

Tapping the federal flow

NM small businesses learn to grow on government contracting



COURTESY OF BURGOS GROUP A Burgos Group employee works at a warehouse in Jacksonville, Fla., as part of a contract project the Albuquerque company is doing for the U. S. Navy.



Ruben Garcia

BY ELLEN MARKS JOURNAL ASSISTANT BUSINESS EDITOR

Ruben Garcia says his business may not be glamorous, but it's "very effective" and he can promise a captive audience.

Garcia makes JohnnyBoards, advertising display boards that can be found hanging on bathroom stall doors throughout Albuquerque, from Sandia National Laboratories to community centers, golf courses and restaurants.

It's not the kind of product that springs to mind when you think of federal procurement, but the fact is the U. S. government is spending billions of dollars in New Mexico on a wide variety of goods and services.

From HVAC and plumbing systems to janitorial and office repair, from Defense Department aerospace systems to small pressure valves and machine screws, New Mexico businesses are tapping into the federal procurement system to build and boost their bottom line. Some, like Garcia, sell only a portion of their products to the feds, while others devote much of their efforts to seeking and maintaining a mostly federal workload.

Still others have been so successful that they are leaving government work behind and focusing more on the private sector.

About \$2.1 billion in federal contracting dollars went to small businesses in the state in fiscal 2017, said John Garcia, director of the U. S. Small Business Administration's New Mexico office.

That spending flows through the two national laboratories, Kirtland, Cannon and Holloman air force bases and a multitude of federal agencies that have operations in New Mexico.

"New Mexico depends on federal contracts," Garcia said. "Although some say we are too reliant on federal contracts," the expertise companies gain doing government work can be "rolled over into the private sector."

For some companies, like Four Winds Mechanical and the Burgos Group, government work has meant the difference between life and death.

And while it's not always easy to navigate federal procurement hurdles, Wildflower International of Santa Fe owner Kimberly deCastro says the exacting requirements have given her company the tools to constantly improve and grow.

"Although we have had a bit of commercial business (in the private sector), we have always been a federal contractor," deCastro said. "To me, it's a 27-year-old marriage and love story. They (government agencies) are an excellent customer and an excellent mentor. I couldn't have grown my company like I did without it."

Avenue to growth

Lynn Armijo, owner of Four Winds in Albuquerque, says the HVAC company she inherited from her father in 2013 found itself "almost at the brink of shutting" while the New Mexico construction industry suffered from the effects of the recession.

There were too many HVAC companies competing for a limited amount of work, Armijo said.

And although she had long been a technician and site superintendent for the company, some of its customers did not want to do business with a woman-owned firm after she took over.

So Armijo decided to tackle the process of bidding for federal jobs with the help of the Small Business Administration and the Procurement Technical Assistance Center in Albuquerque. Both agencies provide free workshops, one-on-one guidance and a host of other resources so local businesses can more easily get certified and compete for government projects.

Armijo, who served in Iraq with the Air National Guard, qualified as a "service-disabled veteran-owned small business," one of several certifications that provide preference when it comes to government work.

She subsequently landed a number of mostly out-of-state jobs, with agencies such as the Bureau of Indian Affairs and the Bureau of Reclamation.

Armijo said she was "super-psyched" when she recently landed her first project at Kirtland Air Force Base.

That's what's known as the "bread crumb" - the job that gets your foot in the door so you can start meeting people and looking for more work," said Lenny Bean, adviser at the technical assistance center.

It's one of the tips he gives the many local companies he has worked with over the years: "As big is the government is, you have to meet face to face," Bean said. "We're human beings."

Since Armijo's shift to government work, her business has grown from four employees to nearly a dozen, and she is buying a building rather relying on leased space.

"It's tough, but we're making money," she said.

Businesses in the state, she said, have had to be too "heavily dependent" on government work because until recently New Mexico's economy has been stagnant. But she said projects like the Facebook data center under construction in Los Lunas and the planned Netflix purchase of Albuquerque Studios will help a lot.

Transitioning to commercial customers

Things were also tough for Mario Burgos, whose company in 2009 consisted of him and his brother doing communications and consulting work. Burgos worked out of his home.

"I was doing what New Mexicans do - trying to figure out how to make some money," he said.

With the recession drying up private sector spending, Burgos decided to start bidding on federal work. "The only place spending money was the federal government," he said.

Among the myriad services the Burgos Group now offers are general and electrical construction, landscaping work and program and project management. It has 70 prime government contracts with 13 federal agencies across the country and revenues of \$22.6 million last year.

Burgos Group holds an "8 A" designation for small, minority-owned businesses, but that certification expires after nine years. For the Burgos Group, expiration happens this year.

However, the company now has more than 100 employees and no longer needs the designation, Burgos said.

In fact, it has been moving steadily toward more private sector work and now owns Northridge Electric, an Albuquerque contractor, that competes for commercial jobs, he said.

But it was the government work that built the company, establishing business systems and skills it is now using in the private sector.

" It's how the federal stuff has helped us," he said." We had to put systems in place to perform for federal work and have put into place best practices. That's how we grew - leveraging all that."

Similarly, Wildflower International has been so successful that it has branched out from doing IT services and hardware for the federal government into the world of data and drones.

It has partnered with Albuquerque start-up Silent Falcon to provide customers with information collected from unmanned aerial vehicles.

Owner deCastro said the new venture will tap into government work, but she was surprised to discover that the growth opportunities are in the private

sector. For example, ranchers might need aerial data to survey their cattle or land holdings and wind farms might be interested in data analytics, she said.

That means she will pivot her company in a way that was unexpected so she can continue to be profitable and take care of her employees. The journey couldn't have happened without her federal government expertise.

" We are a true Cinderella story," she said.

To learn more

SMALL BUSINESS ADMINISTRATION, New Mexico office: [www.sba.gov / offices / district / nm / albuquerque](http://www.sba.gov/offices/district/nm/albuquerque), 248-8225

PROCUREMENT TECHNICAL ASSISTANCE CENTER, New Mexico office: www.nmptac.org, 224-5965

Here are federal set-aside programs for small businesses:

8 a: For companies with minority, economically or socially disadvantaged owners.

Women-owned companies: Must be 51 percent owned and controlled by women, with women managing day-to-day operations making long-term decisions.

Service-disabled veteran-owned: For eligible veterans with a service-connected disability.

Veteran-owned companies

Hubzone companies: Must have main office and at least 35 percent of its employees living in designated zones that are economically depressed and have been under-represented in federal contract work.