

A Request for a *Small Business Participation Plan* **is NOT the Same** as a Request for a *Subcontracting Plan*

- Small Businesses don't fully understand that it benefits them as a prime (their self performance is part of SB participation)
- Large Businesses attempt to submit Subcontracting Plans in response to an Evaluation Factor for Small Business Participation
- Some Government personnel don't fully understand the differences, and aren't sure how to evaluate them objectively.

DFARS 215.304– EVALUATION FACTORS & SUBFACTORS

- In acquisitions that require use of the clause at FAR 52.219-9, **Small Business Subcontracting Plan**, other than those based on the lowest price technically acceptable source selection process (see FAR 15.101-2), the extent of participation of SBs in performance of the contract **shall be addressed in source selection. The *extent of commitment to SBs* is evaluated.**
- When evaluation assesses the extent that SBs are specifically identified in proposals, the SBs **shall be listed in any subcontracting plan** submitted pursuant to FAR 52.219-9 to comply with 252.219-7003(g).

SB Participation Factor Differences for Large & Small Business Offerors

Avoid asking offerors (small and large businesses) to submit **SUBCONTRACTING** goals, because this requires a small businesses to **SUBCONTRACT** to attain the goal. Instead SBs should be informed to consider their own participation as a PRIME. Therefore, under the SB Participation Factor, you should state “**SB Participation Goals**”, meaning...

- ▶ LBs achieve the goals through their SB subcontracting; and
- ▶ SBs achieve goals through their participation as a prime, without having to subcontract, or in addition to any subcontracting to SBs.

Quick Comparison

Subcontracting Goal 20% vs. SB Participation Goal 20%

- **Subcontracting Goal = 20% of the Subcontracted Dollars**
 - □ SBs get 20% of the dollars '**available**' for subcontracting. If a LB decides to subcontract \$100,000 of a \$1M contract, SBs will get 20% of the \$100,000 available for subcontracting.
SBs get 20% of only subcontracted dollars = \$20,000
- **SB Participation Goal = 20% of Total Contract Value**
 - SBs get 20% of the **total value** of the entire contract. If a LB offers 20% SB participation of a \$1M contract, SBs will get 20% of total contract value = \$200,000

Comparison of LB and SB Offerors

Government's SB Participation Goal is 20%

- LB Proposes 25% planned for SBs, and they will self perform 70% themselves, with 5% subbed to OTSB
- SB Proposes 10% planned subcontracting to SBs, and they will self perform 40% themselves, with 40% subbed to OTSB
- The small business will receive a HIGHER rating on this one evaluation factor, because the percentage work they will self perform themselves is included as part of total Small Business Participation –because they are a small business.
 - **LB's total SB Participation = 25% of contract value**
 - **SB's total SB Participation = 50% of contract value**

SB Participation Factor Considerations

When conducting evaluations, Agencies **may** consider—

- The extent to which SBs are specifically identified (firms listed by name as part of the offeror's team);
- The extent of commitment to SBs (enforceable agreements are to be weighted more than non-enforceable ones);
- The complexity and variety of the work SBs are to perform; (identify what scope elements the SBs are responsible for providing)
- The realism of the proposal (how will goals be attained?)
- Past performance of offeror's compliance with subcontracting plan goals; (LB only--provide ISRs, SSRs) and
- The extent of participation of SBs in terms of the value of the total acquisition.

SB Participation Factor Considerations--more

SB Participation Evaluation Factor differs from SB Subcontracting Plan:

- SB Participation applies to both Large & Small Offerors.
- The SB Participation Plan has a relative Order of Importance; SB Subcontracting Plans do not.
- Subcontracting Plans are required from LBs only.
- SBs do not have to comply with FAR 52.219-14 (limitations on subcontracting) when proposing on unrestricted solicitations.

SB Participation Factor Considerations--more

- SB Participation should be rated on a tiered rating scheme (excellent, good, acceptable, unacceptable)
- subsequent SB Subcontracting Plans should be rated as: ***PASS/FAIL***
- SB Participation Evaluation Factors are governed by FAR Part 15
- SB Subcontracting Plans are governed by FAR Part 19

Small Business Participation— How Will SBs Participate?

- SB Offeror—consider self performance in addition to subcontracting to SBs to derive total SB participation propose;
- LB Offerors—consider how self performance detracts from available subcontracting to SBs, then consider the following when developing and presenting overall SB participation:
 - Scope elements and complexity of those to be subcontracted
 - Market research/sourcing efforts conducted for qualified SB subs
 - Negotiate enforceable teaming agreements with SBs
 - Determine percentage of contract value for which SB team subs will be accountable (be sure to list team subs in SB Subcontracting Plan)
 - Include SBA Protégé on team if SOW is appropriate fit.

Small Business Participation— How Will SBs Participate?

- Consider DoD Mentor-Protégé participation under the Contract with one of SB team subs (sign memorandum of intent by both firms and include in proposal)
- Consider how HBCU/MIs can participate—negotiate teaming agreement; consider HBCU/MI participation on the M-P
- Host outreach event to promote subcontracting opportunities for SBs—
 - Provide training, mentoring assistance in H&S, QA/QC, Ethics & Compliance, Project Management, scheduling, etc.
- Consider past performance in SB Utilization
 - What was achieved, shortfalls, mitigation and detailed efforts to succeed with proposed SB Participation Plan.

Summary Comparison

	<u>SB Offeror</u>	<u>LB Offeror</u>
Must propose how SBs will participate as percentage of total contract value	YES	YES
Self performance is included as part of SB Participation Plan	YES	NO
Must submit SB Subcontracting Plan as part of overall SB Participation Plan	NO	YES

SUBCONTRACTING PLAN/GOALS – Full Period of Performance*

Total Subcontracting for Full Period of Performance	Firm Size and/or SB Socioeconomic Category	Percentage of Subcontract \$	Percentage of Total Contract \$	Dollars
a.	Total Subcontracting Planned to all businesses	100%	80%	\$80,000,000
b.	Large Business*	50%	40%	\$40,000,000
c.	Small Business (all socioeconomic groups)	50%	40%	\$40,000,000
d.	Small Disadvantaged Business (subset of c)	6.25%	5%	\$5,000,000
e.	Women Owned Small Business (subset of c)	6.25%	5%	\$5,000,000
f.	HUBZone Small Business (subset of c)	3.75%	3%	\$3,000,000
g.	Veteran Owned Small Business (subset of c)	3.75%	3%	\$3,000,000
h.	Service Disabled Veteran Small Business (subset of c and g)	3.75%	3%	\$3,000,000

Based on LB Prime's self-performance of 20% of total contract value of \$100M.



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THANK YOU!!

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