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SMALL BUSINESS ADMINISTRATION

WHAT is the OFFICE of ADVOCACY

- Independent office within the U.S. Small Business Administration (SBA).
- Enforcing the Regulatory Flexibility Act
- Researching the importance of small businesses to the U.S. economy
- Watchdog for small business

What is a Small Business

- The Office of Advocacy defines a small business for research purposes as an independent business having fewer than 500 employees
- SBA defines a small business by industry and by number of employees or annual revenues. For contracting the federal government uses SBA's definition of small business.
- There are almost 24 million small businesses in the United States

Why are Small Businesses Important

- Represent more than 99.7 percent of all employer firms
- Employ more than one half of all private sector employees
- Generate 60 to 80 percent of net new jobs annually
- Account for about one half of nonfarm private gross domestic product (GDP)
- Produce 13 to 14 times more patents per employee than large patenting firms

Highlights of Activities for the Office of Advocacy

- In fiscal year 2008, the Office of Advocacy:

Submitted 33 public comment letter to federal agencies on regulatory proposals

- Realized \$10.7 billion in first year cost saving. Started the r3 initiative, Advocacy received 83 recommendations for rule changes, two procurement are:
 - 1. retainage
 - 2. reverse auctions

Federal Government and Small Business

- The Small Business Act establishes the policy of the United States regarding small business procurement. It is the policy that all small businesses have the maximum practicable opportunity to participate in providing goods and services to the federal government.

Government Wide Statutory Small Business Goals

- Small Business 23 percent of prime contracts
- SDB 5 percent of prime and subcontracts
- WOSB 5 percent of prime and subcontracts
- HUBZone 3 percent of prime contracts
- SDVOSB 3 percent of prime and subcontracts

Prime Contract Awards

- FY 2007 FY 2008
- Dollars % Dollars
- Total \$ to all SB
- 378.50 100% 434.00 100%
- SB 83.27 22.00% 93.3 21.49%
- SDB 24.9 6.58% 29.33 6.75%
- 8(a) 13.46 3.56% 12.47 3.86%
- Hubzone 8.46 2.24% 10.16 2.34%
- WOSB 12.92 3.41% 14.73 3.40%
- SDVOSB 3.81 1.01% 6.45 1.49%

Hot Procurement Topics

- 3 % Tax Gap
- No Match (DHS)
- E-Verify (DHS)
- Central Contract Registration (CCR)
- False Claims Act
- Contractor Ethics Rule
- Contractor Accountability

How Do You Get A Share of the Federal Procurement Dollars

- Two Types of Contracting Opportunities
 - a. Prime contracting
 - b. Subcontracting

Contracting Officer

- After consideration of requires sources FAR Part 8, the contracting officer has 2 choices:
 - 1. Use a pre-existing contract (FSS, GWAC, Department-wide contract)
 - 2. Use open market procedures

Contractor Questions

- 1. Which government agencies buy my services?
 - review agency procurement forecast
- 2. How do I reach them?
 - trade fairs, technical meetings, white paper request, OSB
- 3. Government websites
 - www.fpsc.gov identify who buys your service
 - www.Fedbizopps.gov official notice vehicle for letting of government contracts.
 - www.ccr.gov mandatory requirement to get paid, also can register on this site as a small business for Pro-Net.
 - DOD guide for small businesses, www.spl.usace.army.mil/deb/samll.pdf

Key Sources

- 1. SBA, local office and Area Contracting Office, PCR, Procurement Center Representative, Commercial Center Reps
- 2. PTAC Procurement Technical Assistance Center
- 3. OSDB Office of Small and Disadvantaged Business Utilization


The Successful Small Business Company

- 1. core competencies
- 2. marketing and relationship building
- 3. Prime contracting
- 4. subcontracting
- 5. Has resources
- 6. Past performance
- 7. Persistent
- 8. Has some knowledge of government contracting procedures
- 9. Bid/ no bid analysis
 - a. project budget
 - b. project timeframe
 - c. resources for proposal
 - d. investment needed
 - e. return on investment
 - f. technical expertise
 - g. management expertise
 - h. Differentiators from competitors
- I information gathering vs. real project
- j. political I considerations
- k. previous relationships

Selection Committee

- What is it looking for?
- 1. knowledge of RFP
- 2. Management expertise
- 3. Technical expertise
- 4. Past performance
- 5. Price
- 6. Quality of response
- 7. How unique is the proposal
- 8. Understanding the mission of the agency
- 9. Outside resources
- 10. Commitment from senior management

Entry Costs to Federal Contracts

- 1. Insurance
 - 2. Correct Accounting system
 - 3. Miller Act Bonding
 - 4. Retainage
 - 5. Cash flow until first gov. check
 - 6. 3% withholding provision
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United States Census(2002): Minority Business Owner Characteristics

- 1. In 2002, minorities owned approximately 18 percent of the 23 million U.S. firms.
- 2. Black employers had the lowest average payroll per worker, \$23,277 and the highest was white employers at \$29,666.
- 3. On the average, a White-Owned employer firm had over \$1.6 million in sales in 2002; a Black-owned employer firm, \$696,158.
- 4. Sizes of businesses can be measured by receipts or number of employees. Of Black-Owned firms, 50.8 percent made less than \$10,000 in total receipts in 2002; White-owned firms had 33.7 percent and Asian-Owned firms had 28.8 percent.

DISPARITY and the Rothe Decision

- Some progress has been made since 1977 when Congressman Mitchell stated that less than 1 percent of the Federal procurements were being awarded to minority-owned businesses. The 2002 Business Census data shows the continued existence of business disparity among minorities and the White-Owned business community.
- Anthony Robinson of the Minority Business Legal and Education Defense Fund will discuss the implications of the Rothe decision.

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