Sub-Contracting and Selling to Large Businesses

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SUB-CONTRACTING OPPORTUNITIES

Often it is easier for small businesses desiring to enter the federal government procurement market to begin by working with large federal prime contractors. Prime contractors with large federal contracts are required to have a sub-contracting plan designating their subcontractors by size and socio-economic standards.

A small business sub-contracting plan is required:

From large businesses; when work is performed in U.S., not personal services, and

When contracts or modifications are more than $700,000 ($1.5M for construction), if subcontracting is a possibility for the work being performed.

Goals will be negotiated with the procuring agency and must be approved before award.

LARGE BUSINESS PURCHASING

Large businesses often have their own requirements for buying from small and diverse businesses that are not related to government requirements. Often times the Small Business Liaison that is assigned to government sub-contracting plans may also act as their internal contact for small or diverse businesses. Learn as much as you can about the company before you approach them to ensure that they require your goods or services.

It is important to recognize that large businesses almost always have a prequalification process before you can be considered for an opportunity. Always ask what the process is for your product or service.

For more information, please visit pasbdc.org/government