

Focus On . . .

The Small Business Office

The State of California is big business. It purchases everything from bulldozers to paper clips in order to provide the services expected of State Government. Now, small businesses have an increased chance of supplying needed merchandise to the State.

The Legislature passed a bill last year providing for aid, counsel, and assistance towards small business interests by establishing the Small Business Office (SBO). The concern of this office is to ensure that a fair proportion of the total purchases and contracts for the State be placed with small business enterprises.

The Small Business Act (AB 1816, Chapter 1198, Statutes of 1973) became law on January 1, 1974. A total of 129 people were interviewed before Earl Erickson was selected to head the new division. By May 1, 1974, all necessary work and studies were completed and the Small Business Office opened for business.

The SBO has a two-prong responsibility. The first is to help small business to do business with the State and the second, logically enough, is to help the State do business with the smaller concerns.

In order to qualify as a small business a firm must be independently owned and operated and not be dominant in its field of business. In addition the business must not be an affiliate of another concern, have over 25 employees and \$1 million in

annual receipts (for non-manufacturing firms), or 50 employees and \$5 million in annual receipts for manufacturing concerns. In the case of general contractors, gross receipts under \$2 million for the preceding three years or receipts of \$1 million for speciality contractors are required.

The SBO assists the small businessman in the areas of prequalifications, bidding, and disseminating information, as well as coordinating with the various public agencies whose area of responsibilities lie in that field. The Small Business Office performs these functions in dealings with the Office of Procurement and the Office of Architecture and Construction. They also assist in preparing bidder questionnaire forms for Procurement.

The office makes a special effort in assisting businesses obtain the necessary licenses, bonding, and insurance requirements; helps them to comply with procedures and actual preparation of bid proposals and assists them in understanding the provisions of the State Contract Act.

Many times the office has found that a small but critical piece of information is hindering them from getting their bids in on a timely basis.

In addition to the tons of paperwork always involved when dealing with both the State and Federal Governments, a broad based program designed to inform about their services has been established.



Small Business Office isn't just a name, either, as this picture of Irma's small office will testify. It is a converted elevator shaft on the 3rd floor of OB No. 1.

Through presentations at seminars and training programs and speeches at service and business organizations of all types, news of the availability of their services reaches a wide audience.

The SBO compiles and maintains a comprehensive bidders' list of qualified small businesses.

They further assist the State in dealing with small businesses by making recommendations for changes in statutes or policies to improve opportunities for the small businesses. In order to help accomplish this task the State grants a five percent preference on all bids for state contracts to firms qualifying as a small business.

During the first six months since the implementation of this act through the Department of General Services, small businesses have received 1,668 contracts and/or purchase orders, totaling \$18.5 million. Even with the five percent preference, small businesses have received five times as many contracts (dollarwise) by being the lowest qualified bidder. This has resulted in net savings to the State of \$682,000 in comparison to what would have been spent if those same items had been purchased from larger business concerns. It is well to note that during this period not only have small businesses completed all their contracts but all have been delivered on time.

In the months to come it appears that the small businessman will win more contracts, save the State more money, distribute the wealth over a broader base, and thus help stimulate the State's economy to an even greater degree.



The Small Business Office Staff, Left to right; Joe Alameida, Irma Andreasen, Edmundo Lopez, Earl Erickson, Barbara Nixon, Jim Exum, Larry Hargrave. (Not pictured; Kae Tsuji)