



September 21, 2026

Submitted electronically via regulations.gov

Ryan Lambert, Associate Administrator
Office of Government Contracting and Business Development
409 Third Street SW, Mail Code 6530
Washington, DC 20416

Re: Small Business Size Standards; Docket No. SBA-2026-0199

Dear Sir or Madam:

Thank you for the opportunity to comment on the U.S. Small Business Administration's proposed modification to the small business size definitions ("size standards"). As the food industry association, FMI works with and on behalf of the entire industry to advance a safer, healthier, and more efficient consumer food supply chain. FMI brings together a wide range of members of all sizes from across the value chain — from retailers that sell to consumers, to producers that supply food and other products, as well as the wide variety of companies providing critical services — to amplify the collective work of the industry. More information about our organization is available at www.FMI.org.

We support SBA's proposal to convert NAICS code 4451, which contains former NAICS code 445110 – Supermarkets and Other Grocery Retailers, from a receipt-based size standard to an employee-based size standard. Grocery retail is a high-volume and low-profit margin industry and, despite turning over a significant product volume daily, the average profit margin for a grocery retailer in 2025 was a mere 2.1%¹. Annual receipts may fluctuate substantially due to factors such as inflation without resulting in additional market share, profit, or business growth. By contrast, the base number of employees needed to maintain operations tends to remain relatively stable. Accordingly, an employee-based size standard will provide a more accurate and predictable measure of small status for grocery retail than a receipt-based standard.

We also support the proposed increase of the employee threshold from 250 to 700 employees for the NAICS code 4244 – Grocery and Related Product Merchant Wholesalers. Even with advances in automation and technology employed in distributor and wholesaler operations, food distribution remains a highly labor-intensive industry due to the complexity of the food supply chain and the diversity of goods handled. The proposed increase in employee threshold more accurately reflects the operational realities of smaller entities in the sector.

We appreciate the opportunity to comment on the proposed size standards. FMI is happy to answer any questions regarding our comments.

¹ FMI, The Food Retailing Industry Speaks 2025



Sincerely,

A handwritten signature in black ink that reads 'Erin McCarthy'.

Erin McCarthy

Senior Manager, Government Relations & Regulatory Affairs

FMI – The Food Industry Association