

Hawaii State eProcurement HlePRO

Training
Finding NAICS Codes for Use in HlePRO

Agenda

- About Codes and Why We Use Them
- NAICS and the Principles Behind Them
- How NAICS Works: Structure
- About the Transition
- Resources to Help You Find the Right Codes
- Demonstration of Searching for NAICS Codes Using Resources
 - Finding NAICS Codes In HlePRO
 - The NAICS Website
 - The SPO List of Common NIGP to NAICS Codes Crosswalk
 - Using Vendor Search

About Codes

- Purpose of using codes:
 - To connect the appropriate vendor with the solicitation.
 - To do part of our market research, be able to ensure vendors are in HlePRO who might respond to the solicitation.
 - To conduct analysis of the state's spend so we may strategically plan future procurements.

NAICS Codes

North American Industry Classification System

- System for classifying establishments (individual business locations) by type of economic activity in Canada, Mexico, and the United States.

Purpose:

- To facilitate the collection, tabulation, presentation, and analysis of data relating to establishments, and
- To promote uniformity and comparability in the presentation and analysis of statistical data describing the North American economy.

NAICS Principles

- Production-oriented conceptual framework.
Producing units that use the same or similar production processes are grouped together.
- 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.
- Compatibility with the two-digit level of the International Standard Industrial Classification of All Economic Activities (ISIC Rev. 4) of the United Nations.

Advantages of NAICS Codes

- Non proprietary -they do not cost the State anything – (cost savings).
- Many resources offered; often without cost.
- SBA defines small businesses based on the NAICS codes.

How NAICS Works

- 2- through 6-digit hierarchical classification system, five levels of detail.
- Each digit in the code is part of a series of progressively narrower categories, - the more digits in the code , the greater classification detail.
- **Economic sector** - The first two digits,
 - **subsector** -the third digit,
 - **Industry group** - the fourth digit,
 - **NAICS industry** - the fifth digit, and
 - **National industry** - sixth digit.
- The 5-digit NAICS code is the level at which there is comparability in code and definitions for most of the NAICS sectors across the three countries participating in NAICS (the United States, Canada, and Mexico).
- The 6-digit level allows for the United States, Canada, and Mexico each to have country-specific detail.

Anatomy of the Code

- **11** Agriculture, Forestry, Fishing and Hunting
Economic Sector
 - **111** Crop Production
Subsector
 - **1111** Oilseed and Grain Farming
Industry group
 - **11111** Soybean Farming
NAICS Industry
 - **111110** Soybean Farming
Country Industry

Examples of NAICS Classifications

- 23 Construction (*economic sector*)
 - 236 Construction of Buildings (*subsector*)
 - 2361 Residential Building Construction (*industry group*)
 - 2362 Nonresidential Building Construction (*industry group*)
 - 23621 Industrial Building Construction (*NAICS industry*)
 - 23622 Commercial and Institutional Building Construction (*NAICS Industry*)
 - 237 Heavy and Civil Engineering Construction
 - 2371 Utility System Construction
 - 23711 Water and Sewer Line and Related Structures Construction
 - 23712 Oil and Gas Pipeline and Related Structures Construction

About the Transition from NIGP Commodity Codes to NAICS Industry Codes

- Once the NAICS codes are in place HlePRO will no longer use NIGP commodity to notify vendors.
- For all new solicitations, only NAICS codes may be used.
- For solicitations released (on internet) **before** the date of transition, NIGP codes remain with those solicitations and awards
 - For those solicitations, addenda will go out to those vendors who previously had those NIGP codes.

What Happens to Solicitations with NIGP Codes Not Released to the Internet

- If a buyer has a **draft** solicitation created before the transition, the NAICS code must be entered before releasing the solicitation.
- If a solicitation was **in approval** before the transition date but had not been released, the approver will have to reject and send the solicitation back for the buyer to enter the NAICS code.

Procedures Not Affected (Remain Unchanged)

- If a buyer needs to issue the **award** to a solicitation released before the transition, the award notices go out to the awarded vendor and those who submitted a response are also notified
- If a buyer needs to **amend an award** issued before the transition notice goes to awarded vendor.

Resources for Understanding NAICS and Finding Codes: Accessible from the HlePRO website

- Select **Commodity Codes** from the Menu Bar
NAICS main site: <http://www.census.gov/eos/www/naics/>
Can search for codes
 - Details on structure including:
 - Extensive Descriptions,
 - MS Excel files with the codes (2 to 6, just 6, etc.)
 - <http://www.census.gov/cgi-bin/sssd/naics/naicsrch?chart=2012>
- Ask Dr. NAICS
 - Email : naics@census.gov
Enter **NAICS Search** in the subject line
 - Or call 1-888-75NAICS
- Select **Learn More About HlePRO** and then **Common NIGP to NAICS Codes-**
A Crosswalk of the most commonly used Codes in HlePRO
- **Line Item Tab When Creating a Solicitation in HlePRO**

Response from Dr. NAICS

Dear Mara Smith,

We are unable to provide a NAICS code based on a NIGP code, as we do not have a concordance between the two systems.

Based on the description of the business activity, provided below is a relevant NAICS code to consider:

512110 Motion Picture and Video Production

This industry comprises establishments primarily engaged in producing, or producing and distributing motion pictures, videos, television programs, or television commercials. <http://www.census.gov/cgi-bin/sssd/naics/naicsrch?code=512110&search=2012%20NAICS%20Search>

Thank you for consulting Dr. NAICS. If you have further questions regarding NAICS, please feel free to contact Dr. NAICS toll free at 1-888-75NAICS.

Please note: The Census Bureau assigns NAICS industry codes for statistical purposes only, and only in the process of collecting, tabulating, and disseminating data measuring the economy of the United States. Non-statistical uses of the NAICS or other classification system, such as use for regulatory purposes, are not within the purview of the Census Bureau.

Dr. NAICS

On to the demonstration...

In Summary

- NAICS codes, which are industry-based, replace NIGP codes, which are commodity based effective 9/3/15.
- HlePRO - 6 digit NAICS codes
- Resources available are accessible from the HlePRO website.
 - Search the 2012 codes;
 - Expandable list of sectors to help you define search terms;
 - MS Excel lists of NAICS codes;
 - Find definitions of the sectors, subsectors, etc.;
 - Ask Dr. NAICS;
 - SPO Crosswalk of most commonly used NIGP –NAICS codes in HlePRO;
 - HlePRO 'Line Item' tab when creating a solicitation.
 - Use Search... Vendors.
 - Search for a particular vendor
 - by NAICS code to verify you selected the right code and to ensure

Questions?

- Your eAdministrator
 - spo.hawaii.gov > For State & County Agencies > [Dept./CPO Jurisdiction Contacts – SPO Programs](#)
- State Procurement Office
 - <http://spo.hawaii.gov/hiepro/>
 - hiepro@hawaii.gov