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# SAM.gov and US Government Contracts

How a small business wins federal tenders

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CHAPTER 1

# The US Government Procurement Market: $700 Billion a Year

The US federal government is the largest buyer in the world. Every year, federal agencies spend more than $700 billion on goods and services from private companies. That is more than the GDP of the Netherlands. And by law, at least 23% of that money must go to small businesses, which means $161 billion for companies in the small business category alone.

Why most entrepreneurs ignore this market: it seems complicated, bureaucratic, and open only to insiders. That is a myth. The US government procurement system is one of the most transparent and well-documented in the world. Every contract is published. Every requirement is public. Every tender winner is visible. The real barrier is knowledge of the system, not connections.

The key platforms: SAM.gov (System for Award Management) is the single registry of suppliers and the place to search for contracts. Registration in SAM.gov is mandatory for anyone who wants to work with the federal government. USASpending.gov is a database of all awarded contracts (who got money, how much, and for what). SAM.gov/opportunities is the bid board, open to everyone.

Types of procurement: contracts are direct payment for goods or services. Grants are funding for activity that does not require a direct deliverable. Cooperative agreements are a hybrid format. This book focuses on contracts, the most accessible format for a small business.

Who buys: the Department of Defense (DoD) is the largest buyer, with 35%+ of all procurement. The General Services Administration (GSA). The Department of Health and Human Services (HHS). NASA, the Department of Energy, the Department

of Homeland Security. Each agency has its own contracting office and its own priorities.

Why this is realistic for a small business: set-aside programs reserve contracts for small companies only. “Big” companies cannot participate. For contracts up to $250,000, competition is minimal. Many contracts are awarded on a “sole source” basis, a direct award without a tender, to companies that already have a preferential status.

What you need to get started: register in SAM.gov, get a UEI and a CAGE Code, understand your NAICS codes, get a Small Business certification, and write a Capability Statement. All of this can be done in 2–4 weeks.

Realistic expectations for the first year: most new government contractors win their first contract 6–18 months after registering. The first contracts are usually small ($5,000–$50,000). They give you Past Performance, the experience that is critical for large tenders. After 2–3 years of active work, it is realistic to reach $500,000–$2M a year from government contracts.

CHAPTER 2

# SAM.gov Registration, Step by Step

SAM.gov (System for Award Management) is the federal platform without which you cannot receive a single government contract or grant. Registration is free and takes 1–2 hours, but you need to do it carefully, because errors in the data can block your company.

What you need before you start: an EIN (the company's tax number from the IRS). A DUNS Number, or be ready for SAM to assign a UEI automatically during registration. Bank account details (ABA routing number, account number) to receive contract payments. The company's legal address. Information about the ownership structure (who owns more than 25%).

Creating an account on login.gov: SAM.gov uses login.gov for authentication. Create a login.gov account with your email. Turn on two-factor authentication; it is mandatory. Then sign in to SAM.gov through login.gov.

The Entity Registration process: Purpose of Registration: choose "Federal Assistance Awards" and "All Awards" if you want both contracts and grants. Core Data: the legal name exactly as in the state's documents. A physical address (not a PO Box). The EIN and business type (LLC, Corporation, etc.). Assertions: NAICS codes (up to 31 codes) and the business size for each code (Small or Large). Representations and Certifications: 200+ questions about your company. Most are simple Yes/No. The most important section is the legal certification of compliance with the rules. Financial Information: bank details for EFT (electronic funds transfer). Points of Contact: contact persons for contracts.

UEI (Unique Entity Identifier): since 2022, the DUNS has been replaced by the UEI. When you register in SAM.gov, the system automatically assigns a UEI (a 12-character alphanumeric code). If you have an old DUNS, it is converted to a UEI automatically. The UEI is your new identifier in the government procurement system.

CAGE Code (Commercial And Government Entity Code): a 5-character alphanumeric code assigned by the DoD automatically after your SAM registration is activated. It takes 3–10 business days. You need a CAGE Code to work with military contracts. Without a CAGE, some DoD contracts are unavailable.

Activation and annual renewal: after you fill in all the sections, SAM.gov reviews the data (1–3 business days for new registrations, up to 10 days for renewals). Once activated, your registration is valid for 1 year. You must renew EVERY YEAR; an expired registration automatically disqualifies you from new contracts.

Critical registration mistakes: a company name that does not match IRS records (a common cause of delays). Using a PO Box instead of a physical address. Wrong bank details (check twice; a mistake means the money goes to the wrong place). Wrong NAICS codes (more on that in the next chapter). Not renewing the registration every year.

SAM.gov help desk: if you run into problems, call the Federal Service Desk at 1-866-606-8220, or open a ticket at fsd.gov. The average response time is 1–3 business days. Many registration problems are solved through the help desk.

CHAPTER 3

# NAICS Codes and Correct Classification

NAICS (North American Industry Classification System) is the American system for classifying types of business activity. In SAM.gov you choose the NAICS codes that describe your services, and agencies use exactly those codes to find you when they search for suppliers. Choosing your NAICS codes correctly directly determines how many tenders you see and how many you can bid on.

How the system works: each 6-digit NAICS code describes a specific type of activity. For each code, the SBA has set size standards: the maximum revenue or number of employees to qualify as a “small business.” A company that is “small” under one code may not be small under another.

Examples of codes and their size standards: 541511 Custom Computer Programming Services: $34M in revenue for a small business. 541512 Computer Systems Design Services: $34M. 541519 Other Computer Related Services: $34M. 541611 Administrative Management Consulting: $18.5M. 541614 Process, Physical Distribution, and Logistics Consulting: $18.5M. 541690 Other Scientific and Technical Consulting: $18.5M. 561320 Temporary Staffing Services: $41.5M. 237310 Highway, Street, and Bridge Construction: $45M.

How to choose codes: do not limit yourself to one code. SAM.gov lets you add up to 31 NAICS codes. Add every code that describes your services even partially, because it widens your visibility. Use NAICS.com or census.gov/naics to find suitable codes. Look at competitors’ codes on USASpending.gov: find companies with a similar profile and see their NAICS codes.

The Primary NAICS Code: the most important code, the one that best describes your main activity. Your main small business status is determined by it. Choose the code with the highest size standard so you stay in the small business category as long as possible.

Mistakes in choosing codes: a code that is too broad (for example, 541990 “All Other Professional Services”) instead of a specific one, so you lose relevance. A single code that is too narrow, so you miss contracts. Not updating codes when the company’s activity changes.

PSC codes (Product and Service Codes): besides NAICS, contracts are classified by PSC codes, a more detailed classification of specific products and services. PSC codes appear in the text of the tender. When searching on SAM.gov, use both NAICS and PSC for a precise search.

Compliance with size standards: the SBA measures business size as an average over the last 3 years. If your revenue is growing, watch that you do not exceed the limit. Exceeding it means automatic disqualification from set-aside tenders. But winning a contract while you were “small” disqualifies you only if revenue exceeded the limit at the time you submitted the bid, not over the whole period of performance.

SBA Size Standards Tool: use the SBA’s online tool (sba.gov/size-standards) to determine your status precisely for each NAICS code. Enter your code and revenue, and the system will tell you small or large.

CHAPTER 4

# Set-Aside Programs: Your Competitive Advantage

Set-aside contracts are tenders in which only companies with a particular status can compete. It goes beyond an advantage: it is a monopoly. If you hold SDVOSB status and a tender is marked as an SDVOSB set-aside, only companies like yours can win. Large corporations are automatically excluded.

The main set-aside programs:

Small Business Set-Aside (SBA): automatically available to all registered small businesses. It requires no separate certification. Contracts up to $250,000 are automatically offered as small business set-asides. By law, 23% of all federal procurement must go to small business.

8(a) Business Development Program: for socially and economically disadvantaged entrepreneurs. Benefits: sole-source contracts up to $4.5M (services) and $7M (manufacturing) without a tender; you are simply offered the contract. Participation in exclusive tenders. Mentoring and business support from the SBA. Requirements: the SBA must approve your 8(a) status. Owner income <$750K/year, net assets <$6M. Program term: 9 years.

SDVOSB (Service-Disabled Veteran-Owned Small Business): for veterans with service-connected disabilities. The VA (Department of Veterans Affairs) is required to place at least 12% of its contracts through SDVOSBs. Sole-source contracts up to $5.5M (services) / $11.5M (manufacturing). Verification through SBA VetCert.

WOSB (Women-Owned Small Business): for companies owned by women (51%+). 5% of all federal contracts are reserved for WOSBs. Certification through SAM.gov (self-certification) or through approved organizations (WBENC, SBA). EDWOSB status (Economically Disadvantaged WOSB) gives access to even more

exclusive tenders.

HUBZone (Historically Underutilized Business Zone): for businesses located in historically underdeveloped areas (the list is on SBA.gov). 3% of all contracts. Requirement: 35% of employees must live in a HUBZone. Certification through the SBA, renewed annually.

How to hold several statuses: one business can have SDVOSB + 8(a) statuses at the same time, or WOSB + HUBZone. Each additional status widens your access to set-aside tenders. A woman veteran with a business in a HUBZone has access to all four programs.

The practice of sole-source contracts through 8(a): after you receive 8(a) status, actively contact the Contracting Officers (COs) at your target agencies. COs have the authority to award you a contract directly, without a tender, if the amount fits within the limits and your business matches the need. This is not corruption; it is a lawful tool of the program. Thousands of 8(a) companies receive sole-source contracts exactly this way every year.

Micropurchases and the Simplified Acquisition Threshold: for contracts up to $10,000, “micropurchases,” a CO can place the order directly with any registered supplier without any competitive procedures. This is an excellent entry point. Contracts of $10,000–$250,000 fall under Simplified Acquisition, which uses streamlined procedures.

CHAPTER 5

# Finding Contracts: SAM.gov and USASpending.gov

Knowing about the government procurement system is not enough. You need to know how to find contracts that match your capabilities. SAM.gov holds thousands of active tenders at once, and without the ability to filter, you will drown in irrelevant notices.

SAM.gov/opportunities is the tender board: free, public, and updated daily. Filters: notice type (Pre-solicitation, Solicitation, Award, Intent to Bundle). Set-aside type (Small Business, SDVOSB, etc.). NAICS code. Agency. Place of performance. Posting date. Estimated contract value.

SAM.gov alerts: create a saved search with your NAICS codes and filters. SAM.gov will send you email notifications when new tenders appear. This is an essential tool; checking the board by hand every day is not realistic.

Search strategy: start with your company's NAICS codes + the Small Business filter + your region. That gives you a baseline list. Then widen it: remove the regional filter (many contracts are performed remotely). Add related NAICS codes. Include Pre-solicitation notices, which are tenders that will be announced soon, so you can prepare in advance.

USASpending.gov for competitor intelligence: this is a gold mine. It shows ALL awarded contracts: who got them, how much money, from which agency, and for what. The strategy: find contracts under your NAICS codes and target agencies. See who won them. Those are your competitors. Study their websites and capability statements. Find contracts that are about to expire (re-competes); those are your opportunity.

Contractor Performance Assessment Reporting System (CPARS): after each contract is completed, the agency evaluates the

contractor in CPARS. The ratings are visible to other agencies when they evaluate bids. Good CPARS ratings are your main competitive advantage. This is the “prior experience” (Past Performance) we will cover later.

GovWin IQ and Deltek: paid systems ($5,000–$20,000/year) that aggregate SAM.gov data, add analytics, and forecast future procurements. They are useful for mature government contractors. At the start, they are overkill.

Bidnet Direct and BGov: middle options ($200–$1,000/year) that simplify search and notifications. They suit beginners.

The logic of reconnaissance before you bid: before you spend time on a proposal, answer these questions: Who is performing this contract now (a re-compete or a new requirement)? Why did the winner win (look at CPARS and the official award documents)? Do we have real advantages over the current contractor? What is the agency’s budget for this area (USASpending gives historical data)?

Targeted Agency Approach: instead of sending bids everywhere, choose 2–3 agencies and study them thoroughly: what their priorities are, which Small Business Liaisons work there, and what they bought over the last 3 years. Become an expert on those agencies; it gives you a competitive advantage.

CHAPTER 6

# Capability Statement: Your Business Card in Government Contracting

A Capability Statement is a one-page (less often two-page) document that describes what your company can do for the government. It is the main marketing tool in the world of government procurement. Contracting Officers receive hundreds of inquiries, and a Capability Statement helps them quickly judge whether you fit a given contract.

The structure of a Capability Statement: Company Overview (2–3 sentences): who you are, what you do, how many years you have been in the market. Core Competencies (5–8 items): the specific services or products you offer the government. Differentiators (3–5 items): what sets you apart from competitors. Past Performance (3–5 examples): real contracts or comparable commercial experience, with numbers. Company Data: UEI, CAGE Code, NAICS codes, business size, set-aside statuses, DUNS (if still used), SIC codes, DBE/MBE/WBE statuses.

Core Competencies: what to write. Skip abstract phrases (“quality solutions,” “personalized approach”) and name specific services. A bad example: “Comprehensive IT Solutions.” A good example: “Agile Software Development (NAICS 541511) — Full-stack web and mobile application development with AWS, Kubernetes, and microservices architecture.” Each competency is an answer to a specific contract request.

Differentiators: how to stand out. Certifications (ISO 9001, CMMI Level 2, FISMA Moderate). Specialized experience (we are the only 8(a) company with experience in X). Geographic presence. Patented technology. Clearance-ready personnel (people with Secret clearance). Fast scaling (from 5 to 50 people in 30 days). A price advantage (30% cheaper than large integrators thanks to low overhead).

Past Performance without government experience: first bids often fail on past performance. The solution is to use a commercial equivalent. “Developed an ERP system for a manufacturing company of 500 employees, with scale and complexity comparable to the government requirement.” Specific numbers: project budget, timeline, results. “Delivered 2 weeks ahead of schedule, within budget.”

Design and format: professional design matters, because government COs see hundreds of Capability Statements. The company logo. A clean, readable layout. Color print or a PDF for email. Format: one page for a first introduction, two for detailed RFI responses. A photo of the team helps “humanize” the company.

Tailoring for each tender: do not send out a universal document. For each major tender or agency, adapt the Capability Statement: bring the relevant competencies to the front. Use the terminology from the agency’s SOW (Statement of Work). Mention specific programs or projects of the agency.

How to deliver a Capability Statement: Email it to the Contracting Officer 30–90 days before the expected tender. Attach a half-page cover letter: “We follow your program X, we would like to introduce ourselves, and here is our Capability Statement.” At Industry Days and Small Business outreach events. Through the agency’s Small Business Liaison Officer (every large agency has an OSDBU, the Office of Small and Disadvantaged Business Utilization).

CHAPTER 7

# SBIR and STTR: $4 Billion for Technology Companies

SBIR (Small Business Innovation Research) and STTR (Small Business Technology Transfer) are federal programs that allocate $4 billion a year to R&D contracts for small technology companies. Unlike standard contracts, SBIR does not require past experience in government procurement, only scientific and technical potential.

The structure of the SBIR program: Phase I is proof of concept. Funding of $150,000–$350,000 for 6–12 months. A competition for the best scientific and technical idea. Phase II is prototype development. Funding of $750,000–$2M for 2 years. Only companies that completed Phase I (or Direct to Phase II at some agencies). Phase III is commercialization. There is no funding limit. There is no competition; it is a direct contract if the technology succeeds.

Which agencies participate: the DoD (the largest participant, >$2B/year), NIH, NASA, DOE, NSF, EPA, USDA, DoEd, DHS. Each agency publishes its own SBIR topics, the specific technology problems it wants solved.

How to find topics: sbir.gov is the central portal for all SBIR/STTR programs. Filter by agency, keywords, and closing date. Subscribe to notifications for your field.

Why SBIR is attractive for startups: no past experience in government procurement is needed, only the competence of the team. There are no revenue requirements or minimum company age. The funding is non-dilutive, unlike venture capital. Phase I and Phase II together = $2–$2.5M without equity dilution. After Phase II, many companies raise VC; a government award as a “stamp of approval” sharply raises the valuation.

A successful SBIR application: Technical Approach (40–50% of the score) is a detailed description of how you will solve the

technical problem. Specific methodologies, technologies, and success metrics. It should be written at the level of a peer-reviewed paper. Team/Qualifications (20%) is the CVs of key participants. A PhD and publications are a big plus. Commercialization Plan (20%) covers who will buy the technology after the government. Specific potential customers, market size, business model. Facilities (10%) covers the equipment and infrastructure for doing the work.

SBIR hacks, what really works: apply to several agencies with adapted versions of the same technology (this is not prohibited). Attend agency Industry Days and talk to Program Officers; this is not a violation, it is research. Read the funded abstracts of past winners for your topic on sbir.gov to understand what a specific agency likes. Bring in a university co-author, which raises the scientific authority of the application.

STTR vs. SBIR: STTR requires a partnership with a university or a nonprofit research institution. At least 30% of the work must be performed by the company and at least 30% by the university partner. In return, you get access to patented technologies and university infrastructure. The funding amounts are similar to SBIR.

CHAPTER 8

# Writing the Proposal and How It Is Evaluated

A proposal (the technical and price proposal) is the document that determines whether you win the contract. Unlike commercial B2B sales, in government procurement a proposal is evaluated against clear criteria that are published in the text of the tender. If you know the evaluation system, you can work deliberately toward a win.

Analyzing the Request for Proposal (RFP): before you write, read. Carefully. The sections to study: Statement of Work (SOW), which says exactly what needs to be done. Evaluation Criteria (Section M), which sets out the criteria used and their weights. Instructions to Offerors (Section L), which says how to format the proposal. CLINs (Contract Line Item Numbers), the price structure. Past Performance requirements, which examples of experience are needed.

A typical evaluation system: Technical/Management Approach (30–40%). Past Performance (20–30%). Price/Cost (20–40%). Small Business Participation Plan (10–15% in some contracts).

The structure of the technical proposal: Executive Summary (1–2 pages): why you in particular should get the contract. Written last. Technical Approach: a detailed description of how you will carry out each item of the SOW. Use the same terms as in the SOW, literally the same words. The evaluation committee looks for conformity to the SOW, not your eloquence. Management Approach: the organizational structure, key personnel (with CVs), the communication plan with the customer, and quality control. Past Performance: 3–5 examples of previous experience. Format: contract name, agency, amount, dates, description of the work, a contact for verification, and the CPARS rating (if there is one).

Price/Cost Proposal: this is a separate document. For fixed-price contracts, it is just the price for the deliverables. For time-and-materials, hourly rates and the number of hours. For cost-reimbursement, a detailed budget justifying each line item. The rule: the price must be realistic and competitive. A price that is too low raises suspicion ("how will you do it for that money?"). A price that is too high loses to cheaper competitors.

The Bid/No-Bid decision: not every tender is worth bidding on. Assess: Do we have real competence? Do we have time to write a quality proposal? What are our chances (who are the competitors)? If the chances are <10% or there are no resources, it is better to focus on another tender. A proposal costs $5,000–$50,000 in labor hours, so it is an investment.

Debriefing after a loss: if you did not win, you have the right to request a debriefing from the Contracting Officer. The CO is obliged to explain why your bid did not win. This is free feedback for your next bid. ALWAYS request it.

Teaming: large contracts often require capabilities that one small company does not have. The solution is a Teaming Agreement: you join forces with another company, one becomes the Prime Contractor and the other the Subcontractor. This is a legal and common practice. The Prime receives the contract and answers to the agency, and the Sub performs part of the work.

CHAPTER 9

# Building Relationships with Contracting Officers

Government procurement is not just bureaucratic procedure. Behind every contract are people: Contracting Officers (COs), Program Managers (PMs), and Small Business Representatives. A business that invests in these relationships wins contracts significantly more often.

Who is who: the Contracting Officer (CO) is legally responsible for the contract. Only a CO can sign contract documents. The CO follows the FAR (Federal Acquisition Regulation) and cannot go beyond it. The Program Manager (PM) / Contracting Officer's Representative (COR) is the technical customer. The PM tells the CO what is needed but cannot award contracts directly. Relationships with the PM are often more important than with the CO. The OSDBU (Office of Small and Disadvantaged Business Utilization) is a special office in every large agency that helps small businesses. It is the first point of entry.

How to build contacts the right way: attend the Industry Days and Small Business Conferences that agencies hold regularly; these are open events. Register and ask questions about upcoming contracts. Small Business Outreach Events are separate OSDBU meetings with prospective suppliers. Capability Briefings: you ask for a 15-minute meeting with the OSDBU to introduce your company. Most agencies hold them regularly.

What to say at first contact: do not sell; learn. "We are a new company in the X field and are exploring ways to work with your agency. Can you tell us which upcoming procurements are in our area? What does the agency value in suppliers?" This approach opens a dialogue. A direct "give us a contract" closes the door.

Vendor outreach, going in through suppliers that already work with the agency: find on USASpending.gov who is currently

performing contracts. Offer to be their subcontractor; it is a legal way into the agency. After you complete the work, you will have Past Performance and COs and PMs who know you.

Common mistakes when working with COs: trying to lobby through back channels (this violates the FAR). Complaining about the process instead of solving problems. Not responding to CO requests within 24 hours. Not keeping promises on deadlines. Attempts to give gifts or invitations to lunch (this can be treated as corruption).

Past Performance as Social Proof: every completed contract produces a CPARS rating. Ask the PM to rate you “Exceptional,” not just “Satisfactory.” The difference between those ratings decides who wins the next tender. After each contract is completed, hold a formal review with the PM: what went well and what could be improved. This improves your CPARS and builds the relationship.

Long-term strategy: choose 2–3 agencies and invest in long-term relationships. Know their budget cycle (usually October through September). Follow their strategic plans (Strategic Plans are published on agency websites). Offer White Papers on the agency’s problems; this positions you as an expert before the tender.

CHAPTER 10

# Mistakes and How to Avoid Them

The path into government procurement is full of traps. Most new government contractors make the same mistakes. Knowing them saves months and thousands of dollars.

Mistake 1: Not renewing your SAM.gov registration. The registration is valid for 1 year. An expired registration means automatic disqualification. Set a reminder 60 days before it expires. Renewal takes 1–3 days and requires current data.

Mistake 2: Bidding on everything without a strategy. “Spray and pray” is the worst approach. Every proposal takes significant resources. It is better to submit 3 quality bids than 15 weak ones. Evaluate each tender using Win Probability × Contract Value.

Mistake 3: Ignoring amendments. After a tender is published, the CO often issues amendments: clarifications of requirements and answers to other bidders’ questions. If you do not follow the amendments and submit a proposal against outdated text, it can be rejected as Non-Compliant.

Mistake 4: The wrong business size. If you have exceeded the size standard for your NAICS code, you CANNOT claim a small business set-aside. Submitting a bid when you are over the limit is federal fraud. Check your status regularly.

Mistake 5: No Past Performance. Many new companies cannot win a contract because they have no Past Performance in the government sector. The solution: start as a subcontractor through a Teaming Agreement. Or with micropurchases ($10,000 and under), where Past Performance is not required. Or through 8(a) sole-source contracts.

Mistake 6: Underestimating the time to perform. Government contractors often underestimate the complexity of performance compared with the commercial sector. Government contracts require detailed documentation of every action. Strict adherence

to deadlines. Compliance with dozens of FAR regulations. If you are not ready, delays and poor CPARS ratings will ruin your reputation.

Mistake 7: Pricing above the market. The government publishes Independent Government Cost Estimates (IGCE), what it plans to pay. If your price is significantly higher, you lose. Research market rates through GSA Rate Cards and comparable contracts on USASpending.gov.

Mistake 8: Not using a GSA Schedule. The GSA Multiple Award Schedule consists of contracts pre-negotiated with the GSA, under which any agency can order from you without a full tender process. Getting a GSA Schedule takes 3–12 months, but it opens simplified access to $40B+ in annual purchases.

The path to success: The first year: registration, market research, subcontracting positions. The second year: first direct contracts, building Past Performance. The third year: specialization, repeat contracts, growth. The fifth year: an established government contractor with a predictable portfolio.

## What next

Thank you for reading “SAM.gov and US Government Contracts”.

Updates to this book, EPUB and PDF files and every guide in the series are on the book page: guides.mmix.biz/en/samgov

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