

## 8(a) Business Development Program

In order to help small, disadvantaged businesses compete in the marketplace, the SBA created the 8(a) Business Development Program

### ▶ What is the 8(a) Business Development Program?

The 8(a) Business Development Program is a business assistance program for small disadvantaged businesses. The 8(a) Program offers a broad scope of assistance to firms that are owned and controlled at least 51% by socially and economically disadvantaged individuals.

The 8(a) Program is an essential instrument for helping socially and economically disadvantaged entrepreneurs gain access to the economic mainstream of American society. The program helps thousands of aspiring entrepreneurs to gain a foothold in government contracting.

Participation in the program is divided into two phases over nine years: a four-year developmental stage and a five-year transition stage.

**Pro tip:** For more information about the 8(a) Program and its detailed requirements, visit the Code of Federal Regulations at: <http://1.usa.gov/1DsuPyN>

### ▶ What are the benefits of the 8(a) Program?

Participants can receive sole-source contracts, up to a ceiling of \$4 million for goods and services and \$6.5 million for manufacturing. While we help 8(a) firms build their competitive and institutional know-how, we also encourage you to participate in competitive acquisitions.

8(a) firms are also able to form joint ventures to bid on contracts. This enhances the ability of 8(a) firms to perform larger prime contracts and overcome the effects of contract bundling, the combining of two or more contracts together into one large contract. Also, see the Mentor-Protégé Program for more information on allowing starting 8(a) companies to learn the ropes from other more experienced businesses.

### ▶ Requirements and Goals of the 8(a) Business Development Program

The overall program goal is to graduate 8(a) firms that will go on to thrive in a competitive business environment. There are some requirements in place to help achieve this goal. Program goals require 8(a) firms to:

- Maintain a balance between their commercial and government business.
- Limit on the total dollar value of sole-source contracts that an individual participant can receive while in the program: \$100 million or five times the value of its primary NAICS code.

To make sure 8(a) firms are on track to accomplish their goals and are following requirements, the SBA district offices monitor and measure the progress of participants through:

- Annual reviews
- Business planning
- Systematic evaluations

In addition, 8(a) participants may take advantage of specialized business training, counseling, marketing assistance, and high-level executive development provided by the SBA and our resource partners. You can also be eligible for assistance in obtaining access to surplus government property and supplies, SBA-guaranteed loans, and bonding assistance for being involved in the program.

### ▶ Steps to Applying

1. View the SBA online course Pre 8(a) Business Development Program Module 1 – Setting Expectations. (<http://1.usa.gov/1MiulNJ>)
2. Get official copies of all governing documents required by the state of business.
3. Get a free D-U-N-S number from Dunn and Bradstreet. ([fedgov.dnb.com/webform](http://fedgov.dnb.com/webform))
4. Obtain a free Tax Identification Number (TIN) or Employer Identification Number (EIN) from the IRS. ([IRS.gov](http://IRS.gov))
5. Create a profile in the federal government's System for Award Management (SAM). ([SAM.gov](http://SAM.gov)).
6. Get a free SBA General Login System user ID. (<http://1.usa.gov/1bTHvL>)
7. Complete and submit the free 8(a) online application.

### ▶ Questions to Ask

- Do all principals show good character?
- Is the firm organized as a for-profit business?
- Is the firm a small business that meets the SBA size standard?
- Has the firm been conducting ongoing business for at least 2 years?
  - » Does the firm have "established filings" with the state, county and city where it does business (established filings mean the articles, permits, etc.) and are the filings signed, dated, and stamped by the state that issued them?
  - » Does the firm have tax returns and financial statements that show its growth and potential to succeed?

**Pro tip:** There is a Two-Year Waiver Rule that allows a business to still apply to join the 8(a) Program even if the business is not at least two years old. Do one or more socially and economically disadvantaged individuals:

- Own a majority (51% or more) of the firm?
- Control the board of directors?
- Serve as the highest officer?
- Run the firm's daily business operations?
- Manage the firm?
- Receive the highest pay from the firm?

If the answer is "Yes" to all of the questions, the business may be eligible to participate in the 8(a) Business Development program.