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Montgomery County (MD) Chamber of Commerce Rolls out Midsize Initiative Advocacy Priorities

Rockville, MD – This week, MCCC released its Midsize Initiative: Building Growth Beyond Small. The initiative recommends three initial steps to address the challenges midsize companies face with respect to federal contracting. As small companies become larger and more successful, many federal government contracts are out of reach because businesses with more than \$38.5 million in revenue must compete with the largest enterprises with over \$500 million in revenue.

According to the Bloomberg Government study, “The Mid-Tier Paradox: Too Small To Compete, Too Large to Survive,” despite some mid-tier successes and seemingly strong performance data, evidence is emerging that certain government acquisition practices may lead mid-size company growth to slow or stall, causing a drop in average revenues.

“Launching this initiative provides our midsize members more ‘runway’ to transition from a small federal contractor to a thriving midsize company,” said Gigi Godwin, President of MCCC. “If we can help this segment succeed in the federal market space, everyone wins—the federal government, the local economy and the workforce employed by this sector,” she said.

MCCC recommends three initial steps to address this problem:

- 1. Agency: Bring Multiple Award Contracts (MAC) requirements in line with the capabilities of midsize firms.** It is essential to sustain midsize businesses participation on these MACs to diversify the types of businesses engaging in the federal market.
- 2. Regulatory: Require a five-year look-back for the purpose of Small Business Administration (SBA) size determination.** Due to the long contract award process and significant size of task orders, small businesses can quickly outgrow their size standard without having the time and resources to invest in firm infrastructure. This change would allow businesses a smoother transition by changing the receipt calculation by using the lowest three of these preceding five years of receipts, to determine the average.
- 3. Legislative: Deduct research and development (R&D) expenses and expenditures from total revenue for size determination.** This recommendation supports the government’s initiative to stimulate innovation and allows companies to pursue and develop new products and processes, without undue penalty.

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About MCCC

The Montgomery County Chamber of Commerce (MCCC) leads, advocates, and connects as the voice of business. Established in 1959, MCCC is an independent non-profit membership organization taking action to ensure businesses thrive in a strong regional economy. For more information, visit www.mcccmd.com.