Less Pain, More Gain
New small-business certification program streamlines process

Friday, November 30, 2007
Sacramento Business Journal - by Celia Lamb Staff Writer

Michael McMann always thought it was too difficult and time consuming cutting through the red tape to obtain a small-business certification from Sacramento County to allow his software company to compete for contracting preferences.

That is until last month. A new information-sharing partnership among the state, county and Sacramento Housing and Redevelopment Agency changed his mind.

"In the years we've done business with state and federal agencies, we've always found it laborious to go through the paperwork," said McMann, general manager of Rancho Cordova-based Automation ONSPEC Software Inc. "When we saw this, we thought, 'Let's give it a shot.'"

The partnership gives each government entity access to the others' databases of small and disabled-veteran-owned businesses, allowing the agencies to recruit companies from all of the lists.

"From the state end, we can tell them they're certified with the county, too," said Eric Mandell, manager of small and disabled-veteran business enterprise services for the state Department of General Services.

The state Department of General Services announced the new partnership in October. The agreement also formalizes a one-stop application process that allows small businesses and those owned by disabled veterans to become certified by the state, county and SHRA all at once. The companies still have to meet each agency's qualification requirements, but most can apply online in about 30 minutes, Mandell said.

Online registration
"My partner and I are newcomers to the program," said Teri Block, a former deputy attorney general who recently opened an employment law practice with fellow lawyer Sue Ann VanDermyden. Block registered her business with all three agencies through the Internet system.

"It took me 20 minutes," she said. "It's a great idea."
The state started Internet registration in January. Before that, companies had to go through a paper certification process that could take a month or more.

In December 2005, the state had a six-month backlog, Mandell said. That's been cleared up, but some businesses still face a lengthier process than most. If companies are close to the program's revenue limits, for example, they might be asked to provide copies of tax returns, Mandell said.

So far, Block’s company has received two contract notifications, both from the state Department of Corrections. They weren’t suitable for the company, so she didn’t apply. But she's hoping to receive more requests and to meet with county and city officials to find out what other opportunities might be available.

State-certified small businesses face limits of 100 employees and $12 million in annual gross receipts. The businesses must be based in California, and all officers must live in the state.

The county has stricter requirements. It classifies a small business as having no more than 50 employees and $5 million in annual revenue.

**Improved compliance**
On Nov. 22, the Los Angeles Times said a report awaiting final approval by Gov. Arnold Schwarzenegger would announce that for the fiscal year ended June 30 the state had met its annual goal of buying 25 percent of goods and services from in-state small businesses.

The state issues about $9 billion in contracts each year.

Mandell said the state had not previously met the 25 percent goal since 2003. Sacramento County also has a 25 percent small-business solicitation requirement, but the results are murkier. County staff has not reported its small-business contracting rate to the Board of Supervisors in several years, said Kiauna Norman, the county's small-business program coordinator. She said figuring out the numbers would take days of manual processing.
Access to the state’s certification documentation will allow the county to comb through its own databases and figure out which vendors already meet the county’s small-business standards.

"It will help us enhance reporting," she said. SHRA has tougher goals and more organized reporting. The agency aims to award 30 percent of its contracts to small businesses, and half of those to "very small" companies with no more than 25 employees and $2.5 million in gross receipts.

It has exceeded those goals with flying colors, though the numbers are dropping. In 2006, 41.5 percent of its contracts went to very small businesses, compared to 48.9 percent in 2005 and 53.6 percent in 2004.

McMann said his company, which makes software for temperature management, quality control and data storage, has experience applying for government contracts, but only through standard bidding processes. In Alameda County, for example, Automation ONSPEC provided software for water-quality control without registering as a small business. He said he doesn’t know what kind of impact the streamlined state, county and SHRA registration will have on his business.

"At this point it’s too early to tell," he said. "Probably in half a year we'll know more."

clamb@bizjournals.com | 916-558-7866

Dennis McCoy | Sacramento Business Journal

Attorney Teri Block, who recently opened an employment law practice with Sue Ann VanDermynen, registered the business online with the Department of General Services, Sacramento County and the Sacramento Housing and Redevelopment Agency: “It took me 20 minutes.”