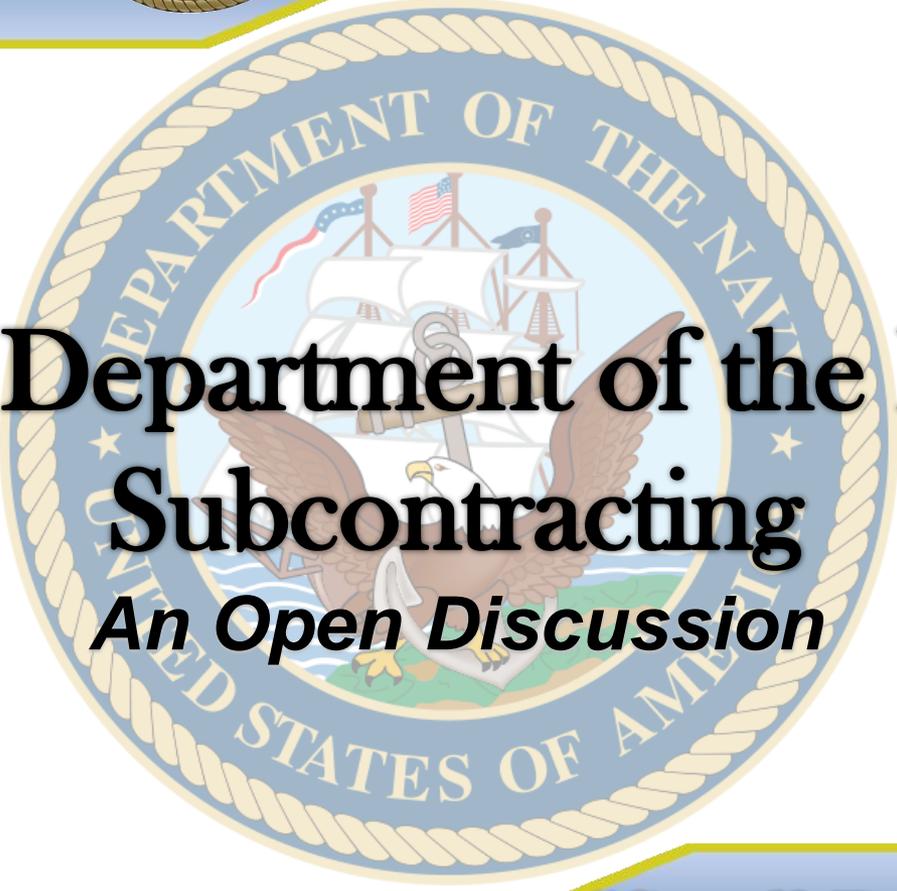




Department of the Navy  
Office of Small Business Programs



**The Department of the Navy**  
**Subcontracting**  
*An Open Discussion*

“Small Business...

**T**  
*he First Option”*

<http://SmallBusiness.Navy.mil>

# Overview

- ❑ Overall Navy Performance
- ❑ Subcontracting Achievements and Trends
- ❑ Subcontracting Pre-Award Considerations
  - Market Research
  - Exchanges With Industry
  - Acquisition Planning
  - Risk Management
  - Past Performance
- ❑ Considerations when Reviewing ISRs

Training excerpts from DAU Continuing Learning Module CLC 001



# Focus

**\$77.8B**

**Department of the Navy**  
**Total Spend FY13**

**\$51.6B**

**Small Business**  
**Accessible Market**  
**(SBAM)**



**\$26.2B**

**Small Business**  
**Inaccessible Market**  
**(SBIAM)**

**\$39.8B**

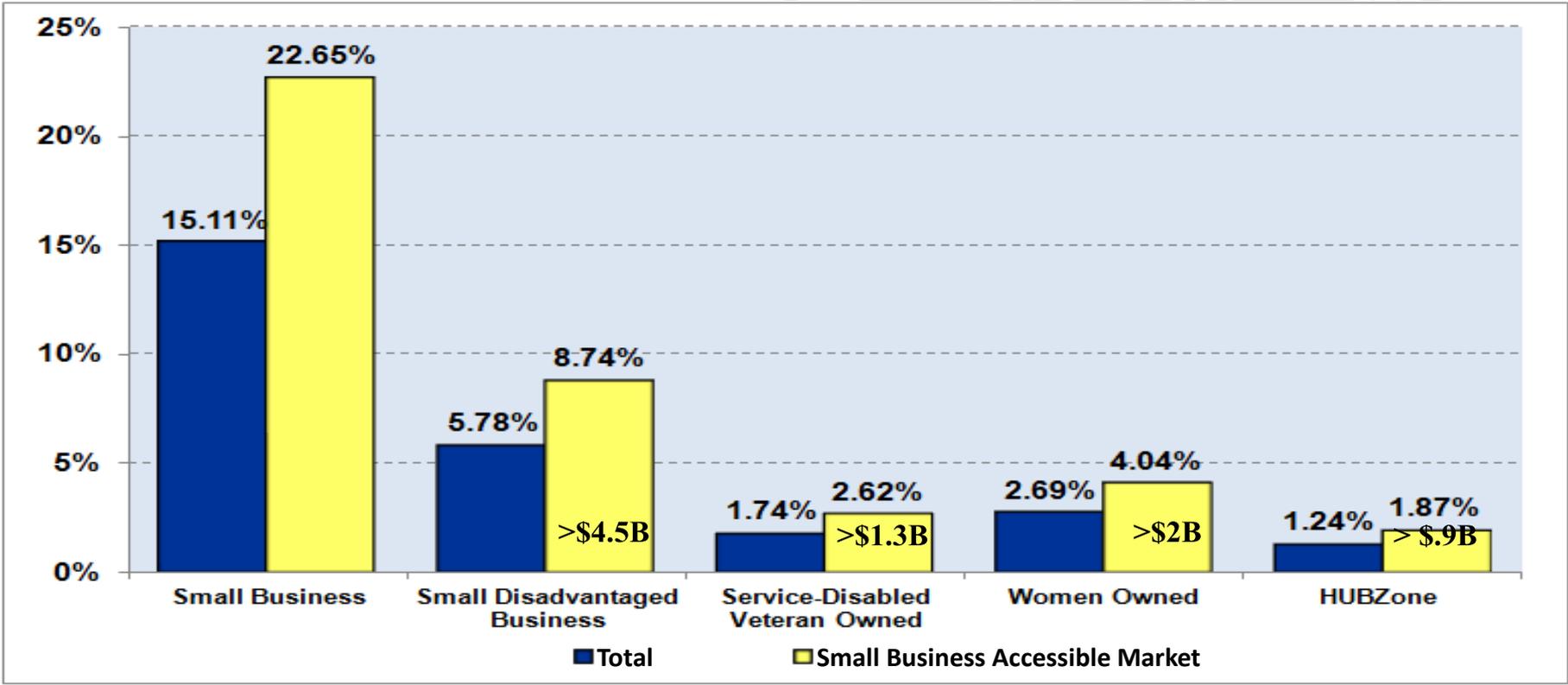
**\$11.7B**

**\$105M**



# FY 13 Effective Small Business Performance

## Department of the Navy Office of Small Business Programs

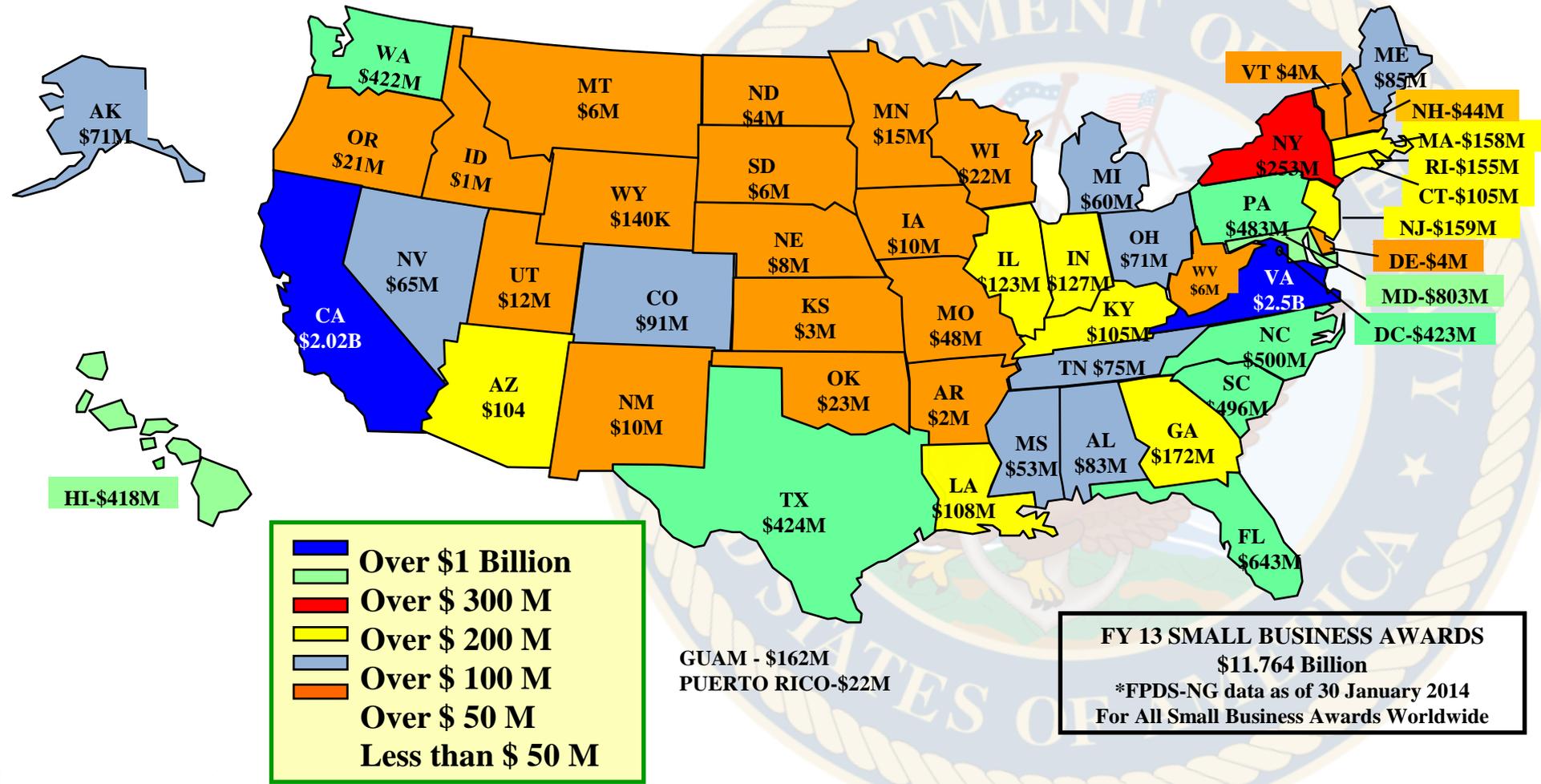


Improved Simplified Acquisition Threshold (SAT) Performance  
 Small Business “SweetSpot” \$3K-\$150K  
 Always Improving – 74.98% (FY11) 78.73% (FY13)



# National Impact of DoN FY13 SB Awards

## Department of the Navy Office of Small Business Programs



# DoN Top Ten Total NAICS FY13

## Department of the Navy Office of Small Business Programs

### FY2013 Top 10 Total Navy NAICS

<b>NAICS</b>	<b>Description</b>	<b>Total Spend</b>
336411	AIRCRAFT MANUFACTURING	\$16,510,642,469
336611	SHIP BUILDING AND REPAIRING	\$14,833,849,117
541330	ENGINEERING SERVICES	\$11,062,500,382
541712	RESEARCH AND DEVELOPMENT IN THE PHYSICAL, ENGINEERING, AND LIFE SCIENCES (EXCEPT BIOTECHNOLOGY)	\$3,390,276,680
334511	SEARCH, DETECTION, NAVIGATION, GUIDANCE, AERONAUTICAL, AND NAUTICAL SYSTEM AND INSTRUMENT MANUFACTURING	\$2,829,992,750
236220	COMMERCIAL AND INSTITUTIONAL BUILDING CONSTRUCTION	\$2,298,013,623
336413	OTHER AIRCRAFT PARTS AND AUXILIARY EQUIPMENT MANUFACTURING	\$2,217,832,686
336414	GUIDED MISSILE AND SPACE VEHICLE MANUFACTURING	\$2,211,964,835
541519	OTHER COMPUTER RELATED SERVICES	\$1,915,006,931
336412	AIRCRAFT ENGINE AND ENGINE PARTS MANUFACTURING	\$1,470,918,442

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# DoN Top Ten Small Business NAICS FY13

## Department of the Navy Office of Small Business Programs

NAICS	Description	SB Spend	Principal Buying Commands
541330	ENGINEERING SERVICES	\$2,194,946,975	NAVSEA, SPAWAR, NAVAIR
236220	COMMERCIAL AND INSTITUTIONAL BUILDING CONSTRUCTION	\$1,170,532,085	NAVFAC
541712	RESEARCH AND DEVELOPMENT IN THE PHYSICAL, ENGINEERING, AND LIFE SCIENCES (EXCEPT BIOTECHNOLOGY)	\$851,925,516	NAVAIR, ONR
336611	SHIP BUILDING AND REPAIRING	\$838,548,359	NAVSEA, MSC
561210	FACILITIES SUPPORT SERVICES	\$463,787,776	NAVFAC
483111	DEEP SEA FREIGHT TRANSPORTATION	\$438,166,268	MSC
334220	RADIO AND TELEVISION BROADCASTING AND WIRELESS COMMUNICATIONS EQUIPMENT MANUFACTURING	\$280,011,186	SPAWAR
541519	OTHER COMPUTER RELATED SERVICES	\$228,038,685	SPAWAR, NAVSUP
336411	AIRCRAFT MANUFACTURING	\$215,692,019	NAVAIR
562910	REMEDIATION SERVICES	\$194,040,599	NAVFAC



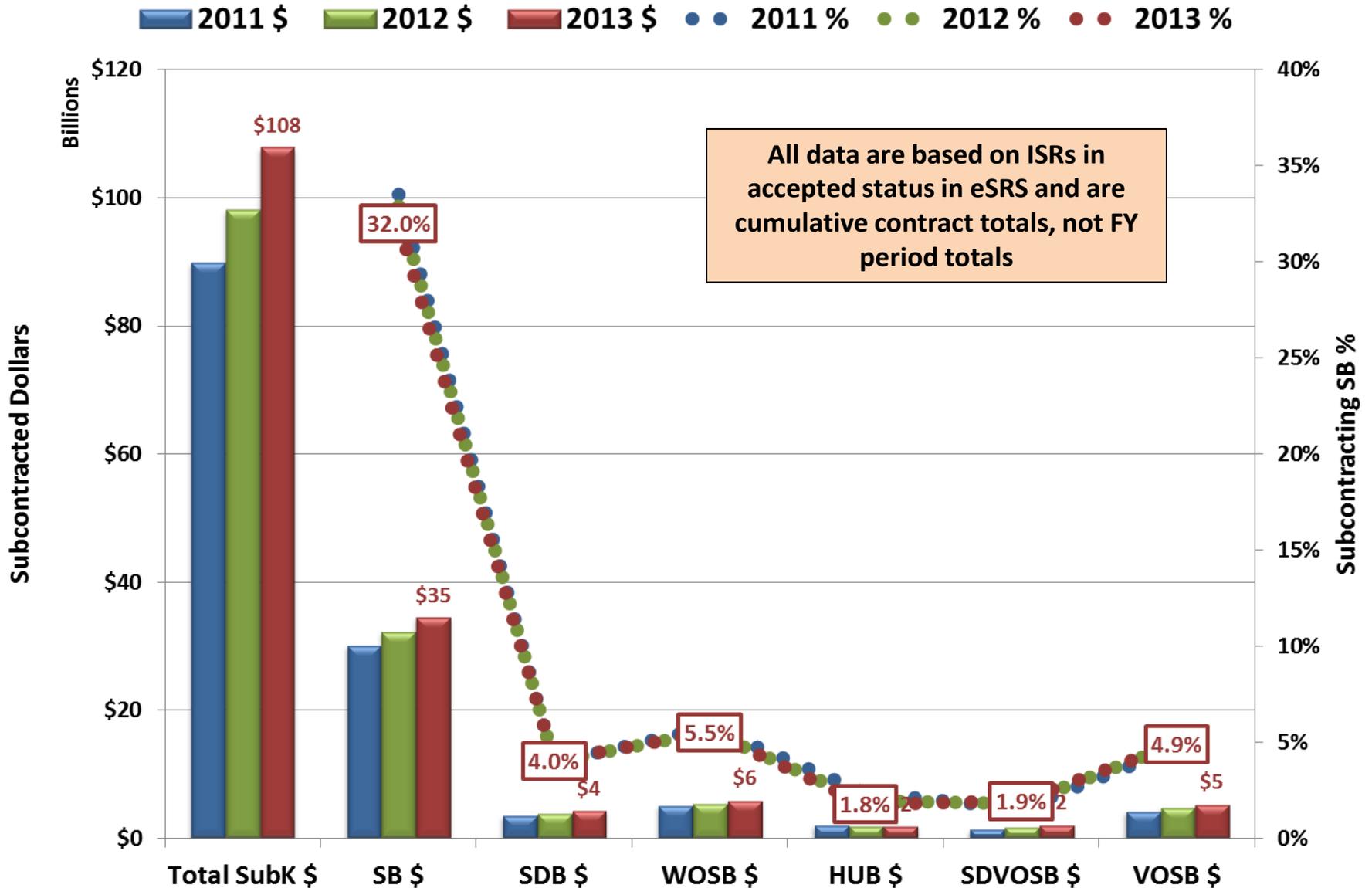
# Navy FY11-13 Subcontracting SB Performance

(see chart on next page)

FY	Total SubK \$	SB \$	SDB \$	WOSB \$	HUB \$	SDVOSB \$	VOSB \$
2011 \$	\$89,858,925,646	\$30,132,609,255	\$3,557,716,235	\$5,185,130,798	\$2,102,566,160	\$1,383,487,311	\$4,255,857,465
2012 \$	\$98,145,458,834	\$32,298,583,468	\$3,921,563,858	\$5,413,730,487	\$1,937,982,835	\$1,755,343,374	\$4,832,516,259
2013 \$	\$107,835,496,205	\$34,529,317,857	\$4,349,320,376	\$5,949,885,528	\$1,908,963,939	\$2,095,449,811	\$5,290,527,646
2011 %		33.5%	4.0%	5.8%	2.3%	1.5%	4.7%
2012 %		32.9%	4.0%	5.5%	2.0%	1.8%	4.9%
2013 %		32.0%	4.0%	5.5%	1.8%	1.9%	4.9%

**All data are based on ISRs in accepted status in eSRS and are cumulative contract totals, not FY period totals**

# Navy FY11-13 Subcontracting SB Performance



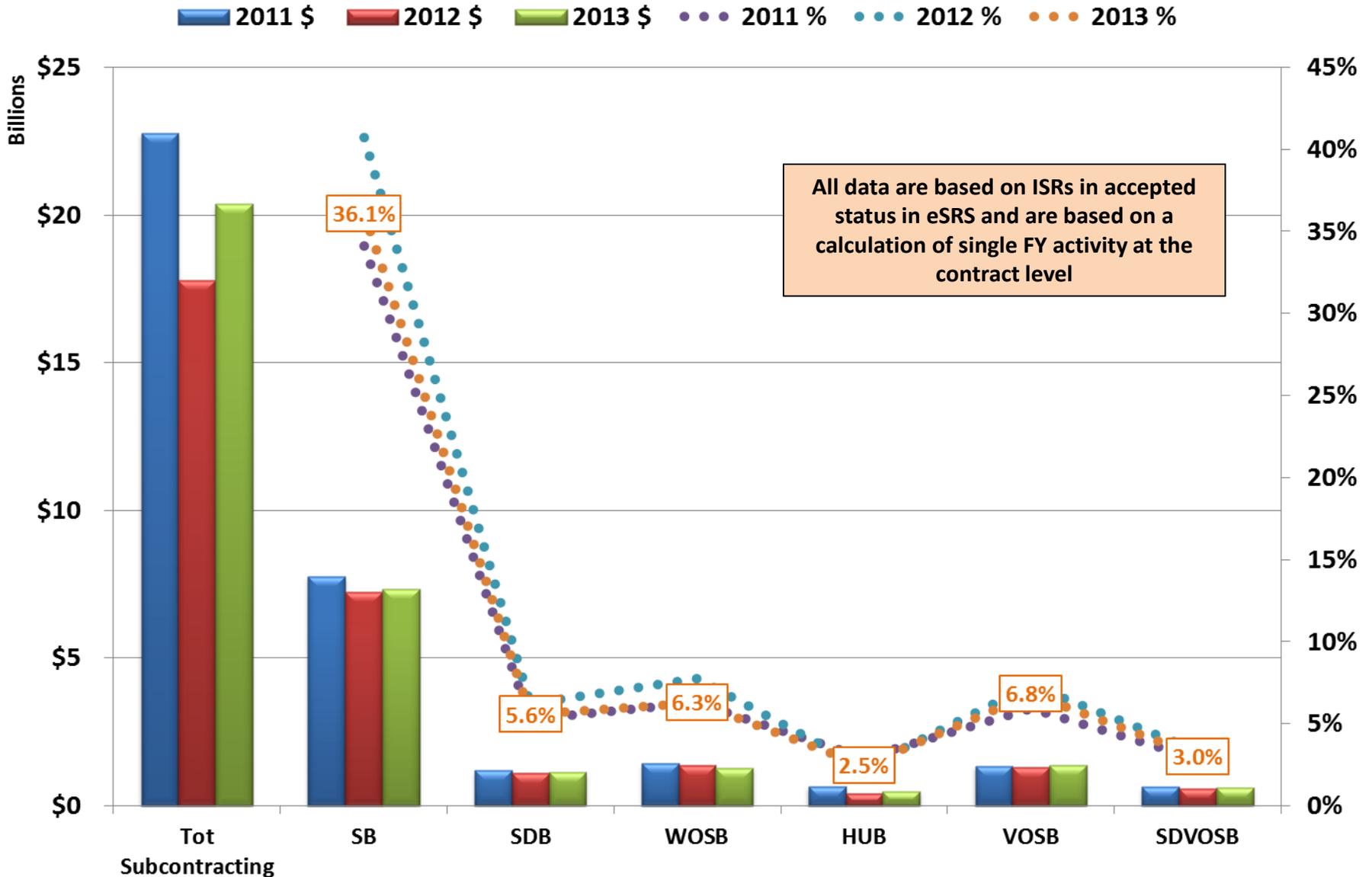
# Navy FY11-13 Subcontracting SB Performance

(see chart on next page)

	Tot Subcontracting	SB	SDB	WOSB	HUB	VOSB	SDVOSB
<b>2011 \$</b>	\$22,779,470,064	\$7,766,575,517	\$1,199,468,941	\$1,432,641,576	\$665,887,584	\$1,356,655,392	\$646,483,919
<b>2012 \$</b>	\$17,805,295,960	\$7,245,608,336	\$1,106,971,834	\$1,382,323,877	\$414,008,841	\$1,307,324,971	\$588,273,572
<b>2013 \$</b>	\$20,372,509,436	\$7,354,422,884	\$1,137,414,386	\$1,285,263,683	\$503,578,452	\$1,390,916,988	\$613,408,395
<b>2011 %</b>		34.1%	5.3%	6.3%	2.9%	6.0%	2.8%
<b>2012 %</b>		40.7%	6.2%	7.8%	2.3%	7.3%	3.3%
<b>2013 %</b>		36.1%	5.6%	6.3%	2.5%	6.8%	3.0%

All data are based on ISRs in accepted status in eSRS and are based on a calculation of single FY activity at the contract level

# Navy FY11-13 Subcontracting SB Performance



## FY14 Subcontracting Targets

	SB	SDB	WOSB	HUB	SDV
FY14 Average	37.0%	5.7%	6.8%	2.6%	3.0%
Trend Analysis	38.0%	5.8%	6.8%	2.4%	3.1%
FY 14 Targets	37.0%	5.7%	6.8%	2.5%	3.0%



### □ Market Research

- Market research is conducted in order to collect and analyze information about capabilities within the market that satisfy agency needs.
- It includes the identification of sources, their technical capabilities, estimated prices, and potential terms and conditions such as warranties, data rights, and delivery requirements.
- Market research should include:
  - ◆ contacting knowledgeable individuals in the industry
  - ◆ advertising in FedBizOpps
  - ◆ performing Internet searches
  - ◆ obtaining source lists from other locations doing similar work
  - ◆ holding pre-solicitation conferences and industry days



- ❑ Effective Market Research helps determine:
  - How much competition is available
  - How long it will take to get the product or service
  - Amount of schedule/performance/cost risk (dependent on whether the product or service is available commercially, requires modification or must be developed, whether small businesses can do the work, etc.)
  - Provides the Government insight into the teaming arrangements between prime contractors and subcontractors and indicates who will perform the work.
  - Helps the Government evaluate the risk of the project



- ❑ **Federal Acquisition Regulation (FAR) 15.201 Exchanges With Industry Before Receipt of Proposals:**
  - Agencies are encouraged to promote early exchanges of information about future acquisitions.
  - An early exchange of information among industry and other participants in the acquisition process can identify and resolve concerns regarding the acquisition strategy, including...the suitability of the proposal instructions and evaluation criteria, including the approach for assessing past performance information.
  - Some techniques to promote early exchanges of information are
    - ◆ Industry or small business conferences
    - ◆ Public hearings
    - ◆ Market research as defined in the FAR
    - ◆ One-on-one meetings with potential offerors
    - ◆ Presolicitation notices
    - ◆ Draft Requests for Proposals
    - ◆ Requests for Information
    - ◆ Presolicitation or proposal conferences
    - ◆ Site visits



- Acquisition planning
  - Acquisition planning should begin as soon as the agency need is known and should include the Small Business Specialist
  - Key areas impacting subcontract management include:
    - ◆ Identification of Capable Sources
      - Prospective sources of supplies or services based on market research including major subcontractors and partnering arrangements in this list.
    - ◆ Competition and Analysis of the Industrial Base
      - The plan must address how subcontract competition will be sought, promoted, and sustained throughout the acquisition and address subcontract competition barriers
    - ◆ Subcontractor influence
      - The plan should address potential teaming arrangements, joint ventures and subcontracting opportunities



- ❑ Risk management
  - Knowledge of risk is an opportunity to avoid a problem
  - Although the Government does not have privity of contract with the subcontractor, there are several things a Contracting Officer can do or ask to mitigate the risk including the following:
    - ◆ Contract type
    - ◆ Market Research
    - ◆ Evaluation Criteria
    - ◆ Contract Administration
    - ◆ Sources
    - ◆ Schedule
    - ◆ Procurement Strategy
    - ◆ SOW



### ❑ Past performance

- FAR 15.305 (a)(2), states the following regarding past performance evaluation:
  - ◆ “Past performance information is one indicator of an offeror's ability to perform the contract successfully. The currency and relevance of the information, source of the information, context of the data, and general trends in contractor's performance shall be considered.”
- The evaluation should take into account past performance information regarding predecessor companies, key personnel who have relevant experience, or subcontractors
- Evaluation Criteria for Award should state:
  - ◆ The Government will conduct a performance risk evaluation based upon the past performance of the offerors and their proposed major subcontractors as it relates to the probability of successfully performing the solicitation requirements.



- ❑ Additional considerations
  - Small and Small Disadvantaged Business (SDB) subcontracting participation plans
  - Flow-down clauses
  - Commercial items
  - Certified cost and pricing data
  - Defense Contract Management Agency (DCMA)
  - Earned Value Management (EVM)
  - Subcontracting with foreign sources



# ISR Considerations

## Department of the Navy Office of Small Business Programs

- It is the ultimate responsibility of the contracting official to accept or reject the report in eSRS
- Always provide explanation when rejecting the ISR so the contractor knows what to do
- Failure to meet goals is **not** a reason for rejecting ISR
  - Contractor should have no pending lower-tier ISRs
- 2<sup>nd</sup> reporting period \$ usually  $\geq$  1<sup>st</sup> reporting period \$
- Reject ISR when:
  - ◆ Incorrect Contract Administering Office
  - ◆ Incorrect reporting period / year
  - ◆ Goals ( % / \$ ) not same as Subcontracting Plan
  - ◆ No comment provided when contractor enters zero or fails to meet \$ or % goals



# Contact

## DoN OSBP Contacts

DoN Program Manager for Mentor Protégé and Subcontracting Programs and  
Small Business Innovative Research Liaison

**Bradley D. Taylor**

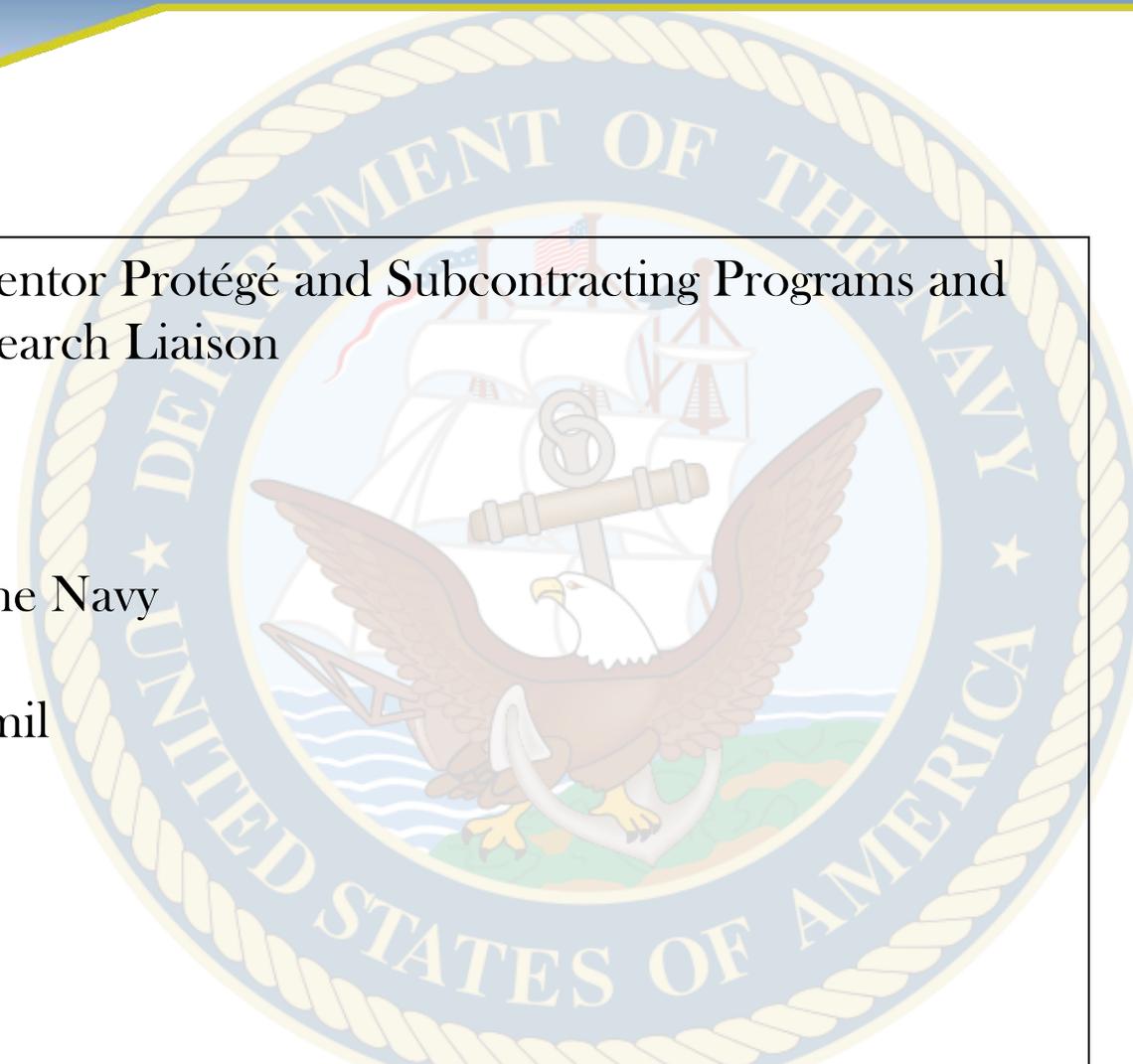
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# Department of the Navy Office of Small Business Programs

*Our Mission  
is to help them...*

*...complete  
theirs safely.*

“Small Business...

**T**he First Option”

<http://SmallBusiness.Navy.mil>