



NAICS CODES

This guide will teach you what NAICS codes are and what they can do for your marketing strategy.

1. Introduction to NAICS
2. The Origin of NAICS
3. Breakdown of NAICS Structure
4. Principles of NAICS
5. Difference between NAICS and PSC
6. Frequently Asked Questions
7. Select GCR Can Help

1. Introduction

NAICS (pronounced NAKES)

This classification system allows for federal statistical agencies to easily analyze and compare economic activity. It classifies the industries in the entire North American Continent. Groups of similar merchandise or services are put together and classified from broad to specific. It means similar companies in the same business line are assigned the same NAICS codes. It is a hierarchical system, with broad industries having the first few digits and specific industries having all 6 digits.

There are 2 to 6 digits to a NAICS code. These numbers are imperative when you are setting your business up for success in Government contracting. They represent your business' service or products and put you in specific groups. Then when data is collected by way of economic census, all the data can be published for each industry in a way that all 3 North American countries can easily see how the economy is performing.

2. The Origin of NAICS

North American Industry Classification System (NAICS) was developed in 1997. It was meant to replace the Standard Industry Classification system (SIC). The SIC used a four-digit code as a method of standardizing industry classifications. It was established back in 1937 and used up until 1997.

The succeeding NAICS code was developed in a joint effort by the US Economic Classification Policy committee, Statistics Canada, and Mexico's Instituto Nacional de Estadística y Geografía. It makes reporting statistical data about the North American economy much easier. These three North American countries put together this standard classification system to properly report statistics about the economy.

3. Breakdown of the NAICS Code Structure.

The official NAICS code structure consists of a two through six-digit hierarchy of classifications with five levels of detail.

- Two digits indicates economic sector
- Three digits indicates economic subsector
- Four digits indicates industry group
- Five digits indicates specific NAICS industry
- Six digits indicates Country specific detail for the national industry

Here is a visual breakdown of the NAICS code 531110

- 53 = Real Estate and Rental and Leasing
- 531 = Real Estate
- 5311 = Lessors of Real Estate
- 53111 = Lessors of Residential Buildings and Dwellings
- 531110 = Lessors of Residential Buildings and Dwellings

Here is a visual breakdown of the NAICS code 541120

- 54 = Professional, Scientific, and Technical Services
- 541 = Professional, Scientific, and Technical Services
- 5411 = Legal Services
- 54112 = Office of Notaries
- 541120 = Office of Notaries

4. Principles of NAICS

The NAICS code has 4 principles that it must adhere to when considering changes submitted on behalf of the establishments.

Principle 1

NAICS is erected on a production-oriented conceptual framework. This means that producing units that use the same or similar production processes are grouped together in NAICS.

Principle 2

NAICS gives special attention to developing production-oriented classifications for (a) new and emerging industries, (b) service industries in general, and (c) industries engaged in the production of advanced technologies.

Principle 3

Time series continuity is maintained to the extent possible.

Principle 4

The system strives for compatibility with the two-digit level of the International Standard Industrial Classification of All Economic Activities (ISIC Rev. 4) of the United Nations

5. Difference between NAICS and PSC

NAICS classifies industries or similar business functions. They are used to determine small business set aside eligibility.

PSC (Product and Service Codes) are identifiers of the products and services provided. They serve as the first major filter for finding businesses for Government contracting opportunities.

They have a separate purpose and should be used appropriately. They are also used differently in market research in the Government contracting world. Using the right combination gives you incredible visibility to Government agencies looking to hire contractors.

6. Frequently Asked Questions:

Why do you need a NAICS code?

This classification system has been adopted by various government agencies, trade associations and regulatory boards and not just for statistical analysis. When working with the Government, spending is done within NAICS code classification. Agencies post contracts bids to any business within a particular NAICS code, such as the Small Business Association (SBA) through System for Award Management (SAM). Other government entities can offer tax incentives to businesses in certain NAICS codes.

Also, companies with business-to-business marketing use NAICS code for market research. This allows businesses to target a particular industry and focus their marketing efforts on those who are looking for their products and services. Gathering NAICS data, businesses can analyze their customers and market effectively.

How do you get a NAICS code?

No one assigns NAICS code. Businesses choose their own codes and apply them to their corporate profile. It is a Self-Assigned System. Your business will pick the code for the industry they primarily fall into and use that code whenever they are asked for it. If the business performs services or provides products for more than one industry, multiple NAICS codes can be used. There is full manual you can [download here](#), or you can utilize the [NAICS website](#) and search based on number or keyword.

Will my NAICS code ever change?

Sometimes your NAICS will be affected by the 5-year review that happens to the classification system. If the year ends in 2 or 7, you can be assured the review will commence. Changes are solicited from the public through a notice published in the Federal Register. They explain what needs to be submitted, who it needs to be submitted to and when it needs to be submitted by. The public has up to 90 days (about 3 months) after the notice is posted. The suggestions go to the proper committees of each of the three countries who are affected by this system to determine if they can accept the proposed changes. Then it is seen by another committee for final recommendations and changes to the NAICS manual.

7. Select GCR Can Help

We have experienced Government Procurement Advisors who will look at your business and help you choose the right NAICS codes that are most relevant to your business. If you feel you are unsure of your decision or just do not know where to start, contact our team of professionals for help. Our GPA (Government Procurement Advisor) team is on standby to help you along your government contracting journey.

Marketing by NAICS codes

When pulling data for databases for a specific industry, using NAICS or SIC codes is what you will use to gather the correct data. You will be able to pull information on all businesses within that industry based on the NAICS code. If you can search based on NAICS code and location, you can use that cross-referenced data to get specific business information on competitors or your customer base.

We have the program that can take your market research to the next level. Select GCR Pro is our proprietary software that is a powerful tool in Government contracting. This program pulls data from thousands of Government databases and displays all public records in one convenient location, right at your fingertips!

This program allows you to cross reference NAICS codes with keywords and locations to find the specific data that relates to your business. It displays contact information as well as all contract information. You can pull specific contractors award history or see the spending for specific agencies. It will give you your local SADBUs contact information, contracting agencies, FOIA contacts and so much more.

