



Session: Small Business Practices

11 Jul 06

Presented By:

U.S. Army Office of
Small Business Programs

Ms. Tracey Pinson, Director

Ms. Wendy Despres, Program Manager



Agenda



- Legislative Background
- The Big Picture
- Market Research
- Acquisition Strategies
- Subcontracting
- Outreach



LEGISLATIVE BACKGROUND



- 1932 RECONSTRUCTION FINANCE ACT/CORP
- 1940 SMALLER WAR PLANTS ACT/CORP
- 1947 ARMED SERVICES PROCUREMENT ACT
- 1949 CREATION OF DEPARTMENT OF DEFENSE
- 1950 DEFENSE PRODUCTION ACT
- 1951 SMALL DEFENSE PLANTS ADMINISTRATION
- 1953 SBA CREATED IN DEPT OF COMMERCE
- 1958 SBA CREATED AS SEPARATE AGENCY
- 1961 DEFENSE PRODUCTION ACT OF 1950
PUBLIC LAW 87-305



LEGISLATIVE BACKGROUND (CONT'D)



Public Law 95-507 (1978)

- Requires Agencies to Establish SB Goal
- Requires Explanation to Congress When Goals are Not Met
- Requires Establishment of Office of Small Business Programs
 - Director Appointed By Agency Head
 - Director Reports to Head of Agency or Deputy



LEGISLATIVE BACKGROUND (CONT'D)



Public Law 99-661 (1987)

- Requires Agencies to Establish 5% SDB and HBCU/MI Goal
- Provides for Less than Full and Open Competition

Public Law 103-355 (1994)

- Requires Agency to Establish 5% WOSB Goals



LEGISLATIVE BACKGROUND (CONT'D)



Public Law 105-135 (1997)

- Established HUBZone Program and Requires Agencies to Establish Goal not Less than 3% in FY 2003 and Each Year Thereafter

Public Law 106-50 (1999)

- Requires Agency to Establish 3% SDVOSB Goal

Public Law 106-50 (1999)

- Established Set-Asides and Sole Source Authority for SDVOSB



The Big Picture



- **Small Business Program Implementation**
 - Responsibility lays with the Head of the Agency
 - Management and Oversight by Director, OSBP
 - Implementation by HCA/Appointing Authority
 - Small Business Associate Directors/Specialists facilitate compliance



The Big Picture



- **Small Business Program Implementation**
 - **Acquisition Advocacy by Small Business Specialist—**
 - **Represent the appointing authority**
 - **Key member of acquisition team**
 - **Participate early in acquisition planning**
 - **Advocate for small business**



The Big Picture



- **Small Business Program Implementation**
 - **SB Program Management –**
 - **Integrate National and Agency objectives and acquisition advocacy**
 - **Develop strategic plans with goals, objectives, and performance measures**
 - **Develop and evaluate performance against small business targets**
 - **Analyze expenditures to identify areas for improvement**



Market Research



- Strategic and Tactical Market Research
 - Analysis of contract awards to identify areas to target for strategic planning (<http://prmis.saalt.army.mil>)
 - Tactical research to identify firms for a specific requirement (FAR Part 10)
 - Both critical for sound acquisition planning and integration of small businesses in Army acquisitions



Market Research



- Requires efforts to identify small businesses
- Sources of data include federal, state and local government sources
- Acquisition history of same or similar item or service
- Conferences and Industry Days
- Sources Sought Synopsis
- Customer/Requiring Activity (AFARS 5110)
- Internet Resources



Market Research



- Organize and analyze data collected
- Set aside order of precedence
 - 8a Program [FAR 19.800(3)]
 - Hub Zone 8a receives first priority
 - HUB Zone SB or Service Disabled Veteran-Owned SB
 - Small Business
- Woman-Owned SB currently no set-asides
- Veteran-Owned Small Business no set-asides



Market Research



- Consolidation of requirements >\$5 million
 - DFARS 207.1703
 - Market Research
 - Analysis of Alternatives
 - Benefits Analysis
 - Senior Procurement Executive Approval
 - AFARS 5107.170 approval authority delegated to HCA up to \$500 million and DASA (P&P) >\$500 million



Market Research



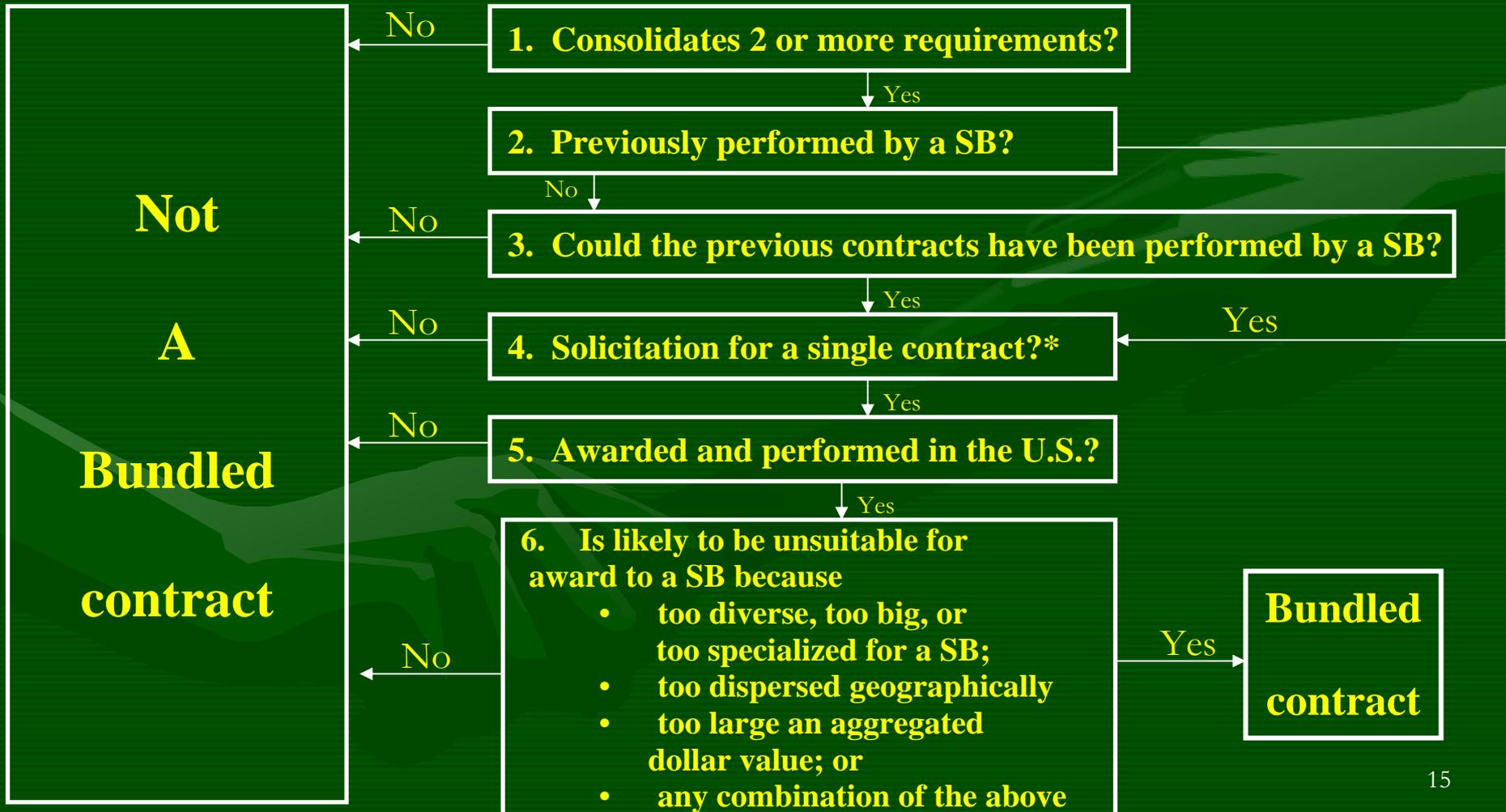
- **Consolidation and Contract Bundling**
- **Small Business Reauthorization Act of 1997**
defines bundling
 - **FAR 2.101(4)**
 - **FAR 7.107**
 - **DFARS 207.170-3(a)(3)**
 - **AFARS 5107.70**
- **DOD Benefit Analysis Guidebook**



MARKET RESEARCH



Figure 1-1. Decision Flow Chart for Determining Whether a Contract Is Bundled





Market Research



- Document in a Market Research Report:
 - General Requirements Information (e.g., description of requirement, NAICS, size standard, background etc.)
 - Discussion of best commercial practices
 - Methods utilized to locate small business concerns (e.g. sources sought synopsis, industry days, acquisition history, etc.)
 - Explain methodology used to determine small business concern capabilities



Market Research



- **Document in a Market Research Report:**
 - Discussion of Consolidation and Bundling as appropriate
 - Any legislative issues associated with the requirement
 - Analysis of acquisition alternatives and the pros and cons of each
 - Determination of contract type
 - Recommended Small Business Strategy acquisition strategy



Acquisition Strategies



- **SB Specialist Roles and Responsibilities**
 - Key member of acquisition team
 - Participate in acquisition planning
 - Provide advice on set aside programs
 - Obtain comments from DCMA Small Business Specialist
 - Serve as liaison between procuring office and SBA (DD 2579)



Acquisition Strategies

- **SB Specialist Roles/Responsibilities (cont.)**
 - **Provide advice in source selection planning consistent with FAR 15.304 regarding Small Business Participation Proposal Evaluation factor**
 - **SB participation may be based on total contract value**
 - **Difference between FAR 15.304 & 19.7**
 - **Reporting**
 - **Metrics**



Army Services Strategy Panel (ASSP)



- Threshold per AFARS 5137.5-5 currently \$500 million including options
- 2006 NDAA lowers threshold to \$250 million including options
 - DOD has already drafted policy
 - Army will require change to AFARS and AR 70-1



Army Services Strategy Panel (ASSP)



Small Business concerns:

- Bundling/consolidation
- Market research
- Set-asides vs. reservations
 - Limitation on Subcontracting
- Subcontracting plan vs. small business participation proposal
- Evaluation factors
- Incentives
- Performance Metrics



Subcontracting



■ SB Specialist:

- Conducts strategic and tactical market research in subcontracting
- Reviews subcontracting plans and provide advisory comments to the Contracting Officer
- Maintains relationship with DCMA



Subcontracting



- **SB Specialist:**
 - **Obtains comments from DCMA regarding subcontracting past performance and previous ratings on surveillance reviews**
 - **Ensures compliance with DFARS and AFARS 19.7 requirement to include HBCU/MI participation in subcontracting plans**
 - **Promotes Army Mentor-Protégé Program**³



Outreach



- Closely related to market research
- Should be strategic and tactical
- Associate Director for Small Business / small business specialist require knowledge of:
 - Congressional Legislation & Acquisition rules
 - DOD Special Programs, e.g Mentor-Protégé, SBIR, HBCU/MI
 - Sources of assistance, e.g. PTACs & SBDCs
 - Installation / agency requirements
 - DOD Small Business Regional Councils



HISTORICALLY BLACK COLLEGES AND UNIVERSITIES AND MINORITY INSTITUTIONS (HBCU/MI)



- **10 U.S.C. 2323 (PL 99-661 Section 1207)**
 - **Established 5% HBCU/MI Contracting Goal**
 - **Provided for “Technical Assistance” (advice and guidance) and “Infrastructure Assistance” (enhancing R&D capacity)**
- **Executive Order 12876**
 - **Goal for Awards (Contracts, Grants, & other Funding Instruments)**
 - **Annual Plan for Institutional Strengthening**
 - **Designation of Senior Level Executive for Oversight**



HISTORICALLY BLACK COLLEGES AND UNIVERSITIES AND MINORITY INSTITUTIONS (HBCU/MI)



- **DoD Policy Objective**
 - **Maximize HBCU/MI Participation University Oriented Programs and Initiatives**
 - **DFARS 226.370-3 Authorized Set-Asides, Outreach Efforts and Evaluation Preferences**
 - **DFARS 226.370-4 and 5 established set-aside criteria and procedures**



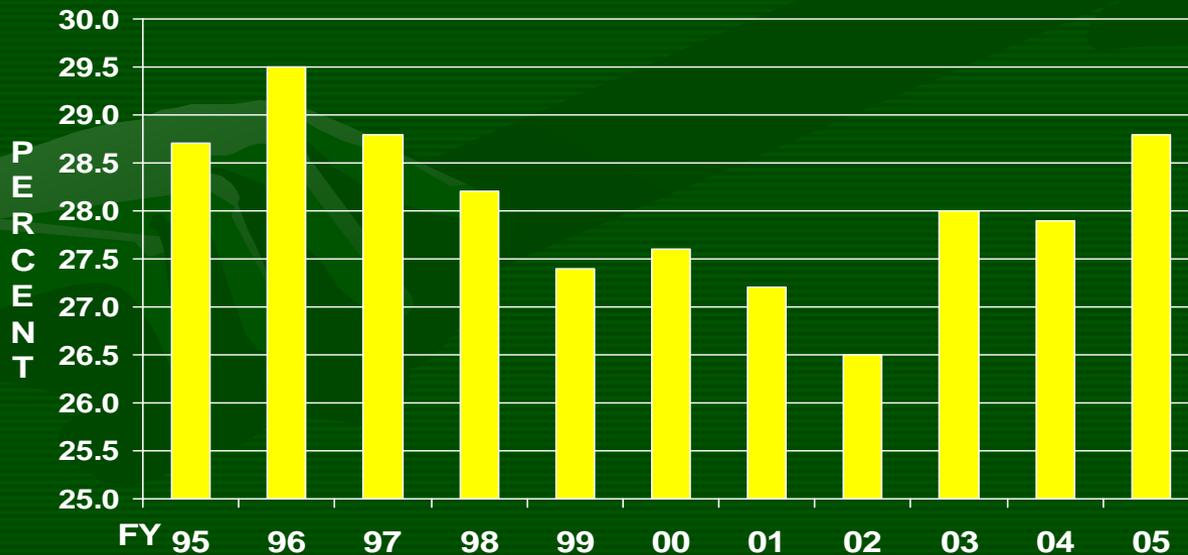
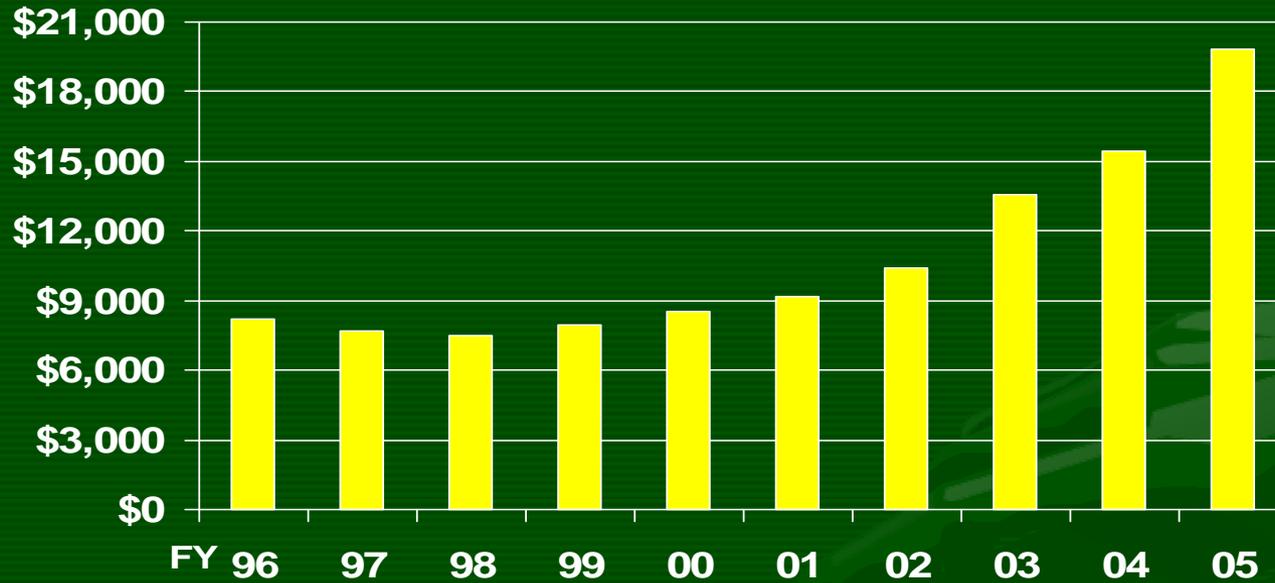
ARMY PRIME CONTRACT AWARDS FY05



	Total Dollars	Achieved	Army Target	Nat'l Goal
US Business	\$70,802			
Small Business	\$20,381	28.8%	27.0%	23.0%
Small Disadvantaged Business	\$ 6,658	9.4%	8.8%	5.0%
8(a)	\$ 3,483	4.9%		
Women-Owned SB	\$ 2,625	3.7%	4.1%	5.0%
HUBZone SB	\$ 2,226	3.1%	3.0%	3.0%
Service-Disabled Veteran-Owned SB	\$ 501	0.7%	0.9%	3.0%
Veteran-Owned SB	\$ 1,445	2.0%	n/a	n/a ²⁷



ARMY SMALL BUSINESS PROGRAM HISTORY



\$ in millions



ARMY SUBCONTRACTING AWARDS FY05



	TOTAL DOLLARS	ACHIEVED	TARGET
US Business	\$6,890		
Small Business	\$3,403	49.4%	49.9%
Small Disadvantaged Business	\$ 444	6.4%	7.7%
Women-Owned SB	\$ 487	7.1%	7.0%
HUBZone SB	\$ 240	3.5%	2.4%
Veteran-Owned SB	\$ 280	4.1%	
Service-Disabled Veteran-Owned SB	\$ 39	0.6%	0.5%



**Small Business
is Big Business for
the Army**

Questions?

*Strengthening Our Nation's
Military through
Small Business*

