



# YOUNG ENTREPRENEUR FOUNDATION

## Advanced—Size of a Small Business

### Exercise 1-2a

### Does the size of a Small Business Matter?

Millennial Staffing is very excited about an opportunity it has to bid on a big government contract. For months the company has been sending its salespeople to local government networking events to form relationships and find out about something just like this. Here it is: A government agency is putting out an RFP (request for proposal) for small businesses to bid on services. The two requirements that make Millennial Staffing's CEO feel they are a perfect fit are as follows:

1. It must be an employment / placement company. The federal agency needs assistance with finding specific types of workers to help with social media and outreach campaigns and needs help at universities across the nation.
2. The company providing these services must be a small business.

However, Millennial Staffing's COO has just brought her some bad news. The company has grown so much it might not fit the SBA (Small Business Administration) regulations on small business size anymore. Millennial Staffing currently has \$17 million in revenues. See the SBA regulations below.

### **Supporting data: What is SBA's definition of a small business concern?**

SBA defines a small business concern as one that is independently owned and operated, is organized for profit, and is not dominant in its field. Depending on the industry, size standard eligibility is based on the average number of employees for the preceding twelve months or on sales volume averaged over a three-year period. Examples of SBA general size standards include the following:

- Manufacturing: Maximum number of employees may range from 500 to 1500, depending on the type of product manufactured;
- Wholesaling: Maximum number of employees may range from 100 to 500 depending on the particular product being provided;
- Services: Annual receipts may not exceed \$2.5 to \$21.5 million, depending on the particular service being provided;
- Retailing: Annual receipts may not exceed \$5.0 to \$21.0 million, depending on the particular product being provided;
- General and Heavy Construction: General construction annual receipts may not exceed \$13.5 to \$17 million, depending on the type of construction;
- Special Trade Construction: Annual receipts may not exceed \$7 million; and
- Agriculture: Annual receipts may not exceed \$0.5 to \$9.0 million, depending on the agricultural product.

**Question:** Can Millennial Staffing bid on the RFP? Why or why not?  
What industry category does it fit into?