

## ENTREPRENEUR'S CORNER

# Build your business on government contracts

By Pierre A. Clark

Special to Sentinel-Voice

Who's the world's biggest contractor of goods and services?

Nearly everyone knows that it's the U.S. Federal Government. Federal contracts are still the main revenue source for a majority of America's largest corporations. They can be an obviously valuable revenue generator for small businesses as well.

But federal contracts are not the only kinds of government contracts. State, county, township and city agencies all procure the majority of their services and products through contract bids and awards.

This outsourcing trend will continue as government agencies opt to privatize their services.

There's still a great deal of mystery about how to identify, procure and obtain all kinds of government contracts. If you believe that the only way to qualify for most government contracts is through political influence, think again.

The reality is that there is a process involved in securing

government contracts; a process you can master. While this column can't cover every detail, we can share the basic strategies. And if there is enough interest, we promise to do a series of future columns on this process.

No matter what the size of the government contract or the kind of government seeking subcontractors, there are six basic steps to the contract application process.

(1) Government agencies (federal, state, county, city) are required by law to publish bid notices either in a local newspaper's classified section or official publication. Listings of federal, state, county and city contracts can also be found on the Internet. Federal publications listing contracts include Commerce Clearinghouse Daily and the Federal Register.

(2) To bid on most government contracts, you have to be a registered bidder. You register by requesting an application from the purchasing department of the appropriate agency. The application will ask basic



questions about your business history and qualifications. Once you've qualified with one government agency, you will be qualified with most other government agencies. To bid on so-called set-a-side contracts, you also have to receive certification as a minority or women-owned business enterprise.

(3) You can learn about

government contracts in four ways: (a) From a notice mailed to you; (b) through the classified section of your local newspaper; (c) through an official government publication and (d) from the Internet. You should study all four sources for the types of contracts most appropriate for your firm.

(4) A government bid notice

will detail perhaps dozens of contracts. Once you've identified the specific contracts you want to pursue, call or write to order the official bid packages. Each bid package will normally include an application and qualifications list. For most government contracts there are pre-bid meetings at which agency officials review the bid documents and discuss how they should be completed.

These are vital meetings you should make every effort to attend. Note also that many contracts require a cash bid along with your application. So be selective about the contracts you really want to bid on.

(5) Your prepared bid should be completed exactly as requested. Your pricing should include a full accounting of all anticipated costs in performing the services plus a reasonable profit. Government reviewers often reject low-ball bids, so don't underbid.

(6) Once you've completed and sent in the bid package, don't sit around by the phone.

These kinds of bids are at best a 50-50 proposition, so don't base your year's revenues on anticipating a contract whose award is a gamble at best. Note also that if you are a successful bidder, you'll likely need financing to complete the work.

Most government contracts pay on performance over a 60-day to 90-day period. This can be an onerous requirement for small businesses with short credit histories.

Two solutions: Approach a finance company like GE Capital Credit or one of the so-called factoring firms that purchase government contracts and will pay 80 percent of the contract amount up front. Factors are great sources of the immediate working capital which will enable you to complete the contract bid.

This is a very short introduction to bidding on government contracts. Remember, government contracts can be extremely lucrative, get involved now.

Pierre A. Clark is a nationally known self-employment expert and entrepreneurship columnist.

## Equities in African-American stock rising

By John William Templeton  
Special to Sentinel-Voice

SAN FRANCISCO - In the couple of months or so since the first New York Society of Securities Analysts/National Securities Professionals Association seminar on African-American public stocks, Black Stock Worldwide (BSW) equities have risen 7.4 percent.

However, seven have risen at least 25 percent since May 1. The index, created by "Griot," the African-American, African and Caribbean daily, currently includes a dozen companies controlled by Africans or African-Americans, with a sole market in Africa or the Caribbean, that are traded on U.S. exchanges.

On May 1, American Diversity Growth Trust of Cleveland and Cromwell, Miller and Greer of New York, brought a half dozen CEOs of the BSW companies to the session.

The big beneficiaries were Detroit's two African-American public companies: Caraco Pharmaceutical, the generic drug manufacturer which has bounced up 72 percent, and United American Healthcare, the managed care provider in several states that reversed a deep slide in its stock price and has gained 60 percent

in its share price in the past two months.

Caraco has likewise been in the doldrums following the loss of its NASDAQ listing after falling under \$1 million in capital. However, the company has signed several international distribution deals which are re-infusing capital. Emissions test firm Envirotest is also up 42 percent since May 1.

Newcomer Carson Products has jumped 35 percent since its initial public offering earlier this year. Carson is the only black personal care products firm on the market.

Broadcasters Robert Johnson and Don Cornwell are smiling as well. Black Entertainment Television (BET), which for six months had seen no response to its good news, despite opening a new restaurant, and announcing plans to start a financial services division to offer credit cards, is up 27 percent.

Granite Broadcasting got an even bigger bounce, with its 32 percent jump. Granite recently acquired its first top 10 market television station in Detroit.

Healthcare stock American Shared Hospital is up 29

percent although it has not consummated a planned merger with U.S. Diagnostic after that company's CEO was sacked.

Financial and resource stocks, however, have failed to make much progress. Carver Federal Savings of New York

has dipped 70 percent and Broadway Financial Corp., of Los Angeles has been flat.

Abacan Resources, the Canadian company with discoveries of oil off the Nigerian coast, has lost half its value in the past two months. Ashanti Goldfields, the

Ghanaian gold giant, has remained steady in the face of a flight from gold and gold stocks.

With the exception of Ashanti, Granite and BET, most of the BSW stocks are thinly-traded and sparsely followed by analysts.

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