U.S. Small Business Administration

8(a) Business Development Program
8(a)BD Program Objectives
(Sec. 204 of Public Law 100-656)

• “to promote the business development of small business concerns owned and controlled by socially and economically disadvantaged individuals…”

• “to promote the competitive viability of such concerns…”

• “to clarify and expand the program for procurement by the United States…”
Federal Contracting Facts

• The world’s largest buyer of goods and services is the Federal Government, with purchases totaling more than $500 billion per year.

• Contracts exist for every item imaginable, from paper clips to armored tanks.

• Federal agencies are required to establish contracting goals, with at least 23 percent of all government buying targeted to small firms.

• A product or service regularly purchased by the federal government.
FY2016 Contract Dollars

Small Business Set Asides

- 2016 Contracting Set Asides
- Goals were Exceeded
- Small Business: 24% $100 Billion
- Category Breakdown
  - Sm Disadvantaged includes 8(a): 10% $39 Billion
  - Service Disabled Veteran: 4% $16 Billion
  - Women Owned SB: 5% $20 Billion
  - HUBZone: 2% $7 Billion
What is the 8(a) BD Program?

- www.sba.gov/8abd
- 9 year business development program
- Business assistance program for small disadvantaged businesses.
- Offers a broad scope of assistance to firms that are owned and controlled at least 51% by socially and economically disadvantaged individuals.

Benefits of the Program

- Participants can receive sole-source contracts
  - $4 million for goods and services
  - $6.5 million for manufacturing
- Assists 8(a) firms in building their competitive and institutional know-how, they are also encouraged to participate in competitive acquisitions (www.fbo.gov).
- Specialized business training, counseling, marketing assistance, and high-level executive development provided by the SBA and our resource partners.
Business Development Assistance includes:

- Training by SBA resource partners in all areas of business. General training sessions given in the SBA District Office.

- Information on SBA loans and other programs.

- 8(a)BD Showcase and other marketing assistance.

- SBA’s Mentor Protégé Program

- Assistance in identifying Government Procurement agencies and their Procurement Forecasts.

- Introduction and search letters and follow-up on specific requirements identified by firm.
Business Development Assistance includes:

- Subcontracts with federal government - (SBA serves as the prime contractor).
- 7(j) Management and Technical Assistance
- Information on various contracting opportunities with county, airports, large government primes.
- Obtaining access to surplus government property and supplies
Term of Participation

- Year 1
- Year 2
- Year 3
- Year 4
- Year 5
- Year 6
- Year 7
- Year 8
- Year 9

Continuation in the program is dependent on the firm’s continuing eligibility as a socially and economically disadvantaged owned/operated firm and continued compliance with the 8(a)BD participation agreement.

*Exception: military reservists who are called to active duty may suspend their participation in the program under certain circumstances.
Eligibility Criteria

- Social Disadvantage
- Economic Disadvantage
- Ownership
- Control and Management
- Size
- Good Character
Socially disadvantaged individuals are persons who have been subjected to racial or ethnic prejudice or cultural bias because of their identities as members of groups, without regard to individual qualities.
Individuals are presumed to be socially disadvantaged if they are a U.S. Citizen and a member of one of the following groups:

- Black American
- Asian Pacific American
- Hispanic American (includes individuals of Spanish & Portuguese descent).
- Native American
- Subcontinent Asian American
Persons not members of designated groups must:

• Establish their case by a preponderance of the evidence;

• The disadvantage may stem from race, ethnic origin, gender, physical handicap, long term environmental isolation, or other similar causes;

• The applicant must have personally suffered disadvantage in the United States;

• The disadvantage must be chronic & substantial;

• The discrimination must have negatively impacted on business advancement.
Economic Disadvantage

- Net worth criterion:
  After excluding the individual’s equity in the firm and equity in the primary residence, net worth may not exceed

  $250,000.00 for 8(a)

  NET WORTH

  less  equity in primary residence

  less  equity in business

  equals adjusted net worth
Supplemental Definitions

- Personal Income: cannot exceed an average of $250,000 over the previous three years
- Total Assets: cannot exceed $4 million

Exceptions

- Retirement Accounts: will be excluded from adjusted net worth if unavailable until retirement age without a significant penalty (must provide documentation)
- Personal income received from the company to pay corporate taxes or that was reinvested in the firm will not be counted (must provide documentation)
Ownership

- At least 51% unconditional ownership by the disadvantaged individual(s).
- **Partnerships:** Agreements must reflect unconditional ownership.
- **Limited Liability Company:** Disadvantaged individuals must own at least 51% of each class of member interest.
- **Corporations:**
  - individuals must own at least 51% of each class of voting stock and at least 51% of all outstanding stock.
- Stock option plans for non-disadvantaged individuals will be viewed as if they have been exercised.
Control and Management

- **Partnerships:** Agreements must reflect unconditional management by disadvantaged partner(s).

- **Limited Liability Company:** One or more disadvantaged individuals must serve as management members with unconditional control.

- **Corporations:** Disadvantaged directors of the board must control the board by actual number of votes and must be able to establish a quorum without the presence of non-disadvantaged directors.

OR
Control and Management

Control without considering the board of directors:

A single disadvantaged individual owns 100% of the voting stock.

A single disadvantaged individual owns at least 51% of the voting stock, is on the board of directors and no super majority* voting requirements exist. If a super majority* requirement exists, the disadvantaged individual must own at least the percentage of voting stock necessary to overcome any super majority* requirements.

If more than one disadvantaged individual, each disadvantaged individual is on the Board of Director and together own at least 51% of the voting stock and no super majority* voting requirements exist, and there are enforceable agreements of the shareholders permitting one of them to vote all stock as a block without a shareholders meeting. If a super majority* requirement exists, the disadvantaged individuals must own at least the percentage of voting stock necessary to overcome any super majority* requirements.

* A super majority is a percentage of votes required by shareholders to make decisions on behalf of the concern. For example, if a 2/3 vote is required to approve a bylaw change, disadvantaged individuals must have at least 2/3 of the votes necessary to control the concern.
A Disadvantaged Individual must:

- Hold the position of President or Chief Executive Officer, Managing Partner or LLC Managing Member
- Be the highest compensated individual
- Have the ability to Hire and Fire
- Set Policies
- Have the ability to commit firm to contracts
- Have the ability to control Budget and Financial Disbursement
Size

Firms must be small based on their primary NAICS Code, including affiliates.

Size is determined either by:

- average 3 years revenues
- # of employees (manufacturers, dealers, wholesalers)

See 13 CFR 121 Size Regulations or visit our website: www.sba.gov/size.
NAICS Codes

- North American Industry Classification System
- It is very important that you understand these codes and figure out what your primary code will be.
- [www.naics.com/search/](http://www.naics.com/search/)
- This site will help you find your code. Once you have your code, then you need to understand the size standards.
- Visit sba.gov and search size standard for the lists.
Potential for Success

• Proof of two years operation in the firm’s primary industry as verified by revenues reported in business tax returns.

• Financial capability: sufficient capitalization, financial performance, bonding capacity, manageable debts.

• Managerial and Technical capability: performance on previous contracts, firm has the necessary personnel, licenses, certifications, facilities, prior experience.

• Management capability: Education, experience and training of CEO and other managers, magnitude and complexity of past/current jobs, management systems.

• Qualifications for ability to perform on Federal contracts: relevant contracting experience, ability to meet Federal procurement policies.

• 13 C.F.R. Part 124 is the 8(a) BD program regulations
New Application Updates

- 8(a) Interim Application Process
- Applicants can now upload supporting documentation to certify.sba.gov
- All 8(a) applications along with supporting docs will be filed electronically.
- 8(a) applicants still need to complete their application in BDMIS, then go to certify.sba.gov
- Start the application process at sba.gov/contracting
- https://www.sba.gov/contracting/government-contracting-programs/8a-business-development-program/how-apply
Seek Help From Resource Partners

- **PTAC**
  - Provides assistance to business firms in marketing products and services to the Federal, state and local governments available at no or nominal cost. Help with SAM profiles. [http://www.washingtonptac.org](http://www.washingtonptac.org)

- **SMALL BUSINESS DEVELOPMENT CENTERS**
  - Provides one on one management assistance to small businesses. Better for established businesses. [http://www.wsbdc.org](http://www.wsbdc.org)

- **WOMEN’S BUSINESS CENTERS**
  - [http://www.nwwbc.org](http://www.nwwbc.org)

- **SCORE**
  - Get free & Confidential small business mentoring and advice (online and in-person mentoring) from Successful Business Advisors. Better for start-up firms. [www.seattlescore.org](http://www.seattlescore.org)

Remember!!! You Do Not Have To Pay Anyone To Do Business With The Federal Government
Additional Websites

- Apply for 8(a) at http://www.sba.gov/content/steps-applying-8a-program
- USA Spending- http://www.usaspending.gov
- Acquisition Central www.acquisition.gov
Marketing to the Dept of Defense

- ARE YOU READY TO MARKET TO THE GOVERNMENT?
- **Identify Your Product / Service**
  - Federal Supply Classification Code (FSC) or Product Service Code (PSC):
    - **EX:** D302 ADP systems development services
  - www.dlis.dla.mil/h2 or www.fbo.gov
- **Identify Your North American Industry Classification Codes**
  - **EX:** 541512 Computer Systems Design Services
  - www.census.gov/eos/www/naics/
- **Determining SBA Size Standard**
  - **EX:** 541512 $25M average annual receipts preceding 3 yrs
  - **NOTE:** There is a separate size standard for each NAICS.
  - www.sba.gov/category/navigation-structure/contracting/contracting-officials/size-standards
Marketing to the Dept of Defense

- DATA UNIVERSAL NUMBERING SYSTEM (DUNS)
  - Mandatory for registering in SAM
  - Provided by Dun & Bradstreet (D&B); free
  - Web request & receive within 1 day; telephone request takes ~ 10 minutes
  - Unique 9 digit identification # for each location/address & each legal division
  - List sold to other companies; must contact D&B to request removal from marketing list fedgov.dnb.com/webform/ or call 866.705.5711

- SYSTEM FOR AWARDS MANAGEMENT (SAM)
  - All records from CCR/FedReg, ORCA, and EPLS, active or expired, were moved to SAM.
  - Mandatory to receive DoD prime contract, Allows electronic payment
  - Must renew annually or expires
  - Automatically assigns a Commercial & Government Entity (CAGE) Code
  - Automatically assigns a Marketing Partner ID (MPIN) to access other government applications (EX: Past Performance Information Retrieval System, etc) www.sam.gov
SBA Dynamic Small Business Search

- When registering in SAM select “small business” & a sub-set of your SAM data will be sent to SBA for size validation and inclusion in DSBS.
- Recommend updating profile when renewing SAM
- Complete a Quality profile
- Government uses DSBS to perform market research to locate 8(a), Hubzone, SDVOSB, EDWOSB, small business primes.
- Industry uses DSBS to locate subcontractors, teaming partners, verify small business reps and certs.
- Dsbs.sba.gov/dsbs/search/dsp_dsbs.cfm
Locating DOD Customers/Opportunities

- Report issues each fiscal year of products and services purchased by DOD sorted by procurement classification code including name, location of buying office, number of actions, and dollars.

- Siadapp.dmdc.osd.mil/procurement/historical_reports/statistics/procstat.html

- Then scroll down to ST28
USE AVAILABLE RESOURCES

- Small Business Administration (SBA)
  - Counseling - in person, email
  - Small business certifications
  - Financial Assistance
  - Training (online, classroom, free or low cost) [www.sba.gov](http://www.sba.gov)

- Small Business Development Centers
  - Counseling
  - Small business management assistance
  - Training (classroom, free or low cost) [www.sba.gov/sbdc](http://www.sba.gov/sbdc)

- Procurement Technical Assistance Centers (PTACS)
  - Counseling - in person, email
  - Registration assistance
  - Bid-matching
  - Training (online, classroom, free or low cost) [www.dla.mil/db/procurem.htm](http://www.dla.mil/db/procurem.htm)
USE AVAILABLE RESOURCES

- ☐ Service Corps of Retired Executives
  - Counseling - in person, email, field visit
  - Training (classroom, free or low cost) www.score.org

- ☐ Small Business Program Offices
  - Located at every DoD & Federal buying activity
  - All DoD: www.acq.osd.mil/osbp
IN-PERSON PITCH

- Have three marketing "presentations" ready at all times:
  - "Elevator speech"
  - One page capability sheet
  - Full Capability presentation
- Know your audience
- Be focused & be brief
- Stand out from the crowd!
- How can the customer benefit from doing business with you"?
- What problems/challenges do you solve for your customer?
IN-PERSON PITCH

- One page capability sheet
- Few graphics
- Company name, website, contact info, locations, small business categories, CAGE code
- Certifications
- NAICS & capabilities
- DoD/Federal/State & local contracts with POC info
- Significant subcontracts with POC information
- GSA contracts (if any)
EMAIL MARKETING

- Send to the right customer! Frequency?
- Marketing pitch, virus or SPAM? Include subject line & content in body of email, not just an attachment
- Be brief - use your one page capability sheet
- Limit graphics - oversized attachments may be stripped
- Stand out from the crowd!
- How can the customer benefit from doing business with you?
- What problems do you solve for your customer?
- The following attachments may not be received by DoD recipients due to firewalls: .avi, .bat, .cmd, .com, .dll, .eml, .exe, .pif, .scr, .vbs, and .zip
FEDBIZOPPS

- DoD & Federal contracting activities synopsize most proposed requirements & contract awards >$25,000 in www.fbo.gov
- Active or archive search by dates and/or:
  - Types of Notice
  - Solicitation number or contract number
  - Place of performance zip code
  - Set-aside type
  - FSC/PSC/NAICS
  - Key words, Selected agencies
- Register for Vendor Notification Service by:
  - Specific solicitation number
  - Same selections as above
  - All procurement notices (caution)
Know Your Competitors

- Who are they?
- What are their strengths?
- Weaknesses?
- Review their brochures, websites
- Review their DSBS profiles
Target the Right Customer

- Develop a Business Plan
- Develop a Marketing Plan
- Who are your potential customers?
- Which agencies or activities?
- What are their needs?
- What are their challenges?
- Review their Websites
- Know your limits
- Know your customers regulation and procedures
Tools

- Acquisition Central – Federal Acquisition Regulations (FAR)  [www.acquisition.gov](http://www.acquisition.gov)
- Small Business Training Network [www.sba.gov/training](http://www.sba.gov/training)
Learn About Other SBA Programs:

- **www.sba.gov/wa**
- **Online Training - Free Online Courses**
  - Federal procurement training modules to improve your company’s odds to win federal prime and subcontracts at: [http://www.sba.gov/content/online-courses-government-contracting](http://www.sba.gov/content/online-courses-government-contracting).
- **Financial Assistance**
- **Contract Opportunities**
- **Counseling & Assistance**
- **Laws and Regulations**
Questions?

How can we help you?

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