



Small businesses, veterans go to the head of the line as state buys more than \$7 billion in goods and services

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The state government doesn't buy as much from the private sector as it once did. In 2007, California spent close to \$11 billion on goods and services. Since then, the total has fallen to about \$7.5 billion.

Still, \$7.5 billion buys a lot of office supplies, management consulting, construction labor and more. By law, at least a quarter of that budget must go to small businesses, and 3 percent to companies run by disabled veterans. So while the pie might be smaller, a lot of companies still fight for a slice.

The Department of General Services is the government entity that doles out most of those slices. It welcomes new vendors — but with a caution: Don't expect state contracts to be a quick fix for a weak bottom line.

"Government business is the good icing on the cake that is your business model," said Eric Mandell, chief of the department's Office of Small Business and Disabled Veteran Business Enterprise Services.

Step one is registering with the state at [www.eprocure.dgs.ca.gov](http://www.eprocure.dgs.ca.gov). It takes time to create an online profile, though Mandell says it can be done in less than a day.

"We have live help for people during business hours. They can talk to a real human



**'If you aren't careful, you could come in and use a standard best practice, and it violates half the culture of that agency.'**

**Alex Castro** | partner, M Corp.

being," Mandell said. "About 80 percent of our people go through the first time online with no problems."

Next up is getting certified as a small business or Disabled Veteran Business Enterprise, or DVBE. The state gives a 5 percent bid preference to certified firms. Certified businesses also can take part in a streamlined procurement process for purchases between \$5,000 and \$250,000.

The state uses a liberal definition of small: any independent company with 100 or fewer employees, with gross annual sales averaging \$14 million or less over the last three tax years, and with the principal office in California.

DVBEs must be at least 51 percent owned and managed by one or more veterans who are at least 10 percent service disabled. The home office can be out of state, but the

managing vet has to live in California.

Most DVBEs can get double-certification as small businesses. That makes them especially attractive to the state, as one contract counts toward both the 25 percent and 3 percent budget goals.

Companies also can sign up for the California Multiple Awards Schedule. It's based on federal General Services Administration product and service schedules.

"This is sort of a separate registration, but it is the closest thing the state has to an approved vendors list," Mandell said. The state lays out all the particulars on the Department of General Services' website.

#### THE DATING GAME

The online profile describes only what a business sells, the geographic area it covers and the size of contracts it can handle. It doesn't magically bring in any work. When the state is looking for a particular product or service, matching profiles pop up. Then the state will notify the company that there's a job out there on which it can bid.

"It's a lot like dating. You do have to put yourself out there," Mandell said.

That means having an elevator pitch that

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quickly describes what the company does. It also means a business must do research to see what problems a department wants to solve, then being able to show how its product or service will help the state.

And it helps to be pleasant about it. "We want to do business with you. We don't have to do business with you," Mandell said.

Each state department with a budget of \$100,000 or more has a small-business advocate to help navigate that department.

The state also maintains several useful databases, including a list of which state agencies purchase goods or services, and the amount of the contracts. General Services also runs about 70 workshops a year throughout the state to help vendors make connections.

THE VIEW FROM OUTSIDE

In real life, the process gets a bit complex. Qualifications matter. A company must prove it can deliver what the department wants, not simply drop a bid on the doorstep.

"It wouldn't be any different than if you went to any large or medium business and just showed up and said, 'Do you have any work?'" said Alex Castro, a partner with M Corp., a management and technology consulting firm.

M Corp. got a foothold with the state through subcontracting and teaming with other agencies that had already established themselves, Castro said.

Responding to a request for proposals can take dozens of hours. A business owner has to make sure it's not a shot in the dark before making that commitment.

"I've written a lot of proposals where I could certainly do the work, but if I don't have the exact same experience, I'm probably not going to get the contract," said



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Consultant Lynn Belzer suggests contractors to ask questions before bidding on a project.

independent management consultant Lynn Belzer. She's done team leadership training, strategic planning and other work for the state for a decade.

She likes to customize her work for each client. But vendors with an existing product or model that can slip right into place would be able to bid much lower and improve their odds, she said.

Try to find out about the project hours required, what the budget is, who did this work previously and what prompted the agency to take on the project now. They won't always answer, but it never hurts to ask, Belzer said.

Even when the state awards the contract, it's still not money in the bank.

"I wrote a proposal for a giant agency in the Los Angeles area. I recruited some

other consultants, and we worked on the project together. We were awarded the proposal, but after one-and-a-half years they've never used our services."

Keep in mind the California is huge. Serving San Diego County can be like serving the entire state of Colorado, he said. A vendor must have capacity as well as skill.

Also get to know the culture in a particular department. Each one has its triggers and hot buttons.

"If you aren't careful you could come in and use a standard best practice, and it violates half the culture of that agency," Castro said. "At the end of the day it doesn't matter if you are dealing with a business project or a technology project, you are still dealing with people."

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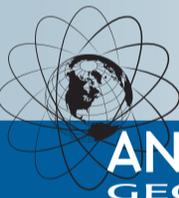
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