



Tribes Can Diversify and Reap Benefits Through Government Contracting

by Kip Ritchie

Since the passing of the Indian Gaming Regulatory Act in 1988, Indian gaming has generated much needed revenue to help revitalize tribal economies throughout the country. On a national level, the revenue tribes generate within the gaming industry brings benefits to communities nationwide. And just two decades after this significant turning point, Indian gaming continues to help restore Indian communities at some level.

Successful gaming operations require a strong revenue source and in most cases, tribal lands are not conveniently located near urban centers or popular vacation destinations. Since generating enough funds to support tribal programs like education, health care, housing and basic infrastructure is vital, gaming is not always sufficient.

To further complicate matters, tribes are required to negotiate compacts and agreements with state and local governments resulting in hefty payments that drastically slash this revenue stream, and gaming's sustainability is questionable in light of new local and digital competition. Economic diversification of tribal economies must remain one of our most critical issues now and in the future as we look to withstand the ups and downs of the economy.

The Forest County Potawatomi has successfully engaged in government contracting as part of our economic diversification strategy. Despite the nation's current economic pitfalls, the federal government still contracts for goods and services, and that includes significant agreements with small and disadvantaged companies. In fact, the federal government awarded more than \$400 billion in contracts to minority-owned companies in 2009.

Congress created the U.S. Small Business Administration 8(a) Program in 1958 to give small and disadvantaged companies a leg up in competing for contracts. Tribes were added to the program in the 1980s. The 8(a) program is a "hand-up," designed to help tribes with certified 8(a) companies and expertise to gain access to the federal market place to provide goods and services to the government. Companies must complete an 8(a) certification process to show they can handle the workload and deliver the goods and services as agreed. This is an excellent opportunity for tribes to leverage their status and compete for contracts that can provide much needed revenue streams for years to come.

For tribes, 8(a) corporations are an opportunity to create a solid economic foundation in something other than gaming. It also offers an opportunity to provide training for tribal members and opens the doors to economic

opportunities beyond the reservation, while benefitting the community on the reservation. As the Forest County Potawatomi tribe considered our natural resources and prospects for business diversification beyond gaming, our leadership purchased an existing company with established experience in government contracting and a solid track record of growth. We looked for an excellent management team that was willing to stay on after they become part of our tribal portfolio.

With these qualities in mind, the tribe purchased the Advancia Corporation, founded in Oklahoma City in 1982. A leader in navigating the complex intricacies of federal contracting, Advancia specializes in securing government contracts to provide information systems, engineering, logistics, environmental, training, and research and systems analysis to clients in the defense, aviation, and homeland security markets.

The company has nearly 30 years of proven government contracting history and has successfully participated in preference contracting afforded to minority and other special designations. Their impressive group of clients includes the FAA, Department of the Army, Air Force Reserves, Air National Guard, Army Corp of Engineers and the State of Oklahoma.

"In terms of all the billions of dollars the government spends, we have always been strategically focused on those areas that are mission-critical and are very much high-end services, knowledge-based type positions that require a highly skilled and educated labor force," says Renee Porter, President, Advancia Corporation. "Our focus has always been to provide unique or niche type services that require an advanced skill set because these are much more lucrative and profitable contracts."

In just a few short years, Advancia has grown in value significantly. Purchased for \$3.5 million, today it's worth more than \$16 million with gross sales at almost \$40 million. Advancia continues to grow while exceeding budgets, expectations and forecasts, hiring people and creating new jobs. The company has approximately 220 employees, operates in 14 locations nationwide and has undertaken and solved complex, demanding, high technology problems on more than 450 contracts for its state and federal government clients.

Advancia has implemented an exciting growth strategy and has formed four new companies: Advancia Aeronautics, Potawatomi Test & Evaluation, Potawatomi Training, and Securio Group.

“The unique part about it is many small businesses in the government marketplace tend to be start-ups,” said Porter. “They don’t have a deep corporate resume of work and, as a result, they tend to be viewed by the government as high-risk. Although Advancia’s sister companies are small, they bring a terrific depth of resume and expertise eliminating the risk that is commonly associated with a small business.”

Though the 8(a) program is changing and adding more restrictions, we are hopeful tribal participation in the 8(a) program will continue to grow. There is plenty of room for tribes to get involved in government contracting without diluting opportunities available. All tribal 8(a) contracts combined represent less than one percent of federal contracting, meaning 99% of federal contracts are going to other businesses, mostly huge government contractors. Boeing alone represents 4% of the federal contract pie. The Department of Defense continues to spend tremendous amounts of money on services like engineering and IT support. Qualified tribally-owned companies that are 8(a) certified can pursue such extraordinary opportunities.

Tribes that are considering federal contracting should

use look to tribes to learn from their experience. We have a valuable resource in each other and are willing to share our experiences. Talk with those already participating in the system, interview them and find out what is working and what isn’t. Attend conference and industry events and seek out your local Small Business Administration to find out what is on the horizon with the 8(a) program. The key is to ask questions and determine whether this approach will work within your tribe’s diversification strategy.

If you decide that pursuing government contracts fits your strategy, look for partners and network with companies or consider a joint venture with another tribal 8(a). There are also mentor/protégé opportunities for companies that are young and struggling to move beyond start up mode. Gather as much information as you can. Your tribe’s ability to prosper well into the future may depend on it. ♣

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