



SMALL BUSINESS
KNOWLEDGE AND
TRAINING PORTAL

TSBDC.org



BENEFITS AND RISKS

LESSON TOPICS

1. Benefits

Government contracting is an excellent way for small businesses to diversify their revenue streams. Government contracting has good compensation and a good reputation. Good reputation refers to getting payments on time. The government always has their information out to the public, and you can access that information at usaspending.gov. In addition, it is a long vender, with some of the contracts ranging three to five years.

2. Risks

The first risk is payment. While the government normally pays on time, it can potentially take up to sixty days for the government to pay a small business. A small business needs to ensure that they have other streams of revenues, where they can pay their payroll up to three months. Occasionally, the government does not pay on time, and terminates their contract with a small business, leaving no stability. So it is very important to understand the Federal Acquisition Regulations.