

Starting a Government Contracting Business

By: Toby Johnathan Wesley

SAGCB

TOBY J WESLEY

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DEDICATION

I'm dedicating this book to my mom, because I'm so Thankful for all she has done, and to My future family, that I don't know as of yet this is certainly for you. I wrote this book to help people understand doing business with the Government, as well as to leave a legacy of the knowledge that I have acquired. I don't like to use the word hate, but I hate to have a type of knowledge or wisdom and don't share it, because if you have some type of knowledge or even wisdom and you don't share it, it is like you never had the information anyway. If I can genuinely help the next person be gently successful or just a little successful, then I have completed my mission.

PREFACE

The reason for writing this book, is that I have a vast knowledge of this subject of Government Contracting. I'm not saying that I know every single aspect of Government Contracting, but I do have a lot of experience with Government Contracting in my short time doing them. I believe that the one prominent reason that I have a great knowledge about this subject, is not that I'm the smartest guy around. I just believe that I had a little help along, with a lot of inspiration on this subject. I have made my share of mistakes and this is what helped my development. I have failed and succeeded through trial and error. My great wish is that the person reading this will learn from my success and failure.

FORWARD

It is a pleasure for me to be a part of this project. First of all, I believe that whoever reads this book, will get not just a great deal of knowledge, but some humor and enjoyment. The biggest reason why someone should read this book is Toby has real experience, not just from what someone told me or him. Toby has been in the fox hold and had to figure out his own way in and out of the fox hole. I have watched him work the system and learn the system. Toby has gotten a lot of encouragement from multiple people to write this book, because so many people would come to him asking for advice and a number of people in his circle suggested that he write this book. Now just because I'm his mother does not mean that, I'm showing bias, well maybe a little bias, but really it's a great book with great information. Love you son.

CHAPTER 1

YOU NEED TO SET UP AN LLC/ LIMITED LIABILITY COMPANY

You need to set up an LLC that is an abbreviation for Limited Liability Company. This company is simply set up to protect you and the member or members of your organization from liability. This company will protect you from most liabilities. Let me be clear it protects you from most liabilities not all liabilities, you still may need an umbrella insurance policy depending on the type of business you may be doing. An additional form of protection, I would suggest is an operating agreement for yourself if it is a single member LLC or if it is a multi-member company you need an operating agreement even more to explain the duties of what each person is responsible for and what the business actually does. Now you just witnessed the previous statement of single member vs multi member these are simple terms. There is more research that you can do, to get a full understanding and what form of an LLC can be beneficial for you and your organization. It never hurts to educate yourself more on this topic. You may ask the question of can I do Government Contracting without a company whether that be an LLC or any other type of corporation? The answer would be yes you can, but there's always a but the Government prefers to do business with a business not a person. Remember businesses like to do business with other businesses and the government is a business, a very big business. Last thing on LLCs is you can set one up yourself, if you have experience and time to understand, but if you don't have the experience or the time to learn and or figure it out, my recommendation would be to contact some type of professional ie, an LLC expert or a lawyer for of course a small fee. Remember you will also have a small amount of yearly maintenance for your LLC, and of course you need to do a name check when starting your LLC.

CHAPTER 2

GET A TAX ID FOR YOUR LLC

Getting a Tax ID for your business is crucial, when you apply and obtain a Tax ID for your business this makes your company a real person or entity legally. Your Tax ID is going to be the identity of your company, anytime someone asks you for any information on your company, the first thing that they will need to identify your company will be the name and of course your Tax ID. Your Tax ID or TIN for short is your company SSN# like your personal SSN#. You are going to need this for the next steps in the Government Contracting set up process.

CHAPTER 3

START A BANK ACCOUNT WITH A MAJOR BANK

Starting a bank account with a major bank for your LLC is not be taken lightly. This is a core part of your strategy in your journey. The reason why a Tax ID # is so important is when you go to a major bank, the first thing they will ask you for is your business name and Tax ID#. Before the banker can open your account they will need to look up your name and Tax ID with the Secretary Of State in your state to check to see if your business is in good standing with whatever state you are in. When you open a bank account, this is a great time to try and apply for other products with the bank as well. Example Credit Cards, Line Of Credit.

A bank account and routing number is so very important, for many reasons. The number one reason is for exactly what you are doing and that is Government Contracting when you register your business with whatever state that you are in you will also have to register with the federal Government. When you first register your business with the Federal Government the way you do that is through [SAM.GOV](https://sam.gov) and part of the registration process, they will ask for your bank account information. You may ask why does the Federal Government need that information? The answer to that question is for your benefit, when you win a contract they will need this information to pay your company. You will be a happy camper when it is time to get paid and you will realize why you needed to give your bank account information. Always remember when you do any type of business, you need a bank account whether it be the Government or any business that you do.

GET A D&B

D & B is short for Dunns & Bradstreet number. This number is similar to the Tax ID#, but this number is a true Government identifier of your company. You may hear or are going to hear myths, that banks like or use or even need your D&B# for credit decisions and my comment on that is that is not entirely true. I'm not saying it does not help with corporate banking, but it is not the main source for credit decisions, especially for a new company. This number is specifically for Government ID of your company purposes. Now let me tell you a secret on how to apply for a D&B, this is a * (bonus) normally it takes about 2 weeks to a month to get a D&B number. The trick to getting this number sooner or immediately or within 48 hours is when you call and speak with a representative the representative is going to ask you why do you need a D&B number and you simply answer that you need a D&B number to pursue Government Contracting. This little statement will fast track you and your company to getting your number without a lot of hassle and the rep will email you and mail you your number within 48 hours and you will also receive the official number in the mail. The representative will say two weeks or so, but you should see it sooner like in a few hours or a day or so. This is not something , that someone I think or someone told me will or would happen, no this is something that I personally experienced and it worked. Now I know things do change over the years, but I have not seen or heard anything different. Now remember the representative will need a email and a physical address not a P.O Box if you don't have address or email the rep may not just give the number to you on the spot, but because I had I got my D&B number on the spot and they emailed and mailed it as well.

CHAPTER 5

REGISTER WITH SAM.GOV

Get registered with SAM.GOV and also get registered in whatever state that you want to do business in as well. When you go to SAM.GOV you choose the tab register and then you are going to have to input all your business information as well as you are going to have to have a description of what you want to sell to the Government and the codes to match, they will supply you with codes that match what you want to sell as well as you will need to input your employees if you have any, as well as your banking information and some of your background, it will be a similar scenario when you apply with the states. When you apply with the states, if you notice I said states, because I'm assuming you will apply with multiple, even though you don't have to, you won't need as nearly the amount of information, that you will need for the Federal Government. (*Bonus) If you book a call or go to my website, you will find a direct links to the states. You can also get information and a list of different buyers for the Federal Government, I can provide names, emails and departments for you to introduce yourself and company to the Government for Federal work. We have links to all fifty states and vast list and information, that is helpful for you in your journey in Federal and State Government contracting.

CHAPTER 6

PRODUCTS TO SELL TO THE GOVERNMENT

I touched on this in the previous chapter, you have to define what you want to sell to the Federal and State Governments. When I started participating with Government Contracts, people would ask me in various seminars and help groups, what do you do or what do you sell and it took me a while to figure this out. The Government buys any and everything, the Government buys for example clothes, shoes, sneakers, food, electronics, disposable gloves, dog food or any kind of pet food. The Government also buys services as in janitorial, IT Internet service, website building, all internet based projects, they need catering services, cement jobs, as well as Real- Estate one of my favorites. Example the Government always need to lease office space or Real-Estate agent services. The list is endless what the Government needs all you have to do is find your niche and you can have a very lucrative business, whether it be product or service, capitalize on it all.

CHAPTER 7

GET FINANCING

Establish a credit line and or have some cash savings in the bank, if your goal is to be successful at Government Contracting. Having some type of financing is a very important factor that not a lot of people speak about, this is a very serious topic. Government Contracting is a business, and with any business you need to have financial support or some type of financial wherewithal to conduct your business. When I got into this space, I had to figure this out, but it was not hard to figure out that I needed money, because the Government does not provide upfront money to be in business with them, you have to build your own business. You hear people talking about getting into Government Contracting, but what they fail to tell you is that you will need financing. I know this maybe a sensitive topic for some, but this is true. There are two avenues that I used and that was business credit cards and lines of credit as well as using a factoring company. The business credit cards or line of credit is my favorite, because you can simply use what you need and pay as you go. A factoring company is a little more detailed and the interest rate is higher and you have to pay the factoring company a percentage of the contract and a percentage of your profits. *(Bonus) Chase or American Express is some of the best options for business credit, they are not the only ones, there are a lot of banks out there with zero percent and all kinds of things in their bags. You can go to my website and book a consultation and I can give you more options.

CHAPTER 8

UNDERSTANDING PRICING

Understanding Pricing is my opinion the most important concept in Government Contracting. In a previous chapter, I said have a line of credit is very important, well pricing is very very important. The reason why I feel this way is because, if you can price a job, you can be very successful and if you can't well this particular business may not be for you in my humble opinion. When I started Government Contracting no one and I mean no one could help me with pricing, so I said to myself what's the deal with this pricing thing. Finally one day I was talking to this veteran of Government Contracting and she had been on both sides, meaning she was a buyer with the Government and the State and she was a seller which that would be you. When talking to her all altho she did not come right, out and tell me the secret, but what she did tell me was that no one knows your pricing but you. BINGO, you have to know how much your product costs to buy and you have to know how much you want to sell it to the Government for and how much profit you intend to make. The sweet spot is out pricing your competitors, so you can win the contract. You have to know what you are doing and what you want to make. Book a call with me and I can give you some of my personal and private secrets that helps me win and compete with the best to win more and win consistently. You either win or lose, it's not in between. *(Bonus) This is a numbers game, the more you submit, the better change you have to win.

CHAPTER 9

GET A WEBSITE

This tip at one point was not very important to me. Even though I consider myself and my company technology base now, at the time I did not realize having a website, being that important. Tech is very important and the future of everything including Government Contracting. You need a website to advertise to your buyers, to let them know and remind them you are in business. You need a website for so many reasons, that I can't count. First you need a website to advertise to your buyers, that you are in business and that you are a serious business. Second your buyers may need to reach out to you through your site, if for some reason they lose your contact information, they can call you or email. Third having a website your customers confidence that you are who you say you are. Example say you hear of a company for the first time, what the first thing you do? Yep I know what you will do, what you will do and what everybody else would do is run to the internet and go to Google or some other online search engine and check the company's online presence, at first you will be very skeptical until you find out about this company. The Government fills the same way, they want to know that you have an online presence. Make sure that your company is in good standing with your local Secretary of State as well and this will give your company that great stamp of approval.

CHAPTER 10

BUSINESS INSURANCE

I have found that business insurance is a necessity for your protection and the Governments protection. With some contracts business insurance is required of course not all, but a number of them require Insurance just to even be considered. Most tech based contracts, you will have to have a performance and liability policy. I'm starting to see more and more states requiring a business policy with an umbrella rider included in the policy for a least a million dollars. You may ask why do you need this and why is this so important for you are the states protection? Well this is simple when problems arise and they always doo no one wants to pay, but someone has to. So this is why Insurance comes into play, this is no different than homeowners or automobile insurance you never know. This is for in just in case something happens. *(Bonus) 1 million plus does not cost a crazy amount of money for the premiums, so don't panic or let this scare you away, you just might have to shop around a bit to get the best deal.

CHAPTER 11

WHEN DO YOU GET PAID

When you win a Federal or State contract, they have payment terms, usually net 15, net 30 , I have even seen net 60 plus. You have to be prepared for each scenario, because if you are not you can find you or your business in a little trouble. This trouble does not have to happen if you are prepared. As far as myself and my experience, I trust no term, by company and myself as the General Manager, whether State or Federal were ready for slow pay and even fast pay. Now just a small nugget, if you have provided goods or services, for one of those agencies, you will get paid at some point in the time framework of a few weeks or a few months. This is why a line of credit is so important or savings, just your own funding etc. The entities that you are dealing with are large conglomerates, you have to remember whether your contract is in the thousands or in the millions, you are still not as big as the state and federal government. They have gigantic budgets and thousands of employees. My suggestion is to know your departments and point of contacts and be as patient as possible and price your contracts right so when you finally get paid it was worth the wait. Just to let you know it's not always that you won't get paid on time, you will have some contracts that pay early and often, and some will pay late and slow. I'm the type of person that likes to give you the bad news before the good news. We are halfway through thru the book, I hope you are have fun learning and enjoying the content. On to Chapter 12

CHAPTER 12

HAVING MULTIPLE RELATIONSHIPS

Make sure you have multiple relationships with vendors and account managers for those and any vendors that you deal with to purchase your products for sale to the Government. This is very important for various reasons, but the main reason is say you win the contract of your dreams, you got the perfect contract, for the perfect price, you priced it to perfection in your mind, you were able to identify the vendor that has the merchandise that you need, then the Government decides to take there time ordering it form you or the Government orders immediately and you contact your vendor and your vendor informs you that your product might or will be delayed or worst the price has changed as well as delayed. You have to know that this happens more than you know and you have to have a plan and a backup plan. Now this can happen even if you have a good or personal relationship with the vendor, but it would sure help if you can call a person directly and get some information on when the product will be in, and has the price changed so I can adjust my figures. Most of the time when you have a relationship with a vendor meaning an account executive, specifically an individual within the company you are purchasing your products from. You will get a call in advance, to alert you on a potential problem, most of the time the call will come from the account executive with a solution to the problem as well. I have been in this situation multiple times, it can be nerve wracking when you don't have people in place for these situations and you find yourself having to just do cold calls for products and solutions. Can you say nervous breakdown boys and girls, but try to not panic. You have to always remember the clock starts when you win, its not celebration time when you win, its

performance time, you want to be ready, for everything in any situation, trust me your life and your sleep will be much easier.

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LOGISTICS

You have to have some understanding of Logistics which is an actual term for shipping. You need read the scope of work when you are bidding on these contracts. You need to understand the Quantity count, box Quantity count, you need to know what the Government is asking and how many or how much and the cost per. If you don't understand this, it could be deadly for your bottom line, which means great loss or multiple losses. This has happened to me with a particular state that I won't name. Even though this chapter is about logistics, with logistics you have a little pricing to help your understanding. This is to be debated who fault this was, but ultimately it was my fault because, I took the loss, but I thought I understood what the state was asking for lets say fare argument sake they were asking for 50k cases of disposable gloves 12 per case. Well I ordered 50k gloves not understanding that the price that I would be charging the Government vs the price I paid for the merchandise would be totally wrong. So to make a long story short, we priced and order 50k gloves vs calculating how many cases we needed vs just 50k so we were totally wrong and let's say big loss. We did not included shipping how pallet size and weight and time and what type of truck in would arrive on as well as if the Government had a loading dock etc. You have to price all that information in your price logistics if very important. So we found out we were not just out of money but the state kept or some people would say stole our merchandise and it was nothing we could do, maybe sue for our product back, in a later chapter I will explain why a lawsuit was counterproductive. We lost a significant amount of money is an understatement, but lesson was priceless.

CHAPTER 14

ACCOUNTING SOFTWARE

I have been in business a long time, and to say you really need some type of accounting software is simply an understatement. You have to know your books as well as you have to have a true mechanism to collect payment, especially if you plan to be in business and stay in business. Quickbooks is one the most popular software and is very good and easy to use and understand. Quickbooks is very good, because it is tied to your bank accounts and credit cards, but it also sends and tracks invoices that you send out and the invoices that come in for payments received. This software is invaluable, it lets you know when someone is past due, it also give vendors ie people that owe you money different options to pay check, credit card, PayPal, apple pay pretty much everything under way under the sun. It also prepares you a balance sheet and P & L statements for your accountant and lenders as well. This software helps your accountant not pull his or her hair out at the end of the year, as well keeps them from charging you more bookkeeping fees that you can handle. You don't want to have to scramble to find documents, when someone wants to lend you money or when it is time to give an account of your business at the end of the year to your CPA or whoever is responsible for your taxes. I will look totally unprofessional if your books are not in order and you will miss a bunch of opportunities when you have sloppy books. Someone told me years ago when you start right you finish right.

CHAPTER 15

YOUR ADDRESS

If you don't have an official address you may have to buy one. Having an address is very important for a lot of reasons. You may wonder why I have this topic in this book, and the reason behind this is most people starting out not just in Government Contracting, but in business have a tendency to use their home address for everything. Just to be clear, using your home address is quite fine, but I personally would not recommend that, because when the Government or random people look up your company, do you really want them seeing or having access to your home address. If you have some type of problem or situation with your business dealing do you want people knowing your personal home address. My suggestion is if you don't have a dedicated office or in the early stages of your business you can't afford the expense, you should buy an address. Buy an address not a P.O. Box. In other words buy a virtual address and even phone with answering service. * (Bonus) Regus is a good place to start. *(Bonus #2) If you want to be taken serious not just by the Government, but by banks and whoever else is important to your future business growth, you want to get a real address other than your home address. You will thank me later.

CHAPTER 16

TAXES

Everybody wants to make a lot of money doing business in general and doing Government Contracts well if that is true you have to think about taxes. When you make money, you have to pay taxes, there is no way around paying taxes. When you price and submit proposals, submissions, etc you need to keep in mind what's your profit margin and how much tax is going to be due once you get paid. My real advice is the hire a tax professional from the start, even if you are or are not tax savvy, believe you me it will save you time and money. You may question me and say well that easy for you to say, just hire someone because it costs money, and that would be true. This is why my advice is to price your contract right and for profit. If you do that it will be a pleasure to hire a tax professional to help you comply with tax law and you stay in business. Again I say you want to stay in business and don't want any surprises at the end of the year or at tax time. My advice is to be aware.

LAWYER UP

Get a good lawyer, it just that simple. Again the first thing you may say is, man how much is that? And again I will say that you are running a real business, I'm not saying you have to get all of this immediately, but this has to be top of mind soon and very soon. Before I give you my opinion as to why you need a lawyer, I will tell you that it is better to have information and not need it vs not having information and really needing it, you don't want to hear the words, will the defendant please rise, lets please avoid that if you know what I mean. You need a lawyer for a lot things, but let's start with why you need one for Government Contracting. Hopefully you remember earlier in this book when I said I would revisit the situation when I alleged miscalculated the product wrong and the state took my product. Well as you know I sent the state the product and we both acknowledged the error, well the state promised me my product back one day and the next decided to just keep it for themselves and just wanted me to accept that or cancel the contract. Well as you know this is considered a dispute and you will have these on the state level and the federal level. A good lawyer comes into play to help you with what options you may have. Another scenario is when you are in contract with the Government and lets say you have a contract to provide disposable gloves and you have a price agreement with the Government, but the Government needs more of what you are providing at the current price. The Government informs you that they need more, and demand that you give them more, but the price has changed or you can't get the product for whatever reason. You need a lawyer to help negotiate especially if it is a big contract and you want to keep it and you may even, have a

demand or mini threat that you have to perform, even though this is outside of the actual terms and agreement that you have currently, so now you have a classic dispute and this is just one example of many. You are going to need an attorney and you will need one that specializes in Government contracting and matters of the Government dispute. If you do Government Contracts long enough you will find yourself with some type of dispute. You are going to need legal representation and that should always be a phone call away. You will thank me later again.

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CHAPTER 18

SCOPE OF WORK

The Scope of Work topic, you will see a lot and come to get used to every time you see or read a potential Government Contract whether it be state or federal, you will see Scope of Work feature. The Scope Of Work tells you pretty much everything you need to know about this contract. This is very important, because believe it or not people tend not to understand it or even read it and reread it carefully. This is the first thing you should be looking for when you review a contract. You would be surprised how many people don't fully understand this. You should read the Scope of Work a few times and if you are interested in the work in this contract and you still don't understand the scope of work, well you have two options. One move on to something that you do understand or options two if you are still interested and don't understand, what you need to do is reach out to the buyer by phone or email and get them to explain and get precise clearance on what they are asking for and they will be able to help you through the process, but by no means please don't assume. Get the facts.

CHAPTER 19

MAKING SUGGESTIONS

Suggesting things to the Government for future awards, actually happens and is very real. Most of you out there may not know or even believe, that your suggestions can sometimes help you in the present and in the future. I had a situation where I was selling sneakers to the state and our company won the contract, but in the process of fulfilling the contract the sneaker company started to actually go out of business but first start scaling back product, instead of just losing or canceling the contract, what we did was suggest another product and even suggest future products for future contracts and even suggested a structure that they the state liked. Well this idea worked many times and once the state and federal get to know you like any other business you build credibility and they tend to take and even use your suggestions for your and their benefits. You can almost build whatever you want or can imagine, just make sure it makes sense. You just have to believe in what you are doing and know what your products and suppliers and this will give you the confidence to dictate sometimes, along with your suggestions to all the many agencies. Remember you can do it just believe.

CHAPTER 20

CAPABILITY STATEMENT

The capability statement is simply a resume of your company and even you explaining what your company can do or provide to the state and federal government. Depending on the different categories that you submit in your registration with the state and federal government, in this statement is what you are going explain. In your capability statement, you want to be as explicit and direct and to the point of what your company can provide. This should be detailed but not complex, the reason why you should be to complex is you don't know who will be reading your capability statement. You want a kindergartener to be able to understand it. You don't want to be so difficult that, who you send it to just puts it to the side or better yet just ignores it and now you have created a counter productive situation. You want your capability statement to be intriguing, you want it to stand out against the competition. You want the buyer to remember you. Remember you are competing against the world for these contracts. Make it count. We are reaching the end I hope you have enjoyed and learned from all of this content.

CHAPTER 21

FEDERAL BUYERS LIST

I would suggest you get registered with [SAM.GOV](https://sam.gov) and with the state you want to do business in or states and send your capability statement around the state and federal government and agencies that interest you. When you go to my website, I will have a list of federal buyers that you can choose from. We have over 5000 federal buyers that you can choose from some of these people and departments may have changed, but when you call or email that person will probably redirect you to the person or department you are looking for. Either way all the phone numbers and emails are for government departments, you may end up finding something new out and can help yourself and me as well. Remember we are all in this together and even though I took time out to write this book, I'm still very much still a participant in government contracting.

CHAPTER 22

STATE WEBSITES TO SIGNUP

Our company has all the state websites, in all fifty states that you need to go to register your business, we try to make it a little easier for you so you don't have to scramble. To find the information to what state or states that you want to get registered in. I myself is registered in several states along with [SAM.GOV](#) which is the federal government. When you go to our site that information will be there.

CONCLUSION

In closing Government Contracting is not a piece of cake, but it is very fun and can be very lucrative business if done right and with integrity. Always remember this is a real business and with a business you have to put in the time and the work to master this. My advice to you is what someone told me, is you don't have to be perfect, just be good. You can go our website to book a consultation as well to get the information about the buyers lists and signups. Cheers until next time.

