

Federal Contracting Cheat Sheet for Small Businesses

Plain-English definitions for every term you'll run into chasing federal contracts

Updated March 2026 · atlasfederal.us · playbook.atlasfederal.us

STEP 0 — YOUR REGISTRATIONS (DO THESE FIRST)

1 UEI — Unique Entity Identifier

Your business's federal ID number. Think of it like a Social Security number, but for your company. You get this when you register on SAM.gov. **Without it, you literally cannot be paid by the government.**

→ Replaced DUNS as the required federal business identifier in April 2022. Different number, same purpose. Get it at sam.gov — free.

2 SAM.gov Registration

SAM = System for Award Management. It's the government's master vendor database. You must be registered here and renew every year or you can't get paid. This is also where your NAICS codes, certifications, and business info live.

→ Free to register. Must renew annually. Takes ~1–2 weeks to activate.

3 CAGE Code — Commercial and Government Entity Code

A 5-character code the government assigns your business automatically when you register on SAM.gov. It's just another way they identify you in their systems. You don't apply for it — it just shows up.

→ Assigned automatically. No action needed beyond SAM registration.

4 NAICS Codes — What Kind of Work You Do

North American Industry Classification System. Each code = a type of service or product. You list the codes that match your work on SAM.gov. When the government posts a contract, it's tagged with a NAICS code — your codes need to match to qualify.

→ You can list multiple codes. Pick every category that matches your services — agencies search by NAICS code when posting contracts.

THE LANGUAGE — TERMS YOU'LL SEE EVERY DAY

Solicitation

[Bidding]

The government's formal announcement that they want to buy something. Includes what they need, rules for bidding, and a due date. Think of it like a **job posting** — but for contracts.

RFP

[Bidding]

Request for Proposal. The most common bid type. You submit a full proposal — your approach, team, price, past performance. They pick the best overall package, not just the lowest price.

RFQ

[Bidding]

Request for Quote. Simpler than an RFP. Usually for smaller purchases. You just quote a price. Less paperwork, faster process.

IFB

[Bidding]

Invitation for Bid. Lowest price wins, period. No "best value" judgment. Common for construction. If you can do the work at the lowest cost, you win.

Set-Aside

[Certification]

A contract **reserved only for certain types of businesses** — like small businesses, HUBZone companies, veteran-owned, women-owned, etc. Big companies can't even bid. This is your biggest advantage right now.

HUBZone

[Certification]

Historically Underutilized Business Zone. An SBA certification for businesses in economically distressed areas. If you qualify, the government is required to give you preferential treatment — and a **10% price advantage** on some bids. Check the SBA HUBZone map to see if your address qualifies.

★ *High priority — apply asap*

Capability Statement

[Bidding]

Your **one-page business résumé** for the government. Lists your NAICS codes, past performance, certifications, contact info, and what makes you different. Every contracting officer will ask for this. You need one ready at all times.

★ *Make this before you bid anything*

Past Performance

[Bidding]

Your **track record of completing similar work.** The government wants proof you've done it before. No federal past performance yet? Use commercial work — trucking jobs, facilities work, anything relevant. First contract is the hardest to get for this reason.

SOW / PWS / SOO

[Bidding]

Three **different** types of scope documents — not the same thing. **SOW** (Statement of Work) = tells you exactly what tasks to perform. **PWS** (Performance Work Statement) = tells you the results they want, you decide how to achieve them. **SOO** (Statement of Objectives) = the broadest — just gives goals, you propose everything. Always read whichever one is in the solicitation before writing a single word of your proposal.

LPTA

[Bidding]

Lowest Price Technically Acceptable. As long as your proposal passes a minimum bar, the cheapest bid wins. Good if you're efficient. Bad if you price too low and lose money.

Best Value

[Bidding]

The government weighs your **price + quality + experience** together and picks whoever scores best overall. You don't have to be the cheapest — you can win on quality. Most RFPs use this method.

GSA Schedule

[Certification]

A **pre-approved vendor list** run by the General Services Administration. Once you're on it, any federal agency can buy from you directly without a full bidding process. Huge shortcut once you have past performance. Find the SINS (Special Item Numbers) that match your services at gsa.gov/schedules — every industry has applicable SINS.

★ *After first contract + past performance*

CPARS

[Performance]

Contractor Performance Assessment Reporting System. After each federal contract, the government rates how well you did — like a Yelp review, but it follows you forever. Good CPARS = easier to win future contracts. This is why doing quality work matters beyond just getting paid.

Contracting Officer (CO / KO)

[People]

The government employee with the **legal authority to award and sign contracts**. They're your most important contact. Be professional, responsive, and never go around them. They can also answer questions during the bidding process — use that.

COR

[People]

Contracting Officer's Representative. The person on the government's side who **monitors your day-to-day work** after you win a contract. They write your CPARS rating. Keep them happy.

Prime vs. Sub

[Structure]

Prime contractor = the company that holds the contract with the government and is responsible for everything. **Subcontractor** = a company hired by the prime to do part of the work. Starting as a sub is a fast way to build past performance.

Teaming Agreement

[Structure]

A formal agreement to **partner with another company** on a bid. You bring what they don't have (HUBZone status, your NAICS codes) and they bring what you need (past performance, bonding capacity). Common for new contractors.

CONTRACT TYPES — HOW YOU GET PAID

CERTIFICATIONS — YOUR ADVANTAGES

Small Business

[Auto]

If your revenue is under the SBA size standard for your NAICS codes, you're automatically a small business. **No application needed.** Qualifies you for small business set-asides, which is the majority of contracts under \$250K.

★ *You already qualify*

HUBZone

[Apply]

Your **principal office** must be located in a HUBZone, and **at least 35% of your employees must reside in a HUBZone.** Check certification.sba.gov to see if your office address qualifies. If it does — apply immediately. HUBZone set-asides have very few eligible competitors.

★ *Top priority — check eligibility now*

8(a)

[Apply]

SBA's **Business Development program** for socially and economically disadvantaged business owners. 9-year program. Once in, agencies can sole-source contracts directly to you up to \$4.5M for services and construction, \$7M for manufacturing — without any competition. Very powerful but takes time to get in.

★ *After HUBZone — research eligibility*

Bonding

[Financial]

Construction contracts over \$150K require performance and payment bonds — basically **insurance that you'll finish the job.** A surety company backs you. To get bonded, you need financials, credit history, and sometimes past performance. Start building this relationship early.

★ *Required for construction bids*

WAGE LAWS — WHAT YOU MUST PAY YOUR WORKERS

SCA — Service Contract Act

[Compliance]

Covers **service contracts over \$2,500.** The government sets minimum wage rates for each job type in each county — called Wage Determinations (WDs). You must pay workers at least those rates. Check sam.gov for the WD before you price any service contract. Bidding too low because you didn't check the WD is a common and painful mistake.

DBA — Davis-Bacon Act

[Compliance]

Same idea as SCA but for **construction contracts over \$2,000.** Sets prevailing wage rates for construction trades in each area. If you're bidding construction, your labor costs must meet or exceed DBA rates. Factor this into every construction bid — it's not optional.

■ **Both laws are enforced hard.** Underpaying workers on a federal contract can get you debarred (banned from all future federal work). Always pull the Wage Determination before pricing.

HOW A CONTRACT HAPPENS — THE FULL CYCLE

1 Sources Sought / Pre-Solicitation

The agency posts a notice asking "is anyone out there who can do this?" — before they officially bid it out. **Always respond to these.** It puts your name on the CO's radar and can influence how they structure the final solicitation (like making it a set-aside).

2 Solicitation Posted on SAM.gov

The official bid is posted. Set up keyword alerts on SAM.gov to catch these automatically. Review the SOW, Wage Determinations, and evaluation criteria before deciding whether to bid.

3 Q&A Period / Amendments

You can submit written questions to the CO. They answer publicly. The solicitation may be amended. **Read every amendment.** Missing one can disqualify your bid.

4 Submit Your Proposal / Bid

You submit your response by the deadline. Late = automatic disqualification, no exceptions. Build in buffer time. Double-check every required form is included.

5 Evaluation

The government reviews all bids against the criteria they published. This can take days to months depending on contract size.

6 Award

Winner announced on SAM.gov. If you don't win, you can request a **debriefing** — ask the CO why you lost. This is free intel that makes your next bid stronger.

7 Performance + CPARS

You do the work. The COR monitors. At the end, you get rated in CPARS. Excellent ratings here compound over time — they're your most valuable asset for future bids.

→ *This is how you build past performance. Every contract you perform well is worth money on your next bid.*

QUICK REFERENCE — DOLLAR THRESHOLDS

Micro-Purchase

Under **\$10,000**. Agency can buy from anyone without competition. Get on their radar through capability statements and cold outreach.

Simplified Acquisition

Between **\$10K and \$250K**. Must be set aside for small businesses if two or more small businesses can do the work. This is your primary target range to start.

Full & Open Competition

Over **\$250K**. Full competitive process. Harder for new contractors — you're competing against established primes. Start below this threshold.

Sole Source Limit

Under the 8(a) program, contracts below the competitive threshold can be sole-sourced directly to your firm — **currently \$4.5M for services and construction, \$7M for manufacturing** (thresholds adjust periodically — verify current amounts at sba.gov). Without 8(a), sole-source awards require other justifications and are much harder to get.

■ **Your sweet spot right now:** Simplified acquisition contracts (\$10K–\$250K) set aside for small businesses. High volume, less competition, faster awards, and they count as past performance for bigger contracts later.

YOUR BEST CUSTOMERS — AGENCIES THAT BUY YOUR SERVICES

Army Corps of Engineers

[Construction]

One of the largest buyers of construction, facilities work, and environmental services in the federal government. Heavily uses MATOCs and IDIQs nationwide. Getting on an Army Corps IDIQ is a career-making move for a small construction contractor.

GSA (Public Buildings Service)

[Facilities]

Manages thousands of federal buildings nationwide. Constant need for janitorial, landscaping, maintenance, and facilities support. Getting on the GSA MAS Schedule (facilities SINs) is your direct path to steady GSA work without competing on every individual contract.

VA Medical Centers

[Facilities]

VA Medical Centers nationwide need facilities, landscaping, and logistics support year-round. Strong preference for small and veteran-owned businesses. Find VA facilities near you at va.gov — most mid-size cities have at least one.

DLA (Defense Logistics Agency)

[Logistics]

The military's supply chain arm — manages food, fuel, clothing, parts, and equipment for all branches. Huge buyer of transportation, freight, and logistics services. Find your nearest DLA hub at dla.mil and look for small business set-asides in your NAICS codes.

USPS / DHS / CBP

[Logistics]

Constant buyers of last-mile logistics, freight, and transportation support nationwide. Smaller contracts, faster awards, and less competition than major DoD work. Good entry points while building past performance.

Your Local Military Base

Every military installation needs trucking, facilities, landscaping, and construction services year-round. Find the nearest base to you and contact their Office of Small Business Programs (OSBP). Local proximity is a real advantage — agencies prefer contractors who can respond quickly.

WRITING PROPOSALS — WHAT ACTUALLY WINS

Read the SOW Three Times

Before writing a single word, read the Statement of Work until you understand exactly what they want. Evaluators fail proposals that don't directly address the requirements. **Mirror their language.** If they say "reliable delivery" say "reliable delivery" — not "dependable transport."

Answer Every Evaluation Factor

Every solicitation lists how proposals will be scored — technical approach, past performance, price. **Write a section for every single factor they list.** If you skip one, evaluators score it zero. Zero on any factor can kill your bid.

Quantify Everything

"We have experience in logistics" loses to "We have delivered 2,400+ shipments over 5 years with a 98.7% on-time rate." **Numbers beat adjectives.** Use your commercial work history to pull real numbers.

Price to Win, Not to Survive

Research what similar contracts awarded for on USASpending.gov. Price competitively — not so low you lose money, not so high you lose the bid. Factor in SCA/DBA wage rates, overhead, and a small profit margin. **Thin margins beat no contract.**

No Past Performance? Say So Right

Don't hide it. Write: "While [Your Company] is pursuing its first federal award, we bring [X years] of commercial experience delivering [relevant services] with documented on-time performance. References available upon request." Then list your best commercial jobs with contact info.

Request a Debrief When You Lose

On negotiated contracts over \$250K, you have a legal right to request a debrief and the CO must provide one. On smaller contracts it's discretionary — but most COs will still do it if you ask professionally. **This is free coaching.** Most new contractors skip it. Don't. Every debrief makes your next proposal better.

MISTAKES THAT KILL NEW CONTRACTORS — AVOID THESE

Missing the Deadline

Late proposals are automatically rejected. No exceptions. No extensions for "technical issues." Submit 24 hours early, minimum. If it's online, submit 48 hours early in case the portal breaks.

Ignoring Wage Determinations

Pricing a service or construction bid without checking the SCA/DBA wage rates for that county. Your labor costs could be 30–50% higher than you assumed. Pull the WD first, always.

Letting SAM Registration Lapse

SAM.gov registration must be renewed every year. If it lapses, you cannot receive payment on any active contract and cannot be awarded new ones. Set a calendar reminder 60 days before your renewal date.

Bidding Everything

New contractors try to bid every contract they see. Bad strategy. A weak proposal on a bad-fit contract wastes weeks and damages your reputation. **Bid fewer, better.** Win rate matters more than volume.

No Cash Flow Plan

The government pays Net 30 at best, sometimes Net 60+. You'll spend money on labor and supplies before you see a dime. Make sure you have a credit line or cash reserve to cover 60 days of operations before you start a contract.

Going Around the CO

Never contact the program office, end user, or anyone else directly about an active solicitation without going through the Contracting Officer. It's against procurement rules and can get your bid disqualified or your company flagged.

FREE RESOURCES — USE ALL OF THESE

PTAC / APEX Accelerator

[\[Free Help\]](#)

Procurement Technical Assistance Centers — free, one-on-one counseling for small businesses pursuing government contracts. They'll review your proposals, help with registrations, and connect you with contracting officers. Find your local center at apexaccelerators.us. This is arguably the most underused resource in federal contracting.

★ *Contact them this week*

USASpending.gov

[\[Research\]](#)

Every federal contract ever awarded is searchable here. Look up what your target agencies paid for similar work, who won, what the contract value was. This is how you price to win and figure out who your competition is.

FPDS-NG

[\[Research\]](#)

Federal Procurement Data System. More detailed than USASpending — shows contractor names, award dates, performance locations, and modification history. Good for researching incumbent contractors (the company currently holding a contract you want to go after).

SBA.gov / certification.sba.gov

[Certifications]

Where you apply for HUBZone, 8(a), WOSB, and SDVOSB certifications. All free. HUBZone application is online. Check your address eligibility at the HUBZone map tool before applying.

SAM.gov

[Opportunities]

Where all federal contract opportunities are posted. Set up saved searches for your NAICS codes and get email alerts when new solicitations match. Also browse manually — automated alerts sometimes miss things.

GSA eBuy / sell.gsa.gov

[GSA]

eBuy is where GSA Schedule task orders are competed among approved vendors. **eOffer.gsa.gov** is where you submit your GSA Schedule application. **sell.gsa.gov** has overview info. Once you have past performance, the Schedule is your fastest path to consistent federal work.

ACRONYM QUICK REFERENCE

GETTING IN FRONT OF CONTRACTING OFFICERS — BEFORE THE BID

Sources Sought Response

[Outreach]

When an agency posts a Sources Sought notice, they're literally asking "who can do this?" — respond every single time. Write 1–2 paragraphs: who you are, your NAICS codes, relevant experience, certifications. **This puts your name in the CO's file before the real competition starts.** Takes 20 minutes. Skip it and you're invisible.

Capability Briefings

[Outreach]

You can request a 30-minute meeting with a contracting officer or small business specialist at any agency — no solicitation needed. Bring your capability statement. Introduce yourself and your services. Ask what's coming up. **COs remember faces.** This is how relationships that lead to sole-source awards get started.

★ *Find your nearest agency's OSBP*

OSBP — Office of Small Business Programs

[People]

Every major military base and federal agency has one. Their entire job is to help small businesses connect with contracting opportunities at that agency. **They want to hear from you.** Call or email, introduce yourself, send your cap statement. Your nearest military base or major federal agency OSBP is your first call.

Incumbent Research

[Strategy]

Look up who currently holds the contract you want on USASpending.gov. That contract has an expiration date. **6–12 months before it expires, the agency will re-compete it.** Watch for the Sources Sought, be ready to bid, and know what the incumbent charged. This is how you plan your pipeline a year out.

Industry Days / Pre-Proposal Conferences

[Outreach]

Before big contracts are awarded, agencies often hold informational meetings. Attendance is free and sometimes required. You get to hear exactly what they want, ask questions, and meet the program team. **Show up in person when possible.** It signals commitment and separates you from companies that just click submit.

Teaming to Win Your First

[Strategy]

Find a larger, established contractor who needs your NAICS codes or HUBZone status to qualify for a set-aside. You perform part of the work as a subcontractor. **You get federal past performance. They get the certification advantage.** Win-win. Search LinkedIn and SAM.gov for primes working in your target agencies and reach out directly.

MONEY — INVOICING, GETTING PAID & STAYING SOLVENT

IPP — Invoice Processing Platform

[Getting Paid]

The federal government has two main invoicing systems. Civilian agencies (GSA, VA, DHS, etc.) use **IPP.gov**. DoD agencies (Army, Navy, Air Force, etc.) use **WAWF/PIEE** (Wide Area Workflow). Your contract will specify which one to use. Register for the right system before you need it — wrong invoicing format = delayed payment.

Net 30 / Prompt Payment Act

[Getting Paid]

The government is legally required to pay you within 30 days of receiving a proper invoice. If they're late, they owe you interest. **But "proper invoice" is strict** — wrong contract number, missing info, submitted wrong = clock doesn't start. Get your invoice template right from day one.

Mobilization Costs

[Cash Flow]

The money you spend getting ready to start a contract — equipment, hiring, supplies, insurance — before your first invoice. **The government doesn't advance you cash.** You need to have this covered yourself. Budget mobilization into every bid and make sure you have a line of credit ready.

Factoring / Invoice Financing

[Cash Flow]

A third-party company buys your government invoices at a discount (e.g. they give you 90 cents now, collect \$1 from the government in 30 days). **Expensive but useful when cash is tight.** Some companies specialize in government contract factoring. Use as a last resort, not a habit.

SBA 8(a) Mentor-Protégé

[Growth]

A formal SBA program where a large contractor mentors a small one — helping with proposals, bonding, financing, and past performance. In exchange, they can form a joint venture to bid on set-aside contracts together. There are two versions: the **8(a) Mentor-Protégé Program** (for 8(a) firms only) and the **All Small Mentor-Protégé Program** (open to any small business). Both are powerful tools for new contractors.

Overhead Rate / Indirect Costs

[Pricing]

When pricing a contract, your cost isn't just labor + materials. You also need to cover rent, insurance, vehicles, admin time, phone bills — your overhead. Overhead and G&A are calculated separately (see Pricing section below), but combined they typically add **30–45% on top of direct labor costs** for a small business — then you add profit margin on top of that.

THE FAR — FEDERAL RULES YOU'LL ACTUALLY RUN INTO

FAR Part 19 — Small Business

The rules that govern all small business set-asides, certifications, and subcontracting requirements. **This is the part that works in your favor.** It requires agencies to maximize small business participation and sets the thresholds for mandatory set-asides.

FAR Part 52 — Contract Clauses

Every contract has a list of "clauses" at the back — FAR 52.something. They cover things like how to submit invoices, what happens if you're late, whistleblower protections, and anti-kickback rules. **Read the clauses before you sign anything.** They define your legal obligations.

FAR 52.222 — Labor Standards

The SCA and Davis-Bacon clauses live here. If your contract has a 52.222-41 clause, SCA applies. If it has 52.222-6, DBA applies. **Look for these numbers in the solicitation.** Their presence tells you immediately that wage determinations apply to your bid.

Debarment / Suspension

If a contractor is caught committing fraud, failing to perform, or violating labor laws, they can be **banned from all federal contracting for years.** It's called debarment. This is the death sentence of federal contracting. Pay your workers right, do what you said you'd do, and don't cut corners.

■ **You don't need to read the FAR cover to cover.** Search "FAR [part number]" when you encounter a specific clause in a contract. [acquisition.gov](https://www.acquisition.gov) hosts the full text for free.

YOUR 90-DAY GAME PLAN — WHAT TO DO RIGHT NOW

1 Days 1–7: Get Registered

Register on [SAM.gov](https://sam.gov) if not done. Verify your NAICS codes are correct. Check your HUBZone eligibility at the SBA map tool. Get your CAGE code confirmed. Contact your local PTAC/APEX Accelerator and schedule a free counseling session.

→ sam.gov · certification.sba.gov · apexaccelerators.us

2 Days 7–21: Build Your Capability Statement

One page. Your NAICS codes, core capabilities, past commercial performance (with real numbers), certifications, contact info. Have your PTAC review it. Print 50 copies. Save as a PDF. This is your business card in federal contracting.

→ *Bring it to every agency meeting and attach it to every Sources Sought response.*

3 Days 14–30: Apply for HUBZone

If your address qualifies, apply immediately. SBA targets 90 days to process but it often runs longer — plan for 3–6 months. The sooner you apply, the sooner you have it. HUBZone set-asides are your most powerful near-term advantage. File this while you're doing everything else.

→ *certification.sba.gov → HUBZone*

4 Days 21–45: Start Your Outreach

Email your target agency's OSBP. Request a capability briefing. Search USASpending.gov for contracts in your NAICS codes at your target agencies. Identify 3 incumbent contracts expiring in the next 12 months. These are your target bids.

→ *search: [agency name] office of small business programs*

5 Days 45–90: Submit Your First Bid

Pick one contract. Something small (\$25K–\$100K), simplified acquisition, small business set-aside, in your best NAICS code. Read the SOW three times. Pull the Wage Determination. Price carefully. Submit early. Win or lose — request a debrief.

→ *Use SAM.gov saved searches or a contract tracking tool to find these automatically.*

HOW THE GOVERNMENT ACTUALLY DECIDES TO BUY SOMETHING

The Budget Cycle

The federal government runs on a fiscal year that starts **October 1st**. Congress approves agency budgets. Agencies then spend that money on contracts. The most active buying periods are **July–September** (agencies rushing to spend before the year ends) and **October–December** (new money just released). Time your outreach around these windows.

Continuing Resolution (CR)

When Congress can't agree on a budget by October 1st, the government operates on a "continuing resolution" — basically a temporary budget that keeps things running at last year's funding levels. **During a CR, agencies can't launch brand-new programs or large new initiatives.** They can exercise options on existing contracts and award new small contracts within prior-year funding rates — but big new starts are frozen. Expect slower contracting activity overall.

End-of-Year Spending (Sept. Rush)

Use it or lose it. If an agency doesn't spend its budget by September 30th, the money disappears. So August and September are the busiest contracting months of the year. **Agencies are actively looking for vendors to spend money on.** This is when micro-purchases and quick small buys happen. Be visible in July and August.

Requirement vs. Acquisition

First a program manager identifies a need (the requirement). Then contracting gets involved to figure out how to buy it (the acquisition). **The best time to influence a contract is before it ever reaches contracting** — when it's still just a need in someone's head. That's why capability briefings with program offices matter.

WHEN THINGS GO WRONG — PROTESTS & DISPUTES

Bid Protest

[Legal]

If you believe a contract was awarded unfairly — the government didn't follow the rules, the solicitation was unclear, or the winner didn't actually meet the requirements — **you can file a protest.** You challenge the award at the GAO (Government Accountability Office) or Court of Federal Claims. The government must respond. This costs money but sometimes works.

GAO Protest

[Legal]

The most common protest venue. File at gao.gov within **10 days of learning about the problem** (or 10 days after a required debrief). If filed within 10 days of award, an automatic stay kicks in and the government must stop work while GAO reviews. GAO has 100 days to decide. You don't need a lawyer but it helps.

Claim / REA

[Dispute]

Already performing a contract and the government asks you to do extra work, changes the scope, or causes you delays? You can submit a **Request for Equitable Adjustment (REA)** — basically asking to be compensated for the extra cost. If they deny it, you can escalate to a formal Claim. Don't just absorb costs silently — document everything and ask.

Termination for Convenience

[Legal]

The government can cancel your contract **at any time for any reason** — even if you did nothing wrong. It's called "T for C." You get paid for work already done plus reasonable shutdown costs. It feels brutal but it's standard. Always keep records so you can invoice properly if it happens.

Termination for Default

[Legal]

The government cancels your contract because **you failed to perform.** This is bad. It goes on your record, shows up in CPARS, and can make it nearly impossible to win future contracts. If you're struggling to perform, communicate early with your COR — agencies would rather modify a contract than terminate it.

ASBCA / CBCA

[Legal]

Armed Services Board of Contract Appeals / Civilian Board of Contract Appeals. These are the courts for federal contract disputes. If you have a claim the CO denies, you appeal here. Slower and more formal than a GAO protest but handles larger dollar disputes. Think of them as the **small claims court of federal contracting** — except claims can be millions.

SECURITY CLEARANCES — WHAT THEY ARE & WHEN YOU NEED ONE

Confidential / Secret / Top Secret

[Clearances]

Three levels of security clearance. **Confidential** = basic sensitive info. **Secret** = more sensitive, required for classified DoD work. **Top Secret** = highly sensitive, involves a lengthy background investigation. Most facilities and logistics contracts don't require clearances. Construction and IT sometimes do. Check the solicitation — it will say if one is required.

FCL — Facility Clearance

[Clearances]

A company-level clearance. If a contract requires classified work, your **whole facility** may need to be cleared — not just individuals. This is called an FCL. It requires a physical security inspection, background checks on key personnel, and ongoing compliance. Most small service contractors don't need this — but good to know it exists.

ITAR / EAR

[Compliance]

Export control regulations. **ITAR** (International Traffic in Arms Regulations) covers defense-related goods and services. **EAR** (Export Administration Regulations) covers commercial items with potential military use. If your work involves defense materials, you may need to comply. For general logistics and facilities, these rarely apply — but they come up in DoD contracts.

CMMC

[Compliance]

Cybersecurity Maturity Model Certification. New DoD requirement. If you handle federal contract information or controlled unclassified information on your computer systems — even just emails and invoices — you may need to meet certain cybersecurity standards. Levels 1–3. Most small service contractors need Level 1 at minimum. **Start thinking about this now.**

■ **For service and construction NAICS codes** — most contracts won't require clearances. But any work near a secure facility or handling government equipment may flag it. Read every solicitation carefully.

PRICING A BID — BREAKING IT DOWN SIMPLY

1 Direct Labor

The actual wages you pay workers on that specific contract. If SCA or DBA applies, use those rates as your floor — not what you'd normally pay. Multiply hourly rate × hours needed for the full period of performance.

→ Example: 1 worker × \$22/hr × 40 hrs/week × 52 weeks = \$45,760/year

2 Fringe Benefits

Health insurance, vacation, retirement contributions, workers comp. SCA contracts specify an exact fringe benefit rate per hour for each job classification — and it varies significantly by location and trade. If you don't offer benefits, you pay workers the cash equivalent. **Always pull the Wage Determination for your specific contract before pricing** — fringe rates can swing your labor costs dramatically.

→ *The fringe rate changes every fiscal year — always pull the current Wage Determination from sam.gov before pricing.*

3 Overhead

Your indirect costs — rent, utilities, insurance, vehicles, tools, phone, admin time. As a solo operator, this is mostly your truck, fuel, insurance, and your own time managing the contract. Calculate what it costs you monthly to operate and divide by your billable hours.

→ *Rule of thumb: 20–30% of direct labor for a lean operation*

4 G&A — General & Administrative

The cost of running your business beyond the direct work — accounting, legal, proposal writing, certifications, marketing. For a solo operator just starting out this might be small, but it's real. Include it or it eats your profit.

→ *Rule of thumb: 8–15% for a small business*

5 Profit

What you actually make. The government expects contractors to make a reasonable profit — usually 8–12% on service contracts. Don't price at zero profit trying to win. You'll win and then resent every day of the contract.

→ *Target: 8–12% profit on top of all costs*

6 Your Total Price

Direct Labor + Fringe + Overhead + G&A + Profit = your bid price. Then compare it to what similar contracts awarded for on USASpending.gov. If you're 40% higher, figure out why. If you're 40% lower, make sure you haven't missed something.

→ *Always sanity-check against historical awards before submitting*

THE MINDSET — THINGS NOBODY TELLS YOU

It Takes Longer Than You Think

The average time from first SAM registration to first contract award is **12–18 months**. That's not failure — that's normal. The pipeline takes time to fill. The contractors who win are the ones who kept going when it felt like nothing was happening. Build your foundation now so you're ready when the right contract drops.

Relationships Win Contracts

Two technically equal proposals come in. The CO recognizes one company's name from a capability briefing 6 months ago. The other is a stranger. All else equal, **familiarity wins**. Federal contracting rewards consistent, professional presence. Show up at industry days. Return emails. Follow up after Sources Sought responses. Be the person they remember.

The Incumbent Advantage is Real

The company already doing the work has a massive advantage when the contract re-competes — they know the work, the people, the quirks. **But incumbents also get complacent**. Many lose re-competes because they don't update their pricing, don't improve their proposal, or let the relationship go stale. This is your opening. Show up hungry.

One Contract Changes Everything

Federal contracting is a flywheel. The first contract is the hardest because you have no past performance. **But one solid federal contract unlocks the next one**. That one unlocks the GSA Schedule. The Schedule unlocks task orders. Task orders build reputation. Reputation attracts teaming partners. Everything compounds. The hard part is getting that first one.

Document Everything

Keep records of everything — every email with a CO, every change request, every delivery, every conversation about scope. If a dispute ever comes up, **the contractor with better records wins**. Create a simple folder for each contract: emails, invoices, deliverables, meeting notes. Do this from day one.

Small Wins Count

A \$15,000 grounds maintenance contract at the local VA sounds small. But it's a federal contract, a CPARS rating, a line on your capability statement, and a relationship with a contracting officer. **Small contracts executed perfectly are worth more than big contracts you're not ready for**. Chase the wins you can actually deliver on.