



**Women-Owned Firms  
in Federal Procurement:  
A Focus Group Report**

**NFWBO**

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Prepared for  
The National Women's Business Council

Prepared by  
The National Foundation  
for Women Business Owners

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## **Introduction**

### **Background and Objectives**

In its 1998 annual report to Congress, the National Women's Business Council (NWBC) reported on a statistical study it had undertaken concerning woman-owned firms in Federal contracting. This analysis showed that the participation of women-owned firms in Federal contracting had grown from \$3.2 billion in fiscal year 1987 to \$5.2 billion in FY1997. In FY1997, some 5,722 women-owned businesses were involved in 446,332 prime contract actions amounting to \$3.3 billion. Another \$2.3 billion was awarded to women-owned enterprises in subcontract actions.

During the course of that study, the NWBC obtained some detailed information on many of the individual contract actions performed by women-owned firms in FY1997, including the amount of awards, the industry category of the awards, and the location of the businesses. This information was summarized in a database provided to the NWBC by Eagle Eye Publishers.

The National Foundation for Women Business Owners (NFWBO) is conducting a three-phase study for NWBC on the information contained in this database. Phase I was a detailed analysis of the information contained in the database. Phase II — this report — is a qualitative study among a select number of women business owners contained in the database. Phase III will consist of a quantitative survey among all of the women business owners in the database.

This report summarizes the results of the focus group discussions held among women in two geographic areas — Washington, DC (specifically northern Virginia) and San Francisco, CA. The objectives of this qualitative research were five-fold:

- C To explore the paths these women took to Federal contracting;
- C To learn about who or what helped them enter into the Federal procurement marketplace;
- C To discuss their past and current challenges in the market;
- C To explore their views on recent trends in Federal procurement and how these trends are affecting them; and
- C To probe their ideas and suggestions for how to improve Federal procurement system.

## **Methodology**

Two focus groups were held during the week of September 6, 1999, among women business owners who were prime Federal government contractors in fiscal year 1997. The groups met as follows:

Washington, DC area	September 7, 1999 7:00 - 8:30 p.m.
San Francisco, CA	September 9, 1999 7:00 - 8:30 p.m.

The cities of Washington, DC and San Francisco, CA were selected because of the concentration of women business owners with Federal contracts in FY1997 in their vicinity. In Washington, DC, the focus group was held at Metro Research Services, Inc., in Fairfax, Va. In San Francisco, the group was held at Fleischman Field Research in downtown San Francisco.

The women business owners who were recruited to attend the focus group discussions had to meet the following criteria:

- C** Be the sole owner or one of the owners of a business with at least one prime Federal contract in FY1997;
- C** Come from a range of industries; and
- C** Have both defense-related and non-defense-related contracts represented in the group.

There were 10 participants in Washington, DC, and six participants in San Francisco, CA. The women were recruited from a listing of all women-owned businesses with Federal contracts in FY1997.

Each of the discussions lasted approximately 90 minutes. The recruitment questionnaire and discussion outline may be found in Appendices A and B at the back of this report.

### **Limitations of Focus Group Research**

Although the women business owners attending the focus group discussions seemed to be representative of many other women business owners with Federal contracts — and probably were in many respects — it should be stated clearly that focus group discussions are *qualitative* in nature. The findings in this report should not be taken to represent all women business owners with Federal contracts, nor even all women business owners with Federal contracts in the Washington, DC or San Francisco Bay areas. Rather, focus group findings should be used to:

- C Gather more detailed impressions, perceptions, emotions, and opinions than quantitative research can obtain;
- C Provide an outline or framework for further research; or to
- C Add detail, nuance, and further interpretation to existing quantitative research.

This project was conducted for NWBC by the National Foundation for Women Business Owners (NFWBO). The NFWBO is a non-profit research institute dedicated to the study of women's entrepreneurship. The mission of the NFWBO is to strengthen women business owners and their enterprises by conducting research, sharing information, and increasing knowledge.

One final methodological note: the quotes contained in this report are direct, verbatim quotes from the women business owners who participated in the focus group discussions.

## Executive Summary

There was a distinct difference in outlook between the women in the Washington, DC area group and the group in San Francisco. The women in DC were much more knowledgeable and engaged in the procurement process, and much less pessimistic than the women in San Francisco.

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The women in DC had a higher level of awareness about training and educational opportunities, and were more likely to have availed themselves of mentor-protégée and other assistance programs.

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Some women were WBE (Women Business Enterprise) certified and a few were 8(a) certified, but responses were mixed when asked how helpful these certifications have been to their businesses. Many of these women felt that agencies and procurement officers were not listing many procurements as small-business, minority- or women-owned business set-asides.<sup>1</sup>

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For the women we met with (all of whom still are Federal contractors), getting into the Federal procurement marketplace was a goal at the outset or early on in their business development. While Federal agencies are not thought of as a market by all businesses, these women made a conscious decision to get into the market.

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For the most part, the women were not able to point to a single lucky break that propelled them into Federal contracting. Rather, it was patience, persistence and doggedness that got them into the market.

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When discussing the most important challenges they face in Federal procurement, the challenge brought up spontaneously and early in both discussions was prompt payment. While they acknowledged that one of the benefits of Federal contracts is the assurance of payment, the timeliness was the first challenge nearly everyone mentioned. Most said the norm was more like 60 to 90 days, rather than the promised 30 days.

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<sup>1</sup>Note: after the DC discussion, we were asked to bring up the “presumed group” concept in San Francisco. None of the women were familiar with the term and, when it was explained to them, were of mixed opinion about whether it would help, given the reasons noted.

Another important challenge mentioned was the increased workload being imposed upon fewer and fewer contracting officers (COs). Not only did they say this was one reason for the frequent (if not regular) exceeding of the 30-day payment rule, they said that it was harder and harder to build relationships with these COs, to get phone calls returned, and to get questions answered.

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Along the same lines, the recent trend towards electronic posting of bid solicitations, and selection of the lowest bid without consideration of other factors, contributes to the inability to develop working relationships with COs.

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Many of our discussants, especially the ones who provide services rather than goods, also bemoaned the difficulty of gaining access and developing relationships with “end users.” For many service providers, COs are gate-keepers, nay-sayers and roadblocks to providing the best services to those in the agencies who will actually benefit from them. Discussants also mentioned the frequent necessity of updating COs on changes to procurement law, and the government’s use of the GSA SmartPay credit card. Two of the successful strategies cited by some women in this regard involved helping end users write sole-source justifications for their work, and using a GSA contract.

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The trend toward larger and fewer procurements (“bundling”) is also seen as a significant challenge, because it means that there are fewer chances to compete on a level playing field with businesses of the same size. This may put many smaller firms in the position of acting in a subcontracting role, which most of the discussants acknowledge is fraught with difficulties. Few of the women we met with were willing to play the role of subcontractor, having been mistreated in that role previously. For example, the subcontractor might not be used in the actual work (even though her firm was included in the proposal), or payment from the prime contractor might lag beyond legal limits.

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There was a general consensus that many of the challenges come from being a small business as opposed to being woman-owned, and that any actions taken to improve opportunities for small businesses would benefit women-owned and minority businesses as well.

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The differences between the Washington, DC group and the San Francisco group were most apparent when the women were asked if they would continue working in the Federal procurement arena in the future. The women in Washington, DC were in general agreement that they would continue in this marketplace, while the majority of the women in San Francisco were actively seeking ways to limit their involvement in Federal procurement and to diversify their customer base.

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When asked what advice they would give to other women business owners thinking about getting into the Federal procurement arena, these women say to be persistent, be prepared, network, and don't rely on procurement completely – diversify your customer base.

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When asked what advice they would give to Federal agency officials to make the system better, they said:

- T allow greater contact with end users and empower them to purchase small amounts (i.e., get COs out of the middle);
- T make COs accountable for their actions, so they take ownership of procurements, not just push paper;
- T make the cost of using the GSA SmartPay credit card recoverable for the small business owner;
- T reduce the paperwork burden on all participants in the process; and
- T enforce procurement goals for small businesses and women-owned businesses, to stem the tide of bundling.

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When asked what advice they would give to Congress to improve Federal government purchasing, they suggested that Congress:

- T simplify the Federal Acquisition Regulations (FAR), and stop adding new regulations, since they said that they often follow the changes more closely than do contracting officers;
- T make agencies accountable for procurement goals, which would keep the market open to small businesses;
- T keep alive the concept of set-asides for small businesses;
- T make it easier to award future contracts to small businesses with a good past performance record; and
- T make it easier to extend a renewal or a recompetete.

## Detailed Observations Among Women Business Owners

**There was a distinct difference in outlook between the women in the Washington, DC area group and the group in San Francisco. The women in DC were much more knowledgeable and engaged in the procurement process, and much less pessimistic than the women in San Francisco.**

"Our business is exorbitantly higher than it has been in years because it's easier for the government to buy from us than it ever has been. We spend all of our outreach time with the end users; we usually get referrals. We teach procurement contracting to the government people. That was one of the markets I got into immediately because I wanted to understand how it worked." (Washington, DC)

"I think business has changed quite a bit, and become a lot more frustrating and a lot less lucrative in the last few years. I'm sure that someone is contracting with the government, because they are obviously buying all the things that they need, and getting all the services that they need. But I know we're not as active as we were." (San Francisco)

"I think, actually, we help our clients more than they help us, because we're constantly bombarded with 'please fill out this form' of where is your small business, your woman-owned business, so they get points for it. But I don't know of any work, in 25 years, that we have obtained because we are a female-owned corporation, or it's a small business." (San Francisco)

**The women in DC had a higher level of awareness about training and educational opportunities, and were more likely to have availed themselves of mentor-protégée and other assistance programs.**

"I attended a year of a program sponsored by the SBA called the 7J Program, in which another company hosted 12 companies to come there once a month, and you go through seminars. And we went through every aspect of business...It was marketing, business plan, every aspect of business...And that's where I learned how to work because I went with that company before I started my own." (Washington, DC)

"I took the SBA Score Program and assistance program. I took how to incorporate, how to start your own accounting system. I took everything that they offered initially...And then, for the last three years, we've been in the mentor-protégée program with AT&T...The government funds AT&T to provide you with training and assistance to help you grow your company." (Washington, DC)

"I'm in a mentor-protégée program, too. With the company I used to work with, and the one where I am now." (Washington, DC)

"I've gone to a number of meetings where they're supposed to explain how to work through the system. And so little of it was relevant that I finally just stopped going, because it really didn't make any difference." (San Francisco)

"They have an SBA, small business, large contract fair. My partner attended...and they said, 'Well, you know, we don't know if we're interested in small businesses or not.' And these were two very prime contractors...I mean, they've got their partners chosen. And they work their partners." (San Francisco)

"You're giving up a day for being at that (procurement) fair, and hoping you get something, even if it's just a lead, where you could be going somewhere else that you know you'd get some business. It's a trade-off." (Washington, DC)

"Nothing came of it (the procurement fair)." (San Francisco)

"It (the procurement fair) was not useful." (San Francisco)

"We were invited to display at a couple of them (procurement fairs), but we didn't think we would get much out of it. We didn't go." (San Francisco)

**Some women were WBE (Women Business Enterprise) certified and a few were 8(a) certified, but responses were mixed when asked how helpful these certifications have been to their businesses. Many of these women felt that agencies and procurement officers were not listing many procurements as small-business, minority- or women-owned business set-asides.<sup>2</sup>**

"It took me four and a half years to get my 8(a) certification, and about \$100,000 in costs." (White woman business owner, Washington, DC)

"My experience is that there is nothing better today than the Small Business Administration in America...I wish that program could be in the rest of the world, in Latin America." (Hispanic woman business owner, Washington, DC)

"I found a gentleman...who had worked for both the SBA and a couple of other government agencies. He understood SBA, he understood the 8(a) program...And he was telling me what my disadvantaged status was, because he understood the buzz words. And so he helped me put my package together." (Black woman business owner, Washington, DC)

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<sup>2</sup>Note: After the DC discussion, we were asked to bring up the "presumed group" concept in San Francisco. None of the women were familiar with the term, and when it was explained to them, were of mixed opinion about whether it would help, given the reasons noted.

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"I'm WBE...and for WBE now, if your personal assets exceed a certain amount, you can't qualify as a disadvantaged business." (White woman business owner, San Francisco)

(Regarding a "presumed" category for women business owners) "It depends on how they evaluate you, how they look at your assets...Once you hit \$18 million, you're no longer considered small...And \$18 million, in the business we're in, is not a lot. You do a couple of half-million drop ships of product, you hit the \$18 million mark, and you're out." (White woman business owner, San Francisco)

"We're a straight, small, woman-owned business. And I think we get more out of the small business than we do the woman-owned." (White woman business owner, San Francisco)

"What we've seen is that, even though we're classified as woman-owned, small business...if our price is not low enough, we do not win. We just lost a very large contract to Federal Data Corp. They're a fulfillment house. They're a large business. We lost to them by .08%. This customer is in our back yard. Why didn't we win? And they say, 'Oh, it's because we didn't say it was small business set aside.' That's, I think, one of the problems. If you look at the procurement documents, they are not saying it's a small business set-aside. Then it's low bid. And there's no way you can go against a big company. It's impossible, because their percentages are so high." (San Francisco)

"The Army Corps has put together a program, it's usually in December every year, and all of the procurement officers from each of the districts are required to go to it...I think it's very important that, at least annually, from the top level, you have people saying, 'We need to really try to give as much business as possible to women-owned small businesses, minority businesses.' They have to hear that encouragement from somewhere...There is something to be said for having a top level Army Corps person saying how few of the contracts are going to women or minority businesses, how they have a commitment from the top to change that, (and) for all the contracting officers to hear that." (Washington, DC)

**For the women we met with (all of whom still are Federal contractors), getting into the Federal procurement marketplace was a goal at the outset or early on in their business development. While Federal agencies are not thought of as a market by all businesses, these women made a conscious decision to get into the market.**

"We went into it with the military as our client target. Because of the way business was done when we started...it was more person-to-person, not physically, but you spoke with the buyers on the phone, and you developed a relationship, and were able to work with them." (San Francisco)

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"I had a Federal background. So our first customer was a Federal customer." (San Francisco)  
"She (former partner) owned the business, and of course I learned it from her, and then she decided to go out of business. And at that time...most of the contracts were Navy." (San Francisco)

"In order to grow a company and have any stability, I looked to government and military contracts, because you have long-term three- and five- year contracts." (Washington, DC)

"We also do work with corporate clients...but there the nature of the way that they manage things like community relations is that they actually do more crisis communications...So you might get a project and you're really busy for two to three months, then they go away. And you never know if you'll get another call from them. So for me, working with the Federal government has been ideal...Because, like you said, projects are usually three and four years in duration, so you do have the stability to grow the business with that kind of workload." (Washington, DC)

**For the most part, the women were not able to point to a single lucky break that propelled them into Federal contracting. Rather, it was patience, persistence and doggedness that got them into the market.**

"We're resellers of box products — we don't provide any services, it's all hardware, software, and supplies. So it's just basically getting your name out there. Procurement, procurement, procurement. Not the end user. You had to speak to the contracting officers to get your name out there. And, if you did something for Commerce here, then they would give your name to...like, I do Commerce all around the country now. Just getting your name out there — that was the main thing." (Washington, DC)

"We started out with one project manager in one district, and then it went to two project managers in one district, and now we're working with five and almost six districts. So, as somebody gave us a shot, we kind of built a name, and kind of built it from there." (Washington, DC)

"The Federal government provided the entry under small business. There was no question about that. That gave us the motivation to enter that business...We got one (contract) and then it led to the others." (San Francisco)

**When discussing the most important challenges they face in Federal procurement, the challenge brought up spontaneously and early in both discussions was prompt payment. While they acknowledged that one of the benefits of Federal contracts is the assurance of payment, the timeliness was the first challenge nearly everyone mentioned. Most said the norm was more like 60 to 90 days, rather than the promised 30 days.**

"Of course, waiting to get paid for three months is...an ongoing struggle." (San Francisco)

"We're somehow able to be paid in, I would say, 45 to 60 days. And partly it's because we keep right on top of it, and we keep calling offices, and checking on the particular contract, and...raising hell when we need to. I've been known to call directly to an end user and say, 'Where's the receiving report and make sure you date it correctly!' Because they will say, 'Oh, today's Sept. 9th? I guess that's the day we received it.' When actually they received it July 30th. So, keeping on top of it makes a really big difference in the payment." (San Francisco)

"Thirty days from what?...From that movable start number. I was discovering, that in Indianapolis, it didn't count until they picked the paper up and stamped it in the machine. So you could have this horrible pile of stuff..." (Washington, DC)

"I found it so difficult to get paid that, as a matter of practice, I work (as a subcontractor) for people who pay on time. Just because I don't want the hassle." (Washington, DC)

**Another important challenge mentioned was the increased workload being imposed upon fewer and fewer contracting officers (COs). Not only did they say this was one reason for the frequent (if not regular) exceeding of the 30-day payment rule, they said that it was harder and harder to build relationships with these COs, to get phone calls returned, and to get questions answered.**

"The contracting officer, if they don't know you, can make it very difficult to deal with." (Washington, DC)

"Or very easy. You have to build a relationship." (Washington, DC)

"Exactly the point." (Washington, DC)

"The other thing, with the government's reorganization, the contract offices are understaffed. So we are all victims of that. You've got two or three people trying to do the job of 10 people. You've got a stack of stuff. So when you send something in, if you don't follow it up, it just gets lost." (Washington, DC)

**Along the same lines, the recent trend towards electronic posting of bid solicitations, and selection of the lowest bid without consideration of other factors, contributes to the inability to develop working relationships with COs.**

"It's a killer, especially when it gets down to, 'Well, your price was a little bit too high.' And you put in so much time to get the proposal in, to do the presentations, or whatever, and boy, it gets down to price so often now, that you really think twice." (Washington, DC)

"(In the past), if we were bidding on a big order, and we made sure they (i.e., COs) knew we were a small, woman-owned business, then we might have a small edge in the bidding office...Not all of the time, just some of the time." (San Francisco)

"I think when you're dealing with Internet procurement, for example, if you are not a large company — a large company, the manufacturer, or the only distributor in this part of the United States — it's not going to matter that you're a woman-owned, small business. It's irrelevant. You're not going to get it. The only time you had the edge was when it was more personal, and it was more on the phone." (San Francisco)

"There is so much being done electronically that you have less of a personal contact. And there are fewer people." (San Francisco)

"No small business can afford the resources, as you said, to monitor those (electronic) RFPs all the time." (San Francisco)

"And they change the bidding rules. I mean, that's what happened with this last deal...All of a sudden they decided they didn't want to award us this contract. They wanted to award it to someone else. So they republished the CBD, for one day. We contacted her (the CO) three days later and asked what was going on. She said, 'Well, you lost.' 'How did we lose? This is a time and materials contract. Please explain to me exactly how we lost.' She said, 'Well, didn't you see it? We put it back out to bid.' " (San Francisco)

**Many of our discussants, especially the ones who provide services rather than goods, also bemoaned the difficulty of gaining access and developing relationships with "end users." For many service providers, COs are gate-keepers, nay-sayers and roadblocks to providing the best services to those in the agencies who will actually benefit from them.**

"I've never obtained any business from contracting officers or procurement shops. We've always sold our services to the people who are going to use us. And they try to figure out a way to get us a contract and get the money to us." (Washington, DC)

"Nowadays, the way it goes, it's the end user that goes out and gets the three quotes and turns it into a procurement." (Washington, DC)

"The end user sends up their request for a purchase, (and) they sent it with a vendor from whom they want to purchase it. So there is no competition, but I don't quite understand how to become the person from whom they want to purchase...(if) you can't be in touch with the end user." (San Francisco)

"We've ignored that rule. Because we know who they (the end users) are. Unless you call that end user...I have to stay very close to the end user." (San Francisco)

"(Our contact is) almost always with the end user. And then we have to get involved...with the contracting officers. And they rarely understand the service. So that makes it very awkward and difficult." (San Francisco)

"Why are these people, (contracting officers) so powerful? If somebody from the agency says, 'OK, I love your product. I'll go with you,' why do these people have to...like you have to conquer them in order to survive." (Washington, DC)

"Contracting officers have been helpful to me, once we have sold a customer, as far as getting the contract through...But I never got a sale through a contracting officer." (Washington, DC)

**Discussants also mentioned the frequent necessity of updating COs on changes to procurement law, and the government's use of the GSA SmartPay credit card.**

"The biggest problem I see in Federal contracting is that the laws get changed, the FAR gets updated, but it is on us, as the small business to educate the (contracting officer). They never know what's going on, or what the latest information is." (Washington, DC)

"Interpretation of the FAR...They're very uncomfortable with the changes...They want to do it the old way...The procurement process is too complicated...They've made it too hard." (San Francisco)

"One of the biggest changes has been in the use of the IMPAC<sup>3</sup> card, the government VISA card. And there are a couple of different levels of that. One...is that the contractor has to pay for that. For instance, we pay 2 ½ %...And they say, 'You're not allowed to charge us for using a credit card.' 'Well, excuse me, but somebody charges me for using a credit card, and therefore, I must charge you.' ...So that's one issue with the IMPAC card. The other issue is the decentralization of the purchasing...Each department is kind of doing its own purchasing. Through Freedom of Information, you can get a list of IMPAC card holders. When you contact the card holders, they say, 'Oh, the end-user tells us who to buy from.'" (San Francisco)

"The IMPAC card...(has) disbursed the purchasing to so many different places that you can barely find the people who are looking for goods or services." (San Francisco)

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<sup>3</sup>Now known as the GSA SmartPay credit card.

**Two of the successful strategies cited by some women in this regard involved helping end users write sole-source justifications for their work, and using a GSA contract.**

“So, one thing we’ve done, we have several contracts that are multiple year contracts. And the end user, we’ve helped the end user write a sole-source. And that’s the only way, in my time that I’ve been with the Federal government, to guarantee that you have the business, is help them write their sole-source justification.” (San Francisco)

“That’s what we do, too.” (San Francisco)

“My experience has been when our customer wanted to give us money...they put us on as a (subcontractor)...They got someone else. But since we got our GSA contract, all those things are coming back through the GSA contract.” (Washington, DC)

“We used to have to compete for all of our renewal contracts. One would expire, they’d have to put it out for bid, everybody in the world would bid against us, and it got so that it turned out to be just the low bidder....I don’t have to compete very much for my renewals anymore. Because we’ve got the GSA contract.” (Washington, DC)

**The trend toward larger and fewer procurements (“bundling”) is also seen as a significant challenge, because it means that there are fewer chances to compete on a level playing field with businesses of the same size. This may put many smaller firms in the position of acting in a subcontracting role, which most of the discussants acknowledge is fraught with difficulties. Few of the women we met with were willing to play the role of subcontractor, having been used and abused in that role previously. For example, the subcontractor might not be used in the actual work (even though it was included in the proposal), or payment from the prime contractor might lag beyond legal limits.**

“When a major prime, say Lockheed Martin, gets a single award, and they have used your name, your company name, your past performance, and you have signed a contract, you still will sometimes not get one penny’s worth of work...I took it all the way up the chain to the head of contracting and the head of their small business office for that particular division of Lockheed, and never got anywhere. I finally just wrote it all off to experience.” (Washington, DC)

“And they,(some prime contractors) stretch out payments, so you’re using your subs as your bank as well. That works out real well, too. They stretch out payments to 45 or 60 days.” (Washington, DC)

“I thought I read something recently in FAR (Federal Acquisition Regulations) that the prime couldn’t bill (the government) until he paid the sub.” (Washington, DC)

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"That is absolutely true. It is one of those other things that is not checked, and many, many companies after all that is said, the sub isn't paid until the prime is paid, and then some."  
(Washington, DC)

**There was a general consensus that many of the challenges come from being small as opposed to being woman-owned, and that any actions taken to improve opportunities for small businesses would benefit women-owned and minority businesses as well.**

"For the most part, I work through the small business offices of the agencies, and...make my company known to them, even if I know who the end user is. Then I go to the end user, and say, 'I've been to the small business office.' And I have two people on my side. Then I go over to contracts. So I do a triangle. And I try to work all three of them." (Washington, DC)

"If you find an agency where the small business office is ineffective, don't bother marketing that agency. It will be seldom, and hard...that you get work there." (Washington, DC)

"It (the mentor-protégée program) is open to any small business, any category of small business there is. If you're large enough, I highly recommend it. I have had a few companies call me that they only had two people, and I said, 'Well, when would you have time?'...It's a wonderful program. I don't mean to discourage anyone. But know what you're getting into...Each agency runs their program slightly differently. To get to know more about them, besides their home page, (contact) their head's small business office." (Washington, DC)

**The differences between the Washington, DC group and the San Francisco group were most apparent when the women were asked if they would continue working in the Federal procurement arena in the future. The women in Washington, DC were in general agreement that they would continue in this marketplace, while the majority of the women in San Francisco were actively seeking ways to limit their involvement in Federal procurement and to diversify their customer base.**

"I wish it were easier, but yes, I'm going to continue." (Washington, DC; general agreement from the rest of the group)

"I will not pursue a government contract right now. I will continue to service the ones that we've worked with in the past...I would not sit on the Internet and watch for an RFP...It takes me 2% of the time to negotiate and sign a \$100,000 contract with an industry client, than it would for a \$25,000 contract with the government." (San Francisco)

"We have refocused our business to where we will not bid unless it's an existing customer or partner or commodity-based IT product...We have some fairly substantial commercial-based customers, and you know, they give us 15% on hardware. The government, you're lucky if you get 2%. So it's economies. Where do we grow our base?" (San Francisco)

## **Conclusions and Recommendations**

In summary, the women business owners in Washington, DC and San Francisco described the following practices that they employ to compete successfully in the Federal procurement process:

- T** Taking the time to learn and understand how the system works,
- T** Spending time with the end user,
- T** Developing relationships with end users and contracting officers,
- T** Helping end users write sole-source justifications for the work,
- T** Making use of available programs, especially the mentor-protégée program,
- T** Figuring out how to get invoices paid as soon as possible,
- T** Following up on any paperwork sent to the Federal government,
- T** Working through the small business office of the agencies, and
- T** Obtaining a GSA contract.

Two government practices that did not seem to be effective for a number of the women were procurement fairs and electronic posting of bids.

When asked what advice they would give to other women business owners thinking about getting into the Federal procurement arena, these women say to be persistent, be prepared, network, and don't rely on procurement completely – diversify your customer base.

When asked what advice they would give to Federal agency officials to make the system better, they said:

- T** allow greater contact with end users and empower them to purchase small amounts (i.e., get COs out of the middle);
- T** make COs accountable for their actions, so they take ownership of procurements, not just push paper;
- T** make the cost of using the GSA SmartPay credit card recoverable for the small business owner;
- T** reduce the paperwork burden on all participants in the process; and
- T** enforce procurement goals for small businesses and women-owned businesses, to stem the tide of bundling.

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When asked what advice they would give to Congress to improve Federal government purchasing, they suggested that Congress:

- T** simplify the Federal Acquisition Regulations (FAR), and stop adding new regulations, since they said that they often follow the changes more closely than do contracting officers;
- T** make agencies accountable for procurement goals, which would keep the market open to small businesses;
- T** keep alive the concept of set-asides for small businesses;
- T** make it easier to award future contracts to small businesses with a good past performance record; and
- T** make it easier to extend a renewal or a recompetete.

The National Foundation for Women Business Owners recommends that the National Women's Business Council consider the following topics in the Phase III quantitative survey among women business owners having Federal contracts in FY1997:

- C** Payment issues, including timeliness of government payments to prime contractors, and whether or not women business owners are paid within the legal time-frame when working as a subcontractors on large procurements;
- C** The relative importance of relationships with contracting officers and end users;
- C** Recent trends and their impact, including bundling of procurements, electronic posting of bids, use of the GSA SmartPay credit card, and set-asides.
- C** Government procurement programs: Which programs were utilized by the women business owners, and how helpful were they?
- C** Small business offices in government agencies: How effective are these offices in helping small businesses and/or women-owned businesses obtain Federal contracts?
- C** Changes to the Federal Acquisition Regulations (FAR): How does it impact small businesses and/or women-owned businesses if the contracting officers do not keep up to date with changes to the regulations?

## Appendix A: Recruitment Questionnaire for Focus Group Participants

Hello, my name is \_\_\_\_\_ and I'm calling on behalf of the National Foundation for Women Business Owners. Today we are talking with business owners in your area, and I have just a few brief questions. This is a research study and we are not trying to sell you anything. May I please speak with (name on card/list or President of the company)?

(ONCE NAME ON LIST IS REACHED, REPEAT INTRO)

1. We have your company noted as a woman-owned business which had at least one Federal contract in fiscal year 1997. Is this correct?
  - 1 Yes (CONTINUE)
  - 2 No (THANK AND TERMINATE)
  
2. Are you the owner of the business?
  - 1 Yes (CONTINUE)
  - 2 No (ASK TO SPEAK WITH THE **WOMAN** WHO IS THE PRINCIPAL OWNER OF THE BUSINESS. REPEAT INTRO WITH HER.)
  
3. What industry is your company in? (Recruit a variety)

1	Agriculture, forestry, fishing	10	Finance/Insurance	
2	Mining		11	Real estate
3	Construction		12	Personal services
4	Manufacturing, non-durable	13	Business services	
5	Manufacturing, durable		14	Health services
6	Transportation/Transportation scvs.		15	Educational services
7	Communications/Public utilities		16	Social services
8	Wholesale trade		17	Other services
9	Retail trade		18	Other (SPECIFY: _____)
  
4. About what share of your company's revenues come from Federal contracts? (Note: Recruit a variety of percentages.)  
  
\_\_\_\_\_ %

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5. Are all, most, some, or none of your Federal contracts defense-related?  
(Note: Recruit a variety of defense/non-defense.)
- 1 All
  - 2 Most
  - 3 Some
  - 4 None
6. Are all, most, some, or none of your Federal contracts non-defense-related? (Note: Recruit a variety of defense/non-defense.)
- 1 All
  - 2 Most
  - 3 Some
  - 4 None

We are assisting the National Foundation for Women Business Owners with a study among women business owners in Federal government contracting. I'd like to invite you to a group discussion, at which we will talk about your experience as a woman business owner engaged in Federal contracting.

To thank you for your time in participating in this two-hour discussion, we'll be offering you the sum of \$150 for participating in this study. Again, this is a research study and not a marketing effort for any product or service. This discussion will be held at <PLACE> on <DATE> at <TIME>. Food and beverages will be served. Would you be able to attend this discussion?

(UPON AGREEMENT OF ATTENDANCE:) Thank you very much. We will send you a letter confirming the date and time of the discussion, as well as directions to our offices. (CONFIRM MAILING ADDRESS)

NAME: \_\_\_\_\_

BUSINESS NAME: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

CITY: \_\_\_\_\_ ST: \_\_\_\_\_ ZIP: \_\_\_\_\_

PHONE: \_\_\_\_\_ FAX: \_\_\_\_\_

## Appendix B: Discussion Outline for Focus Group

- |      |  |            |
|------|--|------------|
| I.   | Introductions  | 10 minutes |
|      | A. Explanation of purpose  |            |
|      | B. Self-introduction of participants   |            |
|      |  |            |
| II.  | Business Background  | 10 minutes |
|      | A. Did you start the business yourself? Has it always been yours?  |            |
|      | B. Are you the sole owner or do you have partners?   |            |
|      | C. Is/was it an 8A firm?   |            |
|      | D. Are you certified by any other entity? Which ones?  |            |
|      |  |            |
| III. | How You Got Into Government Contracting  | 20 minutes |
|      | A. Is government business your core business?<br>- what percent of revenues?<br>- Federal only or Federal/state/local?<br>- how many different agencies<br>- geography |            |
|      | B. At what stage of business growth did you decide to go after Federal contracts?  |            |
|      | C. What was your market entry strategy?  |            |
|      | D. How long before you got your first Federal contract?  |            |
|      | E. What was your first big break? How/who got it?  |            |
|      | F. Did you get any training/education before attempting the Federal contract market (e.g., mentor-protégée, procurement conferences, etc.)?                            |            |
|      |  |            |
| IV.  | Doing Business With the Federal Government   | 25 minutes |
|      | A. How long have you been doing business with the Federal government?<br>(incl. prime contract vs. subcontracts)   |            |
|      | B. How satisfied are you overall?  |            |
|      | C. Do you want to continue doing business with the Federal government?   |            |
|      | D. Why or why not?   |            |
|      | E. What recent trends are you seeing in Federal contracting and how have they affected you?  |            |

- F. What are some of the challenges you have faced in doing business with the Federal government? (Is prompt payment an issue?)
  - G. How have you overcome these challenges?
  - H. What advice would you give to other women business owners who want to enter this market?
- 
- V. Subcontracting 10 minutes
    - A. Although all of you are/have been prime contractors, have you also been subcontractors?
    - B. How has that experience worked out?
    - C. Have you ever been in on a successful bid that ended up not using your services? How frequent an occurrence is that?
- 
- VI. Improving the System 15 minutes
    - A. What programs, activities, people have been particularly helpful for you?
    - B. What programs, activities, people have not worked or need improvement?
    - C. What aspects of the system would you change to make it more hospitable to you and to other woman business owners?