AGENDA

- The Importance of Small Business to your Growth Strategy
- Small Business Plans vs. Small Business Program
- Elements of a Small Business Program
- How to Allocate Program Responsibilities
- Ensuring Compliance for Small Business Administration Review
The Importance of Small Business to your Growth Strategy
THE IMPORTANCE OF SMALL BUSINESS TO YOUR GROWTH STRATEGY

As part of the U.S. economy, small businesses make up:

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Employer Firms</td>
<td></td>
</tr>
<tr>
<td>Net New Private Sector Jobs</td>
<td></td>
</tr>
<tr>
<td>Private Sector Employment</td>
<td></td>
</tr>
<tr>
<td>Private Sector Payroll</td>
<td></td>
</tr>
<tr>
<td>Private Sector Output</td>
<td></td>
</tr>
<tr>
<td>High-Tech Employment</td>
<td></td>
</tr>
<tr>
<td>Firms Exporting Goods</td>
<td></td>
</tr>
<tr>
<td>Exporting Value</td>
<td></td>
</tr>
</tbody>
</table>

Source: U.S. Census Bureau, SUSB, CPS; International Trade Administration; Bureau of Labor Statistics, BED; Advocacy-funded research, Small Business GDP: Update 2002-2010
THE IMPORTANCE OF SMALL BUSINESS TO YOUR GROWTH STRATEGY

SMALL BUSINESSES:

• Are responsive
• Are agile
• Are cost-effective
• Contribute to local communities
• Are a significant presence in public affairs and politics
• Enable businesses to more easily create cadres of qualified, diverse, highly-motivated subcontractors and suppliers, thus enhancing their competitiveness in the Government contracting marketplace
### The Importance of Small Business to Your Growth Strategy

#### Small Business Procurement - Final FY2015 Goals

<table>
<thead>
<tr>
<th>AGENCY</th>
<th>Small Business</th>
<th>SDB</th>
<th>WOSB</th>
<th>SDVOSB</th>
<th>HUBZone</th>
</tr>
</thead>
<tbody>
<tr>
<td>DEPT OF DEFENSE (9700)</td>
<td>36.00%</td>
<td>5%</td>
<td>5%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>ENERGY, DEPARTMENT OF (8900)</td>
<td>50.00%</td>
<td>5%</td>
<td>5%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>HEALTH AND HUMAN SERVICES, DEPARTMENT OF (7500)</td>
<td>33.00%</td>
<td>5%</td>
<td>5%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>VETERANS AFFAIRS, DEPARTMENT OF (3600)</td>
<td>17.50%</td>
<td>5%</td>
<td>5%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (8000)</td>
<td>36.00%</td>
<td>5%</td>
<td>5%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>HOMELAND SECURITY, DEPARTMENT OF (7000)</td>
<td>41.00%</td>
<td>5%</td>
<td>5%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>GENERAL SERVICES ADMINISTRATION (4700)</td>
<td>29.00%</td>
<td>5%</td>
<td>5%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>AGRICULTURE, DEPARTMENT OF (1200)</td>
<td>23.00%</td>
<td>5%</td>
<td>5%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>JUSTICE, DEPARTMENT OF (1500)</td>
<td>42.00%</td>
<td>5%</td>
<td>5%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>INTERIOR, DEPARTMENT OF THE (1400)</td>
<td>44.50%</td>
<td>5%</td>
<td>5%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>STATE, DEPARTMENT OF (1900)</td>
<td>32.00%</td>
<td>5%</td>
<td>5%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>COMMERCE, DEPARTMENT OF (1300)</td>
<td>30.00%</td>
<td>5%</td>
<td>5%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>TREASURY, DEPARTMENT OF THE (2000)</td>
<td>21.67%</td>
<td>5%</td>
<td>5%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>LABOR, DEPARTMENT OF (1600)</td>
<td>55.00%</td>
<td>5%</td>
<td>5%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>TRANSPORTATION, DEPARTMENT OF (6900)</td>
<td>50.00%</td>
<td>5%</td>
<td>5%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>ENVIRONMENTAL PROTECTION AGENCY (6800)</td>
<td>55.00%</td>
<td>5%</td>
<td>5%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>EDUCATION, DEPARTMENT OF (9100)</td>
<td>33.00%</td>
<td>5%</td>
<td>5%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (8600)</td>
<td>55.00%</td>
<td>5%</td>
<td>5%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>AGENCY FOR INTERNATIONAL DEVELOPMENT (7200)</td>
<td>19.00%</td>
<td>5%</td>
<td>5%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>SOCIAL SECURITY ADMINISTRATION (2800)</td>
<td>50.00%</td>
<td>5%</td>
<td>5%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>OFFICE OF PERSONNEL MANAGEMENT (2400)</td>
<td>55.00%</td>
<td>5%</td>
<td>5%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>NATIONAL SCIENCE FOUNDATION (4900)</td>
<td>24.00%</td>
<td>5%</td>
<td>5%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>NUCLEAR REGULATORY COMMISSION (3100)</td>
<td>45.00%</td>
<td>5%</td>
<td>5%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>SMALL BUSINESS ADMINISTRATION (7300)</td>
<td>7.00%</td>
<td>5%</td>
<td>5%</td>
<td>3%</td>
<td>3%</td>
</tr>
</tbody>
</table>
Small Business Plans vs. Small Business Program
FAR REGULATION REQUIRING SUBCONTRACTING PLANS

• FAR 19.702(a): Contract or contract modification that individually is expected to exceed $650,000 ($1,500,000 for construction) and that has subcontracting possibilities shall require the apparently successful offer to submit an acceptable subcontracting plan.
• A small business does not need to prepare a subcontracting plan; however, it may be required to complete a Small Business Participation Plan.
SMALL BUSINESS PARTICIPATION PLAN

Some competitive solicitations allow small businesses to submit **THEIR OWN PARTICIPATION** as prime contractors (in small business participation plans). Under the solicitation’s Small Business Participation evaluation factor, you should see “Small Business Participation Goals”, meaning:

- Large businesses must achieve the goals through subcontracting
- Small businesses can achieve goals through their own performance/participation as a prime contractor without having to subcontract
SMALL BUSINESS SUBCONTRACTING PLANS

SCENARIO

• Award Value: $1,000,000
• Total Subcontract Value: $500,000
• Subcontracting Goals:
  o Small Businesses (SB): 30%
  o Small Disadvantaged Businesses (SDB): 5%
  o Small Women Owned Businesses (WOSB): 5%
  o Service Disabled Veteran Owned Small Businesses (SDVOSB): 3%

% of Total Subcontracted Dollars
• SB: $150,000
• SDB: $25,000
• WOSB: $25,000
• SDVOSB: $15,000

% of Total Contract Value
• SB: $300,000
• SDB: $50,000
• WOSB: $50,000
• SDVOSB: $30,000
SUBCONTRACTING PLAN TYPES

INDIVIDUAL SUBCONTRACTING PLAN
A subcontracting plan that covers the entire contract period (including option periods), applies to a specific contract, and has goals that are based on the offeror’s planned subcontracting in support of the specific contract except that indirect costs incurred for common or joint purposes may be allocated on a prorated basis to the contract.

This plan makes provisions for the life of one specific contract.

MASTER SUBCONTRACTING PLAN
A subcontracting plan that contains all the required elements of an individual contract plan, except goals, and may be incorporated into individual contract plans, provided the master plan has been approved.

The plan can be approved by an Contracting Officer from any Government agency and is generally good for 3 years. Then, whenever a contractor proposes on a solicitation, they submit the approved, signed master plan along with a supplement that identifies their goals for that specific contract.
COMMERCIAL SUBCONTRACTING PLAN
A company-wide or division-wide subcontracting plan that relates to the company’s production of both commercial and Government products or services, rather than only for Government contracts. It must be approved by the first Government agency awarding the company a contract requiring a subcontracting plan during the first fiscal year. Once approved, the plan remains in effect during the company’s fiscal year and covers all of its commercial products and services. The plan includes ALL subcontracting that a contractor plans to do on ALL contracts, including commercial contracts outside of the Government.

A commercial plan is the preferred type of subcontracting plan for contractors furnishing commercial items.
INDIRECT COSTS: YES OR NO?

- Indirect costs may be included in subcontracting goals
- Typically avoided; hard to calculate apportionment
- Used to meet or increase small business totals
  - Can be competitive advantage when small business goals are evaluation criteria
  - Can be used to get to stated goals
- Need to be able to apportion costs to each individual contract and by small business status; requires an adequate accounting system

WHEN WOULD YOU USE THEM?
GOOD NEWS: THE SMALL BUSINESS PROGRAM VARIES VERY LITTLE BASED ON THE TYPE OF PLAN THAT IS USED

• **INDIVIDUAL CONTRACT SMALL BUSINESS PLAN**
  - Program will need to track by contract all small business purchases (direct and indirect as indicated by the individual plan)
  - Reporting is by individual contract (Individual Subcontract Report (ISR), Summary Subcontract Report (SSR))

• **MASTER SMALL BUSINESS PLAN**
  - Program will need to track by contract all small business purchases (direct and indirect as indicated by the individual plan)
  - Reporting is based on individual contracts (ISR, SSR)

• **COMMERCIAL SMALL BUSINESS PLAN**
  - Program will need to track by division or plant all small business use on public and private contracts
  - Reporting is one report per year (SSR) based on all purchases under the commercial plan during the Government’s fiscal year and must be attributed to each agency from which contracts for commercial items were received
Elements of a Small Business Program
ELEMENTS OF A SMALL BUSINESS PROGRAM

- Small Business Program Administrator
- Internal Training
- Outreach and Assistance
- Documentation
- Database of Small Businesses
- Internal Compliance Evaluation
SMALL BUSINESS PROGRAM ADMINISTRATOR

IN ACCORDANCE WITH FAR 19.704(a)(7), THE CONTRACTOR MUST PROVIDE:

- The name of the individual employed by the contractor who will administer the contractor’s subcontracting program
- A description of the duties of the individual

PERSON
Small Business Program Administrator, also known as the Small Business Liaison Officer (SBLO)

DUTIES
From your subcontracting plan, which will likely be based upon either an industry-standard or solicitation-specific format. For this presentation, we have utilized the format of the most recent Mission Oriented Business Integrated Services (MOBIS) small business subcontracting plan, which is available here: MOBIS Small Business Subcontracting Plan
SMALL BUSINESS PROGRAM ADMINISTRATOR

Also known as Small Business Liaison Officer (SBLO)

RESPONSIBILITIES

• Assist small businesses by arranging solicitations, time for the preparation of bids/proposals, quantities, specifications, and delivery schedules so as to facilitate the participation by such concerns
• Provide adequate and timely consideration of the capabilities of small business concerns in “make-or-buy” decisions
• Counsel and discuss subcontracting opportunities with small business representatives
• Confirm that a subcontractor representing itself as a Small Disadvantaged Business or HUBZone small business concern is actually identified as a certified in the System for Award Management (SAM) database or by contacting SBA
• Notify subcontractors concerning penalties and remedies for misrepresentations of business size status
SMALL BUSINESS PROGRAM ADMINISTRATOR

RESPONSIBILITIES (continued)

• Develop and promote company/division policy statements that demonstrate the support for awarding contracts and subcontracts to small businesses
• Develop and maintain potential bidder lists of small businesses from all possible sources
• Ensure periodic rotation of potential subcontractors on bidder lists
• Ensure that small business concerns are included on bidder lists for every subcontract solicitation for products and services they are capable of providing
• Ensure that subcontract procurement “packages” are designed to permit the maximum possible participation of small businesses
• Review subcontract solicitations to remove statements, clauses, terms, etc. that could restrict or prohibit small businesses
• Ensure that the subcontract bid proposal review board documents its reasons for not selecting low bids submitted by small businesses
RESPONSIBILITIES (continued)

- Oversee the establishment and maintenance of contract and subcontract award records for small businesses
- Attend or arrange for the attendance of company supplier diversity representatives at Business Opportunity Workshops, Minority Business Enterprise Seminars, Trade Fairs, etc.
- Directly or indirectly counsel small businesses on subcontracting opportunities and how to prepare bids/proposals
- Conduct or arrange training for purchasing personnel regarding the intent of the Small Business Act on purchasing procedures
- Develop and maintain an incentive program for buyers that support the subcontracting program
- Monitor the company’s performance and make any adjustments necessary to achieve individual subcontract plan goals and/or company goals
RESPONSIBILITIES (continued)
• Prepare and submit timely reports
• Coordinate the company’s activities during compliance reviews by Government agencies

ADDITIONAL DUTIES
• Introduce small business firms to cognizant contracting, procurement, and/or technical personnel and advocate for their use as potential participants in future opportunities
• Encourage the contracting/procurement staff to solicit small businesses to ensure equitable opportunity for these firms to compete
• Review and approve small business plans from large business suppliers/subcontractors (awards over $650,000)

SO HOW DOES ONE PERSON DO IT ALL?
ANSWER: THEY DON’T!
The Small Business Program Administrator is responsible for training Contracts/Procurement, Program/Technical, Business Development, Management, and other personnel involved in the small business utilization process on:

- The requirements of the company’s small business program as outlined in its corporate subcontracting plan
- The requirements of individual subcontracting plans associated with specific prime contracts
- Annual refresher training on the general Government small business utilization requirements and regulations
- Periodic update training to address regulatory changes and modifications to corporate small business program

All training attendance must be documented and retained for review by SBA and internal compliance auditors.
OUTREACH AND ASSISTANCE

Small business programs serve as a liaison between your company and the small business community. Things you can do to help small business resources and demonstrate your commitment to the increased utilization and improvement of small business suppliers and subcontractors:

• Active membership and participation in organizations promoting small business utilization
• Attend outreach conferences to identify potential sources
• Provide opportunities for small businesses to meet with decision makers to discuss capabilities (small business fairs/expos, capabilities presentations)
• Maintain small business database to further identify sources
• Support a Mentor-Protégé program
• Assist Business Development/Capture Management and proposal teams in identifying qualified small businesses
• Counsel small businesses; assist with administrative challenges
• Recognize high-level small business performers

DOCUMENT ALL ACTIVITIES, MEETINGS, EVENTS, ETC.
SMALL BUSINESS PROGRAM DOCUMENTATION

- Program Plan
- Training
- Outreach and Assistance Efforts
- Database of Small Businesses (New and Existing)
- Reports
- Internal Reviews/Monitoring
- DocumentRetention: Based on company standards

INDIVIDUAL PLAN DOCUMENTATION (WITH CONTRACT FILES)

- Small business searches to meet plan requirements
  - Source lists (i.e., SAM), guides, and other data that identify small businesses
  - On a contract-by-contract basis, records to support award data submitted by the company to the Government, including the name, address, and business size of each subcontractor. **Companies with commercial plans are exempt from this requirement.**
- Document Retention: Based on contract requirements
DATABASE OF SMALL BUSINESSES

• Part of the goals of a small business program are to identify and continue to use good performing small business suppliers and subcontractors and to document potential small business resources identified during outreach efforts

• A database of small business suppliers and subcontractors provides company personnel with easy access to potential resources that could utilized to address project requirements, enhance utilization of small business resources, and improve contract-mandated small business utilization percentages

DOCUMENT YOUR OUTREACH EFFORTS
INTERNAL COMPLIANCE EVALUATION

• The Small Business Program Administrator is responsible for ensuring that the company is compliant with the requirements of its corporate small business program obligations and its contract-specific small business utilization goals.
• An internal compliance program and process will help to ensure compliance and readiness for SBA audits of your small business program.
• An internal compliance program is also a mandatory SBA requirement.
How to Allocate Program Responsibilities
HOW TO ALLOCATE PROGRAM RESPONSIBILITIES

BUSINESS DEVELOPMENT STAFF

• Assist small businesses by arranging solicitations, time for the preparation of bids/proposals, quantities, specifications, and delivery schedules so as to facilitate the participation by such concerns
• Counsel and discuss subcontracting opportunities with small business representatives
• Develop and maintain potential bidder lists of small businesses from all possible sources
• Ensure periodic rotation of potential subcontractors on bidder lists
• Ensure that small business concerns are included on bidder lists for every subcontract solicitation for products and services they are capable of providing
HOW TO ALLOCATE PROGRAM RESPONSIBILITIES

BUSINESS DEVELOPMENT STAFF

• Directly or indirectly counsel small businesses on subcontracting opportunities and how to prepare bids/proposals
• Introduce small business firms to cognizant contracting, procurement, and/or technical personnel and advocate for their use as potential participants in future opportunities
• Encourage the contracting/procurement staff to solicit small businesses to ensure equitable opportunities for these firms to compete
HOW TO ALLOCATE PROGRAM RESPONSIBILITIES

CONTRACTS/PURCHASING STAFF

• Confirm that a subcontractor representing itself as a Small Disadvantaged Business or HUBZone small business concern is actually identified as a certified in the System for Award Management (SAM) database or by contacting SBA
• Notify subcontractors concerning penalties and remedies for misrepresentations of business size status
• Ensure periodic rotation of potential subcontractors on bidder lists
• Ensure that small business concerns are included on bidder lists for every subcontract solicitation for products and services they are capable of providing
• Ensure that subcontract procurement “packages” are designed to permit the maximum possible participation of small businesses
HOW TO ALLOCATE PROGRAM RESPONSIBILITIES

CONTRACTS/PURCHASING STAFF

• Review subcontract solicitations to remove statements, clauses, terms, etc. that could restrict or prohibit small businesses
• Ensure that the subcontract bid proposal team documents its reasons for not selecting low bids submitted by small businesses
• Oversee the establishment and maintenance of contract and subcontract award records for small businesses
HOW TO ALLOCATE PROGRAM RESPONSIBILITIES

TECHNICAL PERSONNEL

• Provide adequate and timely consideration of the capabilities of small business concerns in “make-or-buy” decisions
• Ensure that subcontract procurement “packages” are designed to permit the maximum possible participation of small businesses
• Develop and maintain potential bidder lists of small businesses from all possible sources
• Directly or indirectly counsel small businesses on subcontracting opportunities and how to prepare bids/proposals
HOW TO ALLOCATE PROGRAM RESPONSIBILITIES

SO WHAT’S LEFT FOR THE SMALL BUSINESS PROGRAM ADMINISTRATOR?

• Develop and promote company/division policy statements that demonstrate the support for awarding contracts and subcontracts to small businesses
• Develop and maintain potential bidder lists of small businesses from all possible sources
• Attend or arrange for the attendance of company supplier diversity representatives at Business Opportunity Workshops, Minority Business Enterprise Seminars, trade fairs, etc.
• Directly or indirectly counsel small businesses on subcontracting opportunities and how to prepare bids/proposals
• Conduct or arrange training for purchasing personnel regarding the intent of the Small Business Act on purchasing procedures
HOW TO ALLOCATE PROGRAM RESPONSIBILITIES

SO WHAT’S LEFT FOR THE SMALL BUSINESS PROGRAM ADMINISTRATOR?

• Monitor the company’s performance and make any adjustments necessary to achieve individual subcontract plan goals and/or company goals
• Develop and maintain an incentive program for buyers that support the subcontracting program
• Prepare and submit timely reports
• Coordinate the company’s activities during compliance reviews by Government agencies
• Encourage the contracting/procurement staff to solicit small businesses to ensure equitable opportunities for these firms to compete
• Review and approve small business plans from large business suppliers/subcontractors (awards over $650,000)
Ensuring Compliance for Small Business Administration Review
SBPCR ‘TRIGGERS’

- **UNTIMELY** Individual Subcontracting Reports (ISRs) and Summary Subcontracting Reports (SSRs)
- Contractor is **NOT MEETING** its **GOALS**
- Contractor’s subcontracting to small businesses has been **SIGNIFICANTLY INCREASING** or **DECREASING** over the past five years
SBA SBPCR

Types of SBPCRs

- On-site Review: Conducted individually by SBA or jointly with DCMA or other agency assistance
- Tandem Team Review
- Off-site Review
- Self-evaluation

What to Expect

- About 30 days before the review, SBA will contact you to establish a mutually-agreeable review period, followed by a formal data request for the following:
  o All subcontract awards to small businesses (separated by small business subset groups) of any dollar value issued within the past year
  o All subcontract awards to large businesses over $150,000 related to the contractor’s Government contracts and issued within the past year
  o Any blanket purchasing agreements, corporate-wide purchasing agreements, or similar agreements established during the past year. Any agreement that requires a particular large business to be used for repetitive purchases should be included in the listing.
- Before the review, SBA will obtain as much background information as possible from Government data sources (ISRs, SSRs)
- SBA may conduct an entrance briefing that details review objectives and methodology, and how reviewer/contractor coordination will be handled
SBA SBPCR

THE SEVEN ELEMENTS OF AN SBA SBPCR

1. Sourcing

2. Validation of Individual Subcontracting Reports (ISRs; formerly SF-294) and Summary Subcontracting Reports (SSRs; formerly SF-295)

3. Trend Analysis

4. Overall Evaluation of the Contractor’s Subcontracting Program
   - Management support of the program
   - Training
   - Outreach
   - Assistance to small businesses
   - Success stories

5. Subcontracting plan goal analysis

6. Sampling of subcontracts issued to large business

7. Follow-up on prior SBA recommendations
1. SOURCING
   • During the review, the SBA Commercial Market Representative (CMR) will address how the contractor identifies and qualifies suppliers
   • If the CMR referred any sources to the contractor since the last visit, he/she may follow up on whether they were used

2. VALIDATION OF REPORTS
   • Large contractors found to be deficient on this element must be graded Marginal or Unacceptable regardless of the outcome of the other review elements
   • This validation is intended to ensure that small businesses, in every subset group, are actually receiving the awards claimed by the large contractor
   • Contractor must obtain SBA certifications for SDB and HUBZone concerns
3. TREND ANALYSIS
   • The source of the data for this report is the year-end SSR for the contractor’s past 5 years (or as many years as available)
   • Percentages are more important than dollar amounts
   • Negative trends must be adequately explained

4. OVERALL EVALUATION OF THE CONTRACTOR’S SMALL BUSINESS PROGRAM
   • In addition to the Small Business Program Representative, the CMR may wish to interview the Director of Purchasing, Corporate Competition Advocate, Manager of Engineering Services, and/or purchasing personnel
   • The contractor’s participation in many programs such as Minority Enterprise Development Week and the Mentor-Protégé Program is strictly voluntary
     o However, contractors that participate in these activities commonly attain a rating of Highly Successful or Outstanding
5. SUBCONTRACTING PLAN GOAL ANALYSIS
   • The objective of examining the company’s contracts containing subcontracting plans is to determine actual achievements against the percentage goals
   • The contractor must be able to explain why it is not meeting any of its goals on any of its contracts

6. SUBCONTRACTS ISSUED TO LARGE BUSINESSES
   • To ensure that the contractor is documenting its files adequately in cases where it does not solicit or award to small businesses
   • In cases where the subcontract value is more than $650,000 and is issued to a large business, determine whether the contractor is requiring the subcontractor to submit a subcontracting plan with goals for small business participation
   • Review will focus on awards over $150,000 to large businesses to ensure that small businesses were considered
7. FOLLOW-UP ON PRIOR RECOMMENDATIONS
Determination of whether the contractor implemented SBA recommendations from the last review is significant
RATINGS

• Outstanding; Highly Successful; Acceptable; Marginal; Unacceptable

ACCEPTABLE (AND ABOVE) RATING

• If a large contractor is providing maximum practicable opportunities to small businesses, regardless of what else the data may reveal, the contractor’s performance should be considered acceptable

MARGINAL AND UNACCEPTABLE RATING

• Will result in a need for a Corrective Action Plan (CAP) where the contractor must make concerted efforts to include small businesses in its sourcing and purchasing
• However, even contractors rated “acceptable” and above can receive a request for a CAP if there are “holes” in their compliance (rare)
MATERIAL BREACH OF CONTRACT
Non-compliance results from a contractor not acting in good faith with the policies and procedures of Section 8(d) of the Small Business Act (15 U.S.C Section 637(d)). Examples:

- A large contractor refuses to permit the CMR to conduct a review as authorized by statute
- A large contractor having a contract containing the FAR Clause 52.219-8 refuses to subcontract to small businesses when it is clear that the opportunity to do so exists
- A large contractor having a contract of more than $650,000 has violated one or more conditions of its subcontracting plan and refuses to take corrective action
- A CMR has performed a program review and has determined the contractor's program to be "Unacceptable"

MATERIAL BREACH OF CONTRACT CAN RESULT IN:

- Suspension and/or Debarment
- Penalties and Fines
**WHO CONDUCTS THE SBPCR**

<table>
<thead>
<tr>
<th>If the Contractor has:</th>
<th>With Agencies such as:</th>
<th>Review is Performed by:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Only active DoD contracts under DCMA</td>
<td>Army, Navy, Air Force</td>
<td>DCMA</td>
</tr>
<tr>
<td>Only active DoD contracts not under DCMA</td>
<td>Army Corp of Engineers, NAVFEC, Office of Naval Research</td>
<td>SBA</td>
</tr>
<tr>
<td>Both of the above</td>
<td>Mix of the above</td>
<td>DCMA and SBA (but SBA is lead agency)</td>
</tr>
<tr>
<td>NASA contracts</td>
<td>NASA</td>
<td>DCMA and SBA (but SBA is lead agency)</td>
</tr>
<tr>
<td>Only Civilian contracts</td>
<td>DOE, GSA, VA, HHS, etc.</td>
<td>SBA</td>
</tr>
</tbody>
</table>
Important Regulatory Information
PROPOSED REGULATORY CHANGES

NEW MENTOR-PROTÉGÉ PROGRAM FOR ALL SMALL BUSINESSES

• New Mentor-Protégé program available to all small business classifications
• Program will be patterned after existing 8(a) Mentor-Protégé program
• The new rule would allow certain small businesses to form joint ventures with their SBA-approved mentors, even if the mentor is a large business
  o HUBZone
  o SDVOSB
  o WOSB
• Once SBA approves a Mentor-Protégé agreement, the mentor and protégé would be eligible to submit offers as joint ventures on set-aside procurements for which the protégé is otherwise eligible
PROVISIONS OF SMALL BUSINESS JOBS ACT OF 2010  
(EFFECTIVE 8/15/2013)

• Prime contractors must notify the Contracting Officer (CO) whenever they reduce payments or are >90 days past due to a small business subcontractor after the Government agency has already paid the prime contractor.

• If the prime contractor is found to have a history of unjustified, untimely, or reduced payments to subcontractors, the CO will record the identity of the prime contractor in the Federal Awardee Performance and Integrity Information System (FAPIIS) or any other successor database.

• A history of unjustified, untimely, or reduced payments is defined as three incidents within a 12 month period that are more than 90 days past due.
PROVISIONS OF SMALL BUSINESS JOBS ACT OF 2010 (EFFECTIVE 8/15/2013)

• COs may evaluate the prime contractor’s approach to small business subcontracting, previous subcontracting achievements, and timely payments to subcontractors.

• COs may evaluate an offeror’s commitment to pay small business subcontractors within a specified number of days after receipt of payment from the Government, and will comparatively evaluate proposed timeliness.

• Commitment will become a material part of the contract and the CO will consider the prime contractor’s commitment in evaluating performance, including for purposes of contract options.
Closing Thoughts
Small business utilization within the Government contracting arena is a reality and a priority.

To do so efficiently and effectively requires a program – a Small Business Program.

A compliant Small Business Program addresses both regulatory requirements and your plan for successfully utilizing small businesses of all classifications in the performance of your Government contracts and subcontracts.

A designated Small Business Program Administrator, training, outreach and assistance, documentation, resource database, compliance evaluation – the components to a successful Small Business Program and likely increased success in the Government contracting marketplace.
SMALL BUSINESS WEBSITES

SMALL BUSINESS ADMINISTRATION
• SBA 'Getting Started' Portal

DYNAMIC SMALL BUSINESS SEARCH
• SBA Dynamic Small Business Search

FEDERAL OFFICE OF SMALL AND DISADVANTAGED BUSINESS UTILIZATION DIRECTORS INTERAGENCY COUNCIL
• Federal Office of Small and Disadvantaged Business Utilization (OSDBU)

ABILITYONE
• AbilityOne Program

VETERANS
• VA VetBiz Portal

FEDBIZOPPSS (FEDERAL BUSINESS OPPORTUNITIES)
• FedBizOpps
QUESTIONS/COMMENTS
GovCon360*  www.govcon360.com

GovCon360 keeps you abreast of the ever-changing regulatory environment that is Government contracting. From reference materials, like searchable pdf copies of the FAR and DCAM, to our past Lunch and Learn seminar slide decks and thought pieces on industry matters, we’ve got it covered. Subscribe to our RSS feed to receive short alerts on recent industry changes. It’s always been our job to help our clients maintain a competitive advantage by staying ahead of the curve. This website is an extension of the services we’ve been providing for over 35 years by putting useful resources and up-to-date information at your fingertips.