Directors Corner Article
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Understanding Commercial Items in Federal Government Opportunities

As a Business Owner/Manager it is imperative that you seek out new markets to sell or provide your services. APAC has been promoting the government market for over twenty-five years with our clients, resulting in them reporting over one billion dollars in prime and subcontract awards. As you can see participating in the government market has the potential of taking your business in the direction you want it to go. With a “can do this attitude”, persistence, and perseverance you have the opportunity to elevate your business into a position of receiving contract awards.

You must realize that government agencies buy almost every kind of product or service that is available in the commercial market. Agencies are always buying anything such as computers, printers, furniture, construction materials and services, fuel, office supplies to services such as building maintenance, janitorial services, IT services and vehicles to name a few. And with billions to be spent and being spent each year to purchase these products and services there are numerous opportunities for businesses to take advantage of this tremendous purchasing entity to generate thousands of dollars in additional business revenue annually from participating in the government commercial items procurement.

In this article we want to touch on basic understanding of the commercial items part of the Federal Government procurement process. Most business owners know about commercial items in the private market, however, did you know that the Federal Government has a commercial item section also? They do and it is covered by Federal Acquisition Regulation Subpart 12 entitled, Acquisition of Commercial Items.

The Federal Government’s definition of a commercial item means any item other than real property (real estate), that is of a type customarily used by the general public or by non-governmental entities purposes other than governmental purposes, and has been sold, leased, or licensed to the general public; or has been offered for sale, lease, or license to the general public. As you can see, they are the same items that you sell to your private market clients, only now you have two marketplaces to promote your business.

Now that we know about the government commercial item marketplace, let’s learn the basic rules of engagement. How does the government evaluate businesses in this area? In defining federal acquisitions, they generally have longer lead times for you to familiarize yourself with the rules for federal marketplace just as you first did with the commercial market contracting process. Normally the contracting officer will issue a Solicitation for Commercial Items if the acquisition is expected to exceed the simplified acquisition threshold ($150K or more; otherwise, phone calls and oral/written quotes will be utilized. The advertising time period can vary from a few hours to 30 days depending on the item(s) and the estimated price magnitude of those item(s).

The procedures for evaluating government commercial item bids or quotes received are in most cases similar to those in the private marketplace. Depending on the procurement process government agencies must determine the price fair and reasonability of prices submitted prior to award. For commercial items the contracting officer will evaluate your bid using the customary commercial terms and conditions when pricing the commercial items. As in the private sector, the government commercial item prices are affected by factors that include, but are not limited to, speed of delivery, length and extent of warranty, limitations of seller’s liability, quantities ordered, length of the performance period, and specific performance requirements. Finally the contracting officer must ensure that contract terms, conditions, and prices are commensurate with the requirements the Government needs.

It is a common practice in the commercial marketplace for both the buyer and seller to propose terms and conditions on items based on their experiences working with those items. In government solicitations these same characteristics in most cases are appropriate for the acquisition of a particular commercial item and normally are incorporated into the acquisition
documents by the contracting officer if he/she determines that they are appropriate and satisfactory to both parties and not otherwise precluded by law or Executive order.

As you can see the commercial item process used by the government is relatively a simple process using many of the private commercial item procedures and with many of those included in the government procurement documents.

It is no longer true that everything has to be specially made for the government. For example, “government vehicles use tires just like private vehicles”, and this applies to numerous other products and services. As previously stated, you must realize that government agencies buy almost every kind of product or service that is available in the commercial market.

If you are not currently providing commercial items and services to the Federal Government, hopefully this article has shown how easy the process is and that there is need for businesses to participate and market themselves with the Federal Government in this billion dollar plus marketplace.

To see for yourself what the Federal Government is buying, how much they are spending and with whom they are spending their monies go online to www.usaspending.gov and follow the promptings. In your ongoing effort to be successful in the private business environment there is a constant requirement for you to expand your market. It is here, it is the Federal Government and it is essential that as business owners at the very least take the time review the Federal Government commercial item procedures.

Evaluate the information from this article. Hopefully you will take and use the information to acquire knowledge which comes from understanding of what you know and how you use it.

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