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# Best Practices in Federal Procurement

## A Study of the Successes and Barriers for Women-Owned Businesses

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A Report Prepared for the National Women's Business Council

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## **Executive Summary**

Based on a procurement roundtable discussion held at a meeting of the National Women's Business Council (NWBC) in 2004, the NWBC commissioned a study of the best practices of small business advocates in federal government agencies. The small business office in most federal agencies is called the Office of Small and Disadvantaged Business Utilization (OSDBU). Other agencies, such as the Department of Defense and General Services Administration, have different names for their offices -- Office of Small Business Programs (DOD) and Office of Small Business Utilization (GSA). The name OSDBU not only refers to the offices themselves, but also to the advocates within them. Many OSDBU offices designate women-owned business advocates to whom the responsibility of working with women business owners falls. The goal of this project was to identify OSDBU best practices which result in more effective assistance to small, women-owned businesses involved in federal contracting.

Women-owned business advocates in twenty-six different federal agencies, the Small Business Administration (SBA), as well as small business owners who represent women's business organizations such as Women Impacting Public Policy (WIPP), National Association of Women Business Owners (NAWBO), Women Presidents' Organization (WPO), Women's Business Enterprise National Council (WBENC), and the Association of Women's Business Centers (AWBC) were interviewed to find the best practices utilized in federal agencies to assist women-owned businesses. The findings indicate that, in the woman-owned business sector, interest in federal contracting far exceeds the assistance the federal government currently provides. The women business owners interviewed desire technical assistance and introductions to buyers in federal agencies and prime contractors. The OSDBUs interviewed do not, in large part, have the manpower, budget or resources to fulfill these needs.

Even with budget and reporting authority restraints, OSDBUs do a remarkable job in assisting women-owned businesses in ways the public does not always recognize. OSDBUs that are proactive within their agencies are instrumental in persuading the agencies to set aside portions of large procurements for small businesses and facilitating introductions to agency program officials. They follow closely the contracts awarded to women-owned businesses and advocate within their agencies the need to increase contracts awarded to women-owned firms.

Because of the overwhelming number of businesses looking for assistance, the OSDBUs should consider implementing the best practices found through this research. In particular, OSDBUs should take advantage of current technology, such as nationwide conference calls and video conferencing. A greater emphasis should be placed on regional agency meetings for small businesses interested in federal procurement. Every agency should consider instituting vendor outreach sessions, where program officials and procurement officials meet directly with small businesses.

In addition to best practices, it was the general view among the OSDBUs and women business owners interviewed that in order to increase federal contract awards to women-owned businesses, Public Law 106-554, codified at 15 USC Section 637 (m), should be implemented. If P.L. 106-554 is implemented, it would allow contracts, in industries historically underrepresented by women-owned small businesses, to be reserved for competition by women-owned small businesses.<sup>1</sup> Without implementation of this law, federal agencies have only a goal of awarding five percent of federal contracts to women-owned businesses without any real tool to achieve it. Currently, there are no consequences for federal agencies who do not meet their woman-owned goal of five percent.

The consequences for women business owners, however, amount to lost revenue equaling billions of dollars. A report issued by the House Small Business Committee Democratic Staff shows that in FY2003, contracts awarded to women-owned businesses throughout the entire federal government amounted to 2.89% – just over half of its five percent goal. The report estimates that the difference between the government’s 2.89% level of contracting with women-owned businesses and the stated goal of five percent represents a cost of \$6 billion in lost contracting opportunities for women-owned businesses FY 2003.<sup>2</sup> In FY 2004, the government again did not meet its five percent woman-owned goal with only 3.2% of federal contracts going to women-owned businesses, which the House report suggests resulted in a loss of \$5.5 billion in contracting opportunities for women-owned businesses.<sup>3</sup>

The National Women’s Business Council and the women’s business organizations represented on the Council are in a position to assist women business owners with federal contracting. The NWBC provides contracting information through its nationwide conference calls and works with federal agencies to provide special women-owned business panels at agency conferences. The NWBC also works to formulate positive relationships with women-owned business advocates in the federal agencies. An important tool to assist women business owners is [womenbiz.gov](http://womenbiz.gov), a website that is designed to be a gateway for women-owned businesses that wish to do business with the federal government. This web site contains helpful links and resources as well as upcoming outreach events.

This report is intended to highlight the best practices utilized and identified by OSDBU offices. In this respect, other OSDBU offices can learn from the practices of their peers to increase the effectiveness and efficacy of outreach to women-owned businesses. Included in this report are critical recommendations and strategies to improve procurement practices within the federal agencies. In addition, this report can serve as a guide for women business owners interested in doing business with the federal

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<sup>1</sup> Public Law 106-554 Section 811; please see Appendix D for full text of legislation.

<sup>2</sup> “Dramatic Gains in the Federal Marketplace Fails to Result in Small Business Contracts”. House Small Business Committee Democratic Staff. September 30, 2004.

<sup>3</sup> “Scorecard VI History Unchanged: Year Capped with More Losses for Small Firms.” United States House of Representatives Small Business Committee Democratic Staff. October 20, 2005.

<http://www.house.gov/smbiz/democrats/Reports/scorecardVI.pdf>.

government. It lays out important resources available to them and the best practices utilized by OSDBUs to encourage their participation. Appendix A of this report is designed to give women business owners a detailed view of the major federal agencies and the women-owned business contacts at each agency.