

American Express OPEN Releases its First-Ever Small Business Government Contracting Survey at the Inaugural Victory in Procurement (VIP) Event in New York

Successful Small Business Contractors Invest \$86,000 Annually in Time and Money to Pursue Federal Contracts, Submit Average of Nearly 7 Bids per Year, Win Almost 3 Contracts

New York, NY – April 1, 2010 – American Express OPEN[®], the small business division of American Express, released its first-ever government contracting survey of small business owners. The Victory in Procurement (VIP) Small Business survey was released on March 31 at an event in New York where more than 400 business owners learned how to succeed in government contracting. The survey reported findings from more than 1,500 business owners who are listed in the Federal Procurement Data System (FPDS) and registered on the Central Contractor Registration (CCR) the primary vendor database for the federal government.

The federal government is the world's largest single purchaser of goods and services, spending more than \$500 billion annually¹.

The survey included active contractors (small businesses that have been awarded a prime federal contract within the past three years), currently inactive contractors (small businesses that are registered on the CCR, but who have either never landed a prime federal contract or who are designated as inactive in terms in the FPDS) and non-contractors (a subset of inactive contractors who are registered on the CCR but who have not yet landed a prime federal contract).

The survey revealed compelling best practices for small businesses to succeed in government contracting. The two most important pieces of advice that successful contractors offered are to start with small contracts since they can lead to larger opportunities, and to be persistent.

“Active contractors are more successful in winning government contracts in part because they are more vigorous in the bidding process,” said Susan Sobott, president of American Express OPEN. “They take an average of 1.7 years to win their first federal contract, submit an average of nearly 7 federal prime contracting bids and win almost 3 contracts per year.”

Active contractors made an estimated \$86,000 investment in time and money in 2009 seeking federal contracts. The median sales for active small business contractors was between \$1 and \$4.9 million, and federal contracts accounted for 38% of their revenues. “Active contractors make a larger investment in their contracting activities – and it is paying off,” Sobott continued.

Many small business owners who have not yet won their first prime contract are just getting started. Four in ten (42%) non-contractors have started pursuing federal contracting only recently, having registered on the CCR (a necessary first step in the federal procurement process) in 2008 or later. Thus, many of them will become successful – if they keep bidding – over the next year.

The survey also found that getting on the General Services Administration (GSA) Schedule can be an important strategy for winning federal government business. The GSA Schedule is a list of approved vendors for the products and services the government procures. One-third (34%) of active small business contractors are on the GSA Schedule while only 13% of currently inactive contractors are on it. There is a significant gender difference in the firms who are seeking procurement opportunities through the GSA Schedule: 40% of women business owners who are active contractors are on the GSA Schedule versus 31% of men business owners.

¹ Federal Procurement Data System

In another marker of success, fully 80% of active small business contractors who are on the GSA Schedule have annual revenues of \$1 million or more and derive 47% of their annual revenues – at least \$500,000 per year – from federal contracts.

American Express OPEN will release two more reports from the VIP Small Business survey. The next report will focus on the government contracting experiences of women and minority small business owners and will be released on April 21, 2010 in conjunction with the Office of Small and Disadvantaged Business Utilization (OSDBU) conference in Chantilly, Virginia. Later this year, the third report will focus on the experience that small business owners have had with procurement strategies such as teaming and subcontracting.

At the VIP event on March 31, local business owners had the chance to network and learn:

- Tactical strategies to differentiate from the competition
- How to leverage business teaming to access contract opportunities
- Business development strategies and the importance of certifications
- Explanation of the GSA Schedule – list of approved vendors for the products and services the government procures

OPEN's VIP program is helping business owners at each level of contract readiness succeed in government contracting. American Express OPEN launched the VIP program in November 2009 in partnership with Business Matchmaking (www.businessmatchmaking.com), SCORE "Counselors to America's Small Business" (www.score.org) and Women Impacting Public Policy (WIPP) (www.giveme5.com).

Victory In Procurement (VIP) – An Integrated Approach to Government Contracting

The VIP program is a comprehensive offering that helps small business owners get the insight and experience they need to win government contracts.

The program provides business owners with the following resources:

- **Connections:** Allows business owners to connect with procurement officials at federal, state and local government agencies through American Express OPEN and Business Matchmaking's procurement matching system and events.
- **Teaming:** Helps business owners foster teaming relationships across industries and geographic regions through Teaming USA events and the Teaming USA online networking tool, www.teamingusa.com.
- **Coaching and Mentoring:** Offers business owners one-on-one coaching and mentorship opportunities facilitated by American Express OPEN Advisor on Government Contracting, Lourdes Martin-Rosa, SCORE's speed coaching program and WIPP's Give Me 5: Education and Access for Women in Federal Contracts program (www.giveme5.com).
- **Events:** Offers business owners a comprehensive event calendar to provide them with a chance to learn best practices, connect with other business owners and form relationships with procurement officials at major government agencies.
- **Online Training and Resources:** Provides business owners with a virtual classroom on government contracting. VIP's new interactive Web site, www.OPEN.com/governmentcontracts, provides step-by-step access to hands-on training and education resources, in-depth guides, case studies and checklists to assist in the various steps of the contracting process.

Survey Methodology:

A total of 1,508 small business owners responded to an online survey launched between January 19 and February 2, 2010. The survey population is randomly drawn and representative of small businesses that are either currently engaged in or actively interested in seeking federal procurement opportunities. These business owners are a specialized population: those who are contained in the Federal Procurement Data System (FPDS) and registered on the Central Contractor Registration (CCR) database. There are three distinct populations:

1. **Active contractors** – small businesses that have been awarded a prime federal contract within the past three years (N=698 business owners);
2. **Currently inactive contractors** – small businesses that are registered on the CCR, but who have either a) never landed a prime federal contract or b) may have done so in the past but who are designated as inactive in the FPDS (N=810 business owners); and
3. **Non-contractors** – a subset of inactive contractors: 644 business owners who are registered on CCR but who have not yet landed a prime federal contract.

The survey is thus representative of all of the small businesses in the federal procurement system, but is not nationally representative of all small businesses. The sampling errors of each of the three distinct samples are: +/- 3.7% among 698 active contractors; +/- 3.5% among 810 inactive contractors; and +/- 3.9% among 644 non-contractors. This means that, 95 times out of 100, the survey findings will be within those ranges of true population values.

About American Express OPEN

American Express OPEN is the leading payment card issuer for small businesses in the United States and supports business owners with products and services to help them run and grow their businesses. This includes business charge and credit cards that deliver purchasing power, flexibility, rewards, savings on business services from an expanded lineup of partners and online tools and services designed to help improve profitability. Learn more at www.OPEN.com and connect with us at openforum.com and twitter.com/openforum.

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