- Is your cash position and/or available working capital adequate?
- Is this a labor surplus or small business set aside? Whatever the decision, it must be made quickly. The time for response averages about 30 days.

## **CONTENTS OF INVITATION TO BID PACKAGE**

Depending upon the scope of the projected procurement, the bid package may consist of only a few pages or it may be a stack a foot high. Whatever the size, the content is pretty standard, and the following is a list of what it usually contains:

1. **Letter of Transmittal** - This extends the invitation, tells when the proposal is due, and how many copies are

- required. It names the people in charge of the procurement, and lists the documents comprising the bid package.
2. **Standard Solicitation Forms** - These are used for procurement by advertising or by negotiation. These forms set forth the who, what, when, where, and how type of information common to most procurements. That is, who issued it, what is required, when it is to be delivered, etc. These forms may also provide for bidders, Representations and Certifications that cover small business status, type of organization, bidder's affiliations, etc.
  3. **General Provisions** - This attachment lists the Federal Acquisition Regulations provisions to which the bidder must conform. These provisions apply to fixed price and cost plus type contracts. Companies wishing to do business with the Department of Defense on a regular basis are advised to become familiar with these regulations.
  4. **Schedule** - This may be attached to the Standard Solicitation Form. It tells what is to be delivered, how it will be delivered, and when it will be delivered.
  5. **Purchase Description (Statement of Work)** - This sets forth the technical requirements to which your firm must respond. More than any other factor, your responsiveness to this statement determines whether or not the contract will be won. The purchase description will contain the following elements:
    - (a) **Scope of Work** - This provides a brief summary of the objectives of the task, together with a description of the required equipment or services.
    - (b) **Applicable Documents** - These are usually military specifications (Mil Specs) and standards.
    - (c) **Requirements** - This is a detailed listing of factors covering performance, electrical and mechanical design, reliability, and maintainability related to a particular proposal package.
    - (d) **Quality Assurance Provisions** - These may be based on Mil-Q-9858A.
    - (e) **Delivery Preparations** - This describes packaging, packing, and delivery requirements.
  6. **Contract Data Requirements List** - Bidders must complete DD Form 1423 which lists all data called out by title, frequency and dates of submission, and quality required.
  7. **Security Requirements Check List** - This applies only to classified contracts and necessitates completing a special questionnaire (DD Form 254) which will be included if applicable to the contract.
  8. **Cost and Price Analysis for Contract Negotiation** - This requires completing DD Form 633-4 which provides detailed information on costs adequate to support quoted or proposed pricing.
  9. **Basic Solicitation Forms** - For advertised procurements two basic government solicitation forms are used: The long form and the short form. Below are the components of these procurement forms:
    - (a) **Advertised Procurements (Long Form)**
      - (1) Standard Form 30 - Invitation and Bid
      - (2) Standard Form 31 - Schedule
      - (3) Standard Form 26 - Award
    - (b) **Advertised Procurements (Short Form)**
      - (1) Standard Form 33 - Invitation, Bid, and Award
    - (c) **Negotiated Procurements**
      - (1) Standard Form 18 - Request for Quotation
      - (2) DD Form 746 - Request for Proposal and Proposal
      - (3) DD Form 746-2 - Notice of Acceptance

## PROPOSAL PREPARATION

When the opportunity arises to submit a bid, the plant owner should prepare his bid with the greatest of care. The result of an award based on an erroneous bid will be serious financial loss. Carefully study the invitation and any amendments. Remember, the government is not obligated to ensure a profit. Watch closely for any special conditions relating to materials, packaging, packing, and delivery which may appear on a supplementary sheet to the Invitation for Bid (IFB), and which may vary from the printed standard instructions.

Extreme attention should be given to cost estimating. Listed below are some typical cost estimating factors which should be considered prior to submitting a bid:

- Start-up and non-recurring costs.
- Prevailing labor and salary rates with provision for possible rate increases if the contract will cover a long period of time.
- Profit desired.
- Learning curves for labor, salaried personnel, and material (scrap rate).
- Overhead burden and overhead trend.
- Make or buy decisions on sub-components; prices and availability of supplies, materials, etc. Availability of government furnished equipment, material, and facilities.
- Long range potential ... option quantities and spares provisioning.
- Hiring costs of qualified personnel. Current workload and production commitments.

It is important to minimize the cost of publishing your proposal. The Federal Acquisition Regulation states that unnecessary elaborate brochures or other presentations beyond that sufficient to present a complete and effective proposal are not desired and may be constructed as an indication of the offerer's lack of cost consciousness. Elaborate art work, expensive paper and bindings, and expensive visual and other presentation aids are not necessary nor are they wanted.

Your proposal or bid must be received by the purchasing or procurement office on or before the specified date. Late

In addition to the information described above, the government may inquire as to the need for financing and progress payments, whether the contractor is located in a labor surplus area, and whether he needs government-furnished equipment or facilities:

receipt will disqualify your bid. If you should wish to “modify” or “withdraw” a bid you have already submitted, you may do so by writing or telegraphing a notice to the procurement officer prior to the bid opening.

## **CONTRACT NEGOTIATION AND TERMINATION**

Making a profit on government work depends to a great extent on understanding the terms of the contract. Complete understanding of the contract terms and ability to meet those terms and conditions will produce a profit. Don't get in over your head. Study the contract forms set out in the Invitation For Bid very closely.

Some contractors tend to concentrate on what seems to them to be of major concern, (such as delivery of hardware) while failing to deliver reports and other data on time. The government considers all items of equal importance, and failure to meet any requirements weighs against the contractor in the final evaluation of this performance.

**The Contracting Officer -** The Contracting Officer is the only government employee authorized to financially obligate the government on a particular contract. He may be a military officer or a civilian. As the designated representative of the department that negotiated the contract, the Contracting Officer administers it and authorizes changes if necessary. Because the Contracting Officer is the only person authorized to commit the government financially, be careful when other government personnel give supplemental instructions. Often, while performing on a contract, you will receive instructions from persons other than the Contracting Officer. Government audit personnel, government inspectors, government quality control personnel, one or all, may monitor your contract. The point to watch for is that they may instruct you to do things which may not be required by your contract. Promptly notify the Contracting Officer when instructions from a third party may have an effect on cost, schedule, or performance. Become thoroughly familiar with the Change Articles in your contract.

**The Government's Right to Audit -** Generally, negotiated contracts for more than \$100,000.00 have clauses which give the Defense Contract Audit Agency (DCAA) the right to audit that portion of the contractor's books and records directly pertinent to the performance of the contract. All negotiated contracts are subject to DCAA audit. However, all contracts negotiated and advertised, are subject to Government Accounting Office (GAO) audit for a period of up to three years after the date of final payment.

**The Government's Right to Terminate Contract -** One of the differences between a government contract and the private contract is the government's absolute right to terminate. Unlike most commercial contracts, the government reserves the right to terminate for convenience, if the product becomes unnecessary. Of course, default on the contractor's part is always grounds for termination. In some cases, contracts are canceled by default because the contractor has failed to comply with important requirements of the contract. In other cases, contracts are canceled because of changes in the government's material requirements.

**Profit Policies on Negotiated Contracts -** The government's objective is to ensure the contractor a fair profit on negotiated

procurement. Even though government and industry do not always agree entirely on what is a reasonable profit, the following statutory profit limits will prevail:

1. Profit limits on negotiated fixed price contracts generally range from 8% to 15% of the total negotiated cost.
2. Profit limits on cost plus fixed fee R&D contracts are fixed at a maximum of 15% of estimated cost.
3. Profit limits on cost plus fixed fee supply contracts are fixed at a maximum of 10% of estimated cost.

## **SALES LITERATURE AND SOURCE FILING**

Procurement agencies keep source files containing the qualifications of potential bidders. Sales materials, such as brochures, specification sheets, and other capability sheets are kept on file to establish in greater detail the vendor's qualifications.

Those who qualify are placed on the source list. The source list is a list of qualified potential contractors who as a result are placed on the bidders list to receive IFBs and RFPS. The basic form for establishing qualifications is, of course, the Standard Form 129 (Bidders Mailing List Application). However, sales literature should be submitted to augment every bidders mailing application list filed with each procurement agency. Whenever you contact any government procurement office, you should make available a copy of your sales brochure to contracting and technical personnel at that office.

It is suggested that the sales brochure incorporate the following minimum items:

- Organization name and location.
- Major contracts completed.
- Type of work for which your firm is especially qualified.
- List government or commercial contracts previously undertaken. Show, if possible, the contract number and briefly describe the type of work performed.
- Names and qualifications of your key employees as well as outside supporting consultants, and other engineering personnel. Also include the names of business connections.
- Plant description, its production equipment, laboratory and test equipment, and special R&D equipment and tools. Any special certifications for quality control or metrology should also be prominently mentioned.
- A current financial statement.
- If your facility has received security clearance, indicate it.

## **MARKETING INFORMATION SOURCES**

There are two major sources of marketing or sales information: Open and intelligence.

Open source information are those regular communications, bulletins, etc., disseminated by the government to all customers. This source is open to every interested party. Some examples are: The Commerce Business Daily, APP publications; bidders conferences; advanced industry planning briefings; and DOD five-year plans.

Intelligence information is equally if not more important and valuable than the open source information. Intelligence information are those facts which can be developed by your sales representative only after establishing a strong rapport with key government procurement personnel. Once you have established a good reputation and rapport with these people, valuable information will be available. By astute accumulation and assimilation of this information you will know in advance of specific advance planning procurements. The government procurement community is little different from the commercial procurement community-get to know the sources and valuable marketing information will be yours.

### **SMALL BUSINESS AND LABOR SURPLUS SET ASIDES**

The Small Business Act encourages the placement of contracts with small business firms. And the Federal Acquisition Regulation provide that entire procurements be set aside exclusively for small business.

There is a small business and economic utilization adviser located at the procurement office in your local area to assist you to participate in this type procurement. The role of these advisers is to aid labor surplus area firms by encouraging the placement of supply contracts with firms who will perform such contracts in areas currently designated as having substantial labor surplus.

The government is prohibited by law from paying a price differential to relieve economic dislocation including unemployment conditions. However, portions of certain procurement may be reserved or set aside for exclusive negotiation with firms in areas designated as having substantial labor surplus. Preferential treatment is accorded to small firms in awarding the set aside portion.

### **SUBCONTRACTS FROM PRIME CONTRACTORS**

The Small Business Administration not only tries to increase the volume of government prime contracts awarded to small business firms, but it also makes a concerted effort to increase the percent of subcontract awards to the various small business firms by government prime contractors. Remember that the government subcontracting program provides and dictates that small business firms be considered fairly as subcontractors and be afforded an equitable opportunity to compete for government prime contract requirements.

The SBA representatives at the various procurement agencies are there to ensure that the prime contractors set aside a reasonable share of their contract dollars to responsive small business firms. The SBA procurement specialist can direct prime contractors to small concerns which have the desired facilities, expertise, and skills necessary for them to fulfill their contractual needs.

Many large prime contractors have Small Business Liaison Officers (SBLO's) whose job it is to see that small companies have an opportunity to obtain a share of subcontract work. These individuals are employees of the contractor, not the government, and can offer help to small firms wishing to do business with the "prime."

Firms should make it a point to contact potential primes, who are preparing proposals, with the intention of submitting quotations for subcontracting. In most instances, firms will supply similar quotes to other primes responding to the same proposal effort. The Commerce Business Daily is a good source of information on what systems proposals are being released and to whom the data packages are being sent. Contact the prime contractors and sell your capabilities they are excellent potential customers as well.

### **PURCHASING SURPLUS GOVERNMENT PROPERTY AND EQUIPMENT**

The Federal Government sells large quantities of many kinds of real and personal property including critical and strategic materials in the stockpile when it becomes surplus. To market its surplus personal property, the Defense Logistics Agency has established the Defense Reutilization and Marketing Service, which maintains Defense Surplus Sales Offices throughout the country. Each of these offices issues invitations to bid which include:

- Notices of sale.
- Brochures describing the item(s) for sale.
- Time and place of inspection and sale.
- Method of sale.
- Terms and conditions upon which the proposed sale will be conducted.

If a firm wants to buy surplus property on a continuing basis, it should communicate directly with the Defense Reutilization and Marketing Service, P.O. Box 1370, Battle Creek, Michigan 49016-1370, and describe the kind of surplus property (for example, machine tools), desired, and geographical areas convenient for inspection. Most surplus property is normally sold on a competitive, sealed bid basis to the highest acceptable bidder.

A bidder should always inspect the property carefully before bidding in order to satisfy himself as to its condition, worth, and future usefulness in satisfying his business needs. The scheduled sale of this equipment, particularly machine tools, is widely publicized on a daily basis in the Commerce Business Daily.

**This BMA was prepared by the NTMA  
Government Affairs Department.**