

Background

Pursuant to Revolutionary Federal Acquisition Regulation Overhaul (FAR RFO) 19.109(a), large prime contractors receiving Federal contract awards valued over \$900,000 (\$2 million for construction) are required to establish plans and goals for subcontracting with small businesses, veteran-owned small businesses, service-disabled veteran-owned small businesses, HUBZone small businesses, small disadvantaged businesses and women-owned small business concerns. Quite often, smaller companies fill niches that complement a prime contractor's services. Subcontracting can present small businesses with opportunities that might otherwise be unattainable because of limited resources, staffing, capital, or experience.

Subcontracting Strategies

Approximately 45% of SEC subcontracting dollars historically have been awarded to small businesses. The following strategies are provided to assist Small Businesses in identifying and understanding potential subcontracting opportunities:

- Research information on prime contractors and subcontracting opportunities through a variety of internet sources, such as:
 - The Small Business Administration (SBA) Subcontracting Network: The Small Business Administration (SBA) hosts the [Subcontracting Network website, Sub-Net](#), where prime contractors may post subcontracting opportunities. These opportunities are often reserved for small business and may include solicitations or other announcements, including sources sought notices for teaming as partners or subcontractors on future contracts. SubNet allows small businesses to search for opportunities by SIC code, NAICS code, generic description, or solicitation number.
 - The SBA's Directory of Federal Government Prime Contractors with a Subcontracting Plan: The SBA maintains the [Directory of Federal Government Prime Contractors with a Subcontracting Plan](#). This directory is a listing of Federal Government contractors that have a requirement to subcontract to small businesses. The directory is intended for small business concerns seeking to find subcontracting possibilities with Federal Government prime contractors.
 - Additional resources offered by the SBA and other Federal agencies on subcontracting can be found in the [SBA's Contracting Guide on Subcontracting](#).
 - The System for Award Management: [The System for Award Management \(SAM\)](#) is the primary vendor database for the U.S. Federal Government. The SAM collects, validates, stores and disseminates data in support of agency acquisition missions. All vendors are encouraged to register in SAM.

- **Network:** Develop a network of potential firms that you can call on to work together on SEC and other federal opportunities. Meet and speak with other primes and subcontractors to learn from their experiences and evaluate potential teaming opportunities. Seek out prime contractors that may have a need for your small business's expertise, or who have prior experience working with the SEC.
- **Be proactive:** Get involved in the early stages of procurement and be prepared for projects that are within your area of expertise. Once a procurement possibility has been identified, seek out any potential for subcontracting opportunities. Try to determine who the potential bidders are and contact firms to determine their intention to bid. Try to have your small business included in the subcontracting plan when a proposal is submitted. To increase your chances of obtaining subcontracting opportunities, a subcontracting arrangement can be established with more than one potential bidder for the same requirement.
- **Be Strategic:** Before committing to a subcontracting opportunity, carefully evaluate how it would benefit your small business. Assess your capabilities, and those of the prime, and then consider the pros and cons of entering into a legally binding arrangement.
- **Know the qualities of a desirable subcontractor:** Often, a prime contractor expects to partner with a small business that will suggest and execute effective solutions and clearly indicates how it can contribute to the project's overall success.
- **Research the prime contractor before soliciting it for a partnership:** Research the company's profile and mission to become familiar with its corporate capabilities and vision. A successful subcontracting opportunity is advantageous for both the small business and the prime.
- **Seek partnering opportunities with other small and socio-economically disadvantaged organizations:** Quite often, complex contract requirements can be met by consolidating the overall capabilities of two or more small businesses.