

**2019
National
HUBZone
Conference**

**Current Trends in Small Business Federal
Contracting**

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Presented By



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About GovContractPros

GovContractPros helps government contractors access and navigate the \$500 billion federal marketplace with its high-caliber team of experienced business experts and contracting specialists. The GovContractPros mission is to ensure the prosperity of our clients throughout all stages of their growth and development. We collaborate with clients to develop effective business strategies, provide education and advocacy services, and work to facilitate access to government contracting opportunities, while leveraging small business contracting programs. Our services are offered through traditional consulting engagements or as part of our membership platform.

Our primary practice areas are:

- **Business Strategy**
- **Business Development**
- **Advocacy and Government Relations**
- **Business Software Platform**
- **Certifications and Training**
- **Expert Witness**

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Overview

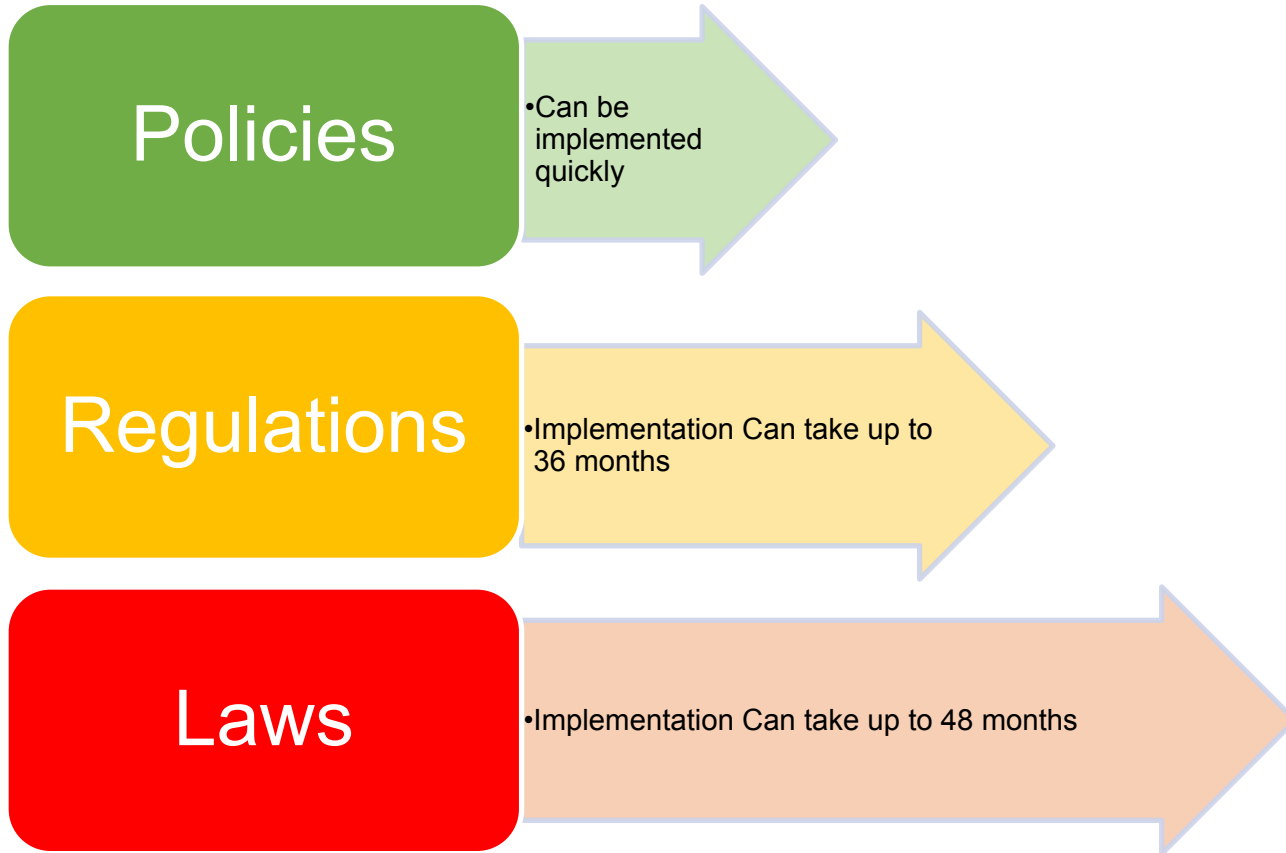
1. Small Business Set-aside Authority
2. Timeline for Laws, Regulations, and Policies
3. Strategies to Consider
4. Category Management
5. Proposed HUBZone Changes
6. All Small Mentor-Protégé
7. Similarly Situated
8. Section 809 Panel

Leveraging Small Business Set-Aside Authority – **Not a Hand Out**

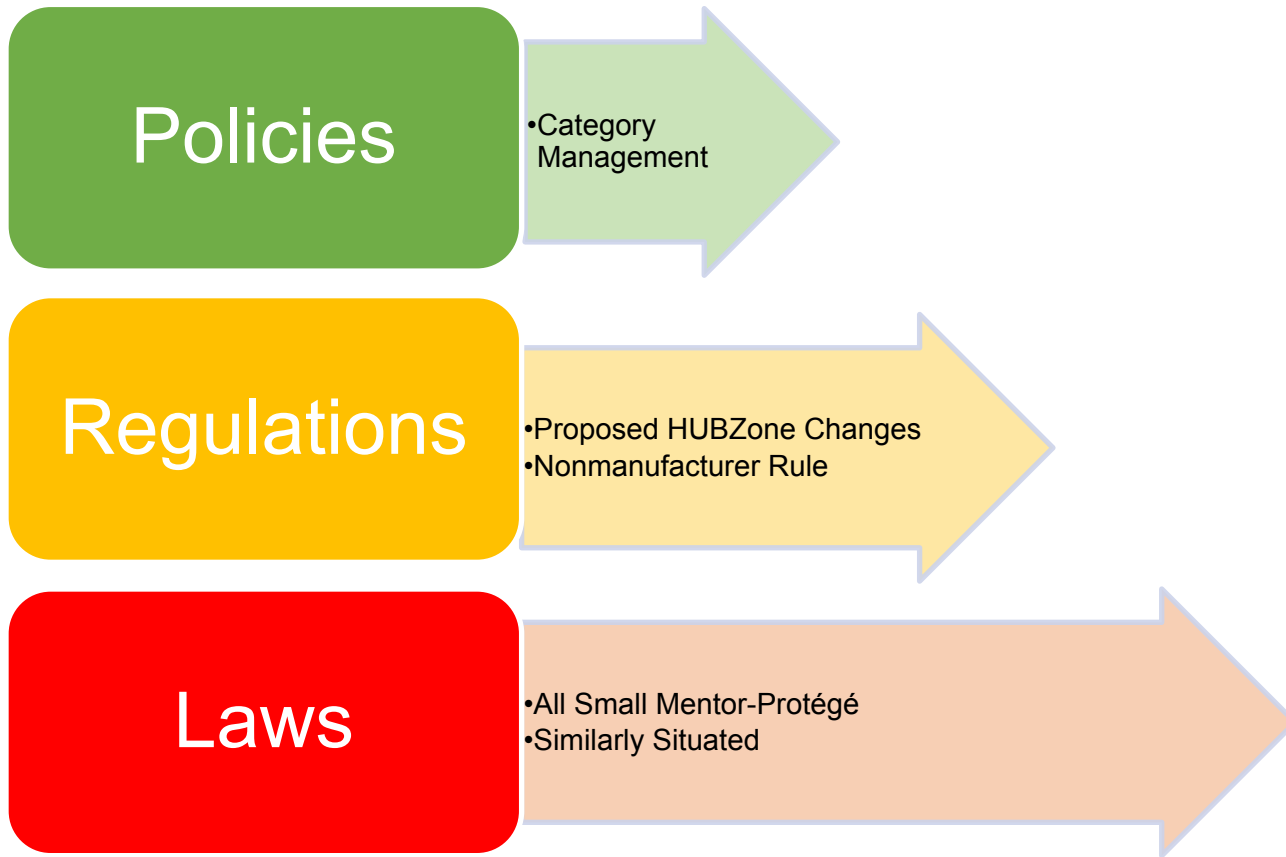
Small Business Act:

- The security and well-being of the country cannot be realized unless the actual and potential capacity of small business is encouraged and developed.
- It is the declared policy of the Congress to ensure that a fair proportion of the total purchases and contracts or subcontracts for property and services for the Government be placed with small business enterprises.
- SBA will work with each federal agency to establish a goal that presents, for that agency, the maximum practicable opportunity for small business concerns.
- Acquisitions over SAT are to be set aside for small businesses when there is a reasonable expectation that offers will be obtained from at least two responsible small businesses (Rule of Two – Who Enforces?).

What to Monitor **AND IMPACT**



What to Monitor **AND IMPACT**



Strategies to Consider

- Know which clients are using which vehicles.
 - Is your client agency committed to using any of the BIC Vehicles?
 - Are your contracts being transitioned over?
- Can I buy a vehicle if I don't own one?
 - You can not buy and sell federal contracts, but?
- Maintaining Small Business Status on an IDIQ/GWAC?
 - Do I have to recertify upon acquisition or merger; can I still receive contracts?
- Teaming to be successful
 - Do I have the right team, background, and financial capacity to win a GWAC?
 - Agencies must consider past performance of JV **partners** when considering past performance of a JV entity

Category Management

- What it is not:
 - It is not strategic sourcing and only buying from large consolidated vehicles.....but....
- What it is:
 - Reduce redundancies, identify core categories to put under management, develop enterprise-wide buying strategies and vehicles, and develop tools and agency-level expertise around specific categories.
 - The President's Management Reform Agenda directs agencies to increase BIC spending by 2020 to 40 percent over the fiscal 2016 baseline, while utilizing 13 percent fewer contracts.
 - In FY 2017, 84,000 non-preferred small business contracts worth \$32 billion were candidates for efficiencies and BIC consolidation (Source: Bloomberg Government).
- Categories:
 - Facilities & Construction , Professional Services, IT, Medical, Industrial Products and Services, Transportation and Logistics Services, Security and Protection, Human Capital, Travel, and Office Management.

The U.S. Government's implementation of Category Management Involves:

- Defining the government's major market categories (10 common markets);
- Assigning market and agency leadership roles to implement CM (CMLC, Category Managers, Agency Category Teams, etc.);
- Collecting and sharing data about companies, products & services, licenses, pricing, terms and conditions, best practices, past performance, and case studies — transparency is a critical element of CM;
- Developing common standards and configurations to consolidate demand, reduce duplication across agencies, and leverage better pricing from vendors;
- Identifying preferred, government-wide contract vehicles and other buying solutions that meet rigorous OMB and GSA standards (Tiers 0, 1, 2 and 3 vehicles);
- Setting and enforcing procurement metrics, benchmarking;
- Education and training (seminars, webinars, handbooks, etc.) in order to heighten expertise (e.g. TechFAR handbook); and
- Independent validation of CM savings.



Federal Agencies:

- The CMLC Principals, which plays an important role in shaping the direction of the effort, consists of representatives from the DoD, DoE, HHS, DHS, VA, GSA, and NASA.
- The Category Managers represent the following agencies: Office of Management and Budget (OMB), General Services Administration (GSA), Department of Homeland Security (DHS), Office of Personnel Management (OPM), Department of Defense, and Department of Veterans Affairs.
- The head of each of the 24 Chief Financial Officer Act departments and agencies has designated a CMLC Lead, who coordinates their agency's participation in government-wide category management efforts.
- The Category Management Program Management Office, which resides in GSA, provides overall program management support to Category Managers and their teams, and facilitates the development and implementation of business rules and processes.

Regulation:

- Federal Acquisition Regulations, Part 8.

Policies:

- OMB Category Management Memorandums 16-02, 16-12, 16-20, 17-22, 17-26, 17-29.

Source: [President's Management Agenda, March 2018](#)





Category Management Government-wide Categories

Total FY17 Spend - \$465B | FY17 common spend - \$303B

<p>Facilities & Construction ≈\$81.2B Led by GSA</p> <ul style="list-style-type: none"> Construction Related Materials Construction Related Services Facilities Purchase & Lease Facility Related Materials Facility Related Services 	<p>Professional Services ≈\$71.1B Led by GSA</p> <ul style="list-style-type: none"> Business Admin Services Financial Services Legal Services Management & Advisory Services Marketing & Public Relations Research & Development Social Services Technical & Engineering Services 	<p>IT ≈\$56.7B Led by GSA</p> <ul style="list-style-type: none"> IT Software IT Hardware IT Consulting IT Security IT Outsourcing Telecomms 	<p>Medical ≈\$43.5B Co-Led by DoD and VA</p> <ul style="list-style-type: none"> Drugs & Pharmaceutical Products Healthcare Services Medical Equipment, Accessories, & Supplies 	<p>Transportation & Logistics ≈\$28.5B Led by DoD</p> <ul style="list-style-type: none"> Fuels Logistics Support Services Motor Vehicles (non-combat) Package Delivery & Packaging Transportation Equipment Transportation of Things
<p>Industrial Products & Services ≈\$11.1B Led by GSA</p> <ul style="list-style-type: none"> Basic Materials Fire/Rescue/Safety/Environmental Protection Equipment Hardware & Tools Industrial Products Install/Maintenance/Repair Machinery & Components Oils, Lubricants, & Waxes Test & Measurement Supplies 	<p>Travel ≈\$7.5B Led by GSA</p> <ul style="list-style-type: none"> Employee Relocation Lodging Passenger Travel Travel Agent & Misc. Services 	<p>Security & Protection ≈\$5.4B Led by DHS</p> <ul style="list-style-type: none"> Ammunition Protective Apparel & Equipment Security Animals & Related Services Security Services Security Systems Weapons 	<p>Human Capital ≈\$4.5B Led by OPM</p> <ul style="list-style-type: none"> Compensation & Benefits Employee Relations Human Capital Evaluation Strategy, Policies, & Ops Planning Talent Acquisition Talent Development 	<p>Office Management ≈\$2.3B Led by GSA</p> <ul style="list-style-type: none"> Furniture Office Management Products Office Management Services

Source: [President's Management Agenda, March 2018](#)



Category Management – Best in Class (BIC)

- Alliant Small Business
 - Alliant
 - AutoChoice For Vehicle Purchasing
 - BMO (Building Maintenance & Operations FSSI)
 - City Pair Program
 - EIS
 - FedRooms
 - GSA Fleet for Vehicle Leasing
 - GSA SmartPay 2
 - HCaTS
 - IPS BPA: Identity Protection Services Multiple Award BPA
 - JanSan (Janitorial & Sanitation Supplies FSSI)
 - MRO: Maintenance, Repair & Operations FSSI
 - Networx
 - OASIS SB
 - OASIS <https://www.gsa.gov/acquisition/category-management/bestinclass>
 - OS3 (Office Supplies FSSI)
- GovCONTRACTPROS**
EXPERIENCE • FLEXIBILITY • INNOVATION
- Schedule 48: (Civilian Employee Relocation Homesale Solution - SInS 653-1 and 653-5)

Proposed HUBZone Changes

- Comment period on proposed changes closed February 14th
- Major changes proposed include:
 - Establishing a floor of 20% HUBZone residency requirement when analyzing a HUBZone concern's compliance with the "attempt to maintain" criteria
 - Increasing the number of hours an individual must work to be deemed an employee from 40 hours worked per month to 20 hours worked per week
 - Freezing maps to extend the time certain redesignated areas are eligible for program participation (December 31, 2021)
 - Allowing HUBZone employees to be counted as such even if they move or the HUBZone of their residence is redesignated
 - Requiring annual recertifications of eligibility instead of recertification every three years while eliminating the requirements for HUBZone firms to certify their eligibility both at time of offer and award
 - Protests of HUBZone Joint Ventures are explicitly permitted and will evaluate the HUBZone status of the Managing Venture and compliance with HUBZone JV regulations
 - Reducing the time a protested HUBZone concern has to respond to SBA's notice of a HUBZone status protest to three business days (from five)

NonManufacturer Changes

- Previous Rule:
 - CRF 126.601 (f) - A qualified HUBZone SBC may submit an offer on a HUBZone contract for supplies as a nonmanufacturer if it meets the requirements of the nonmanufacturer rule set forth at §121.406(b)(1) of this chapter, and if the small manufacturer providing the end item for the contract is also a qualified HUBZone SBC.
- Current Rule:
 - CRF 126.601(f) - A qualified HUBZone SBC may submit an offer on a HUBZone contract for supplies as a nonmanufacturer if it meets the requirements of the nonmanufacturer rule set forth at §121.406 of this chapter.
- Current Issue: Nonmanufacturer Rule, Gives discretion of requesting a waiver to the Contracting Officer.

The New SBA Mentor-Protégé Program

- Available to all small businesses, including SDVOSBs, HUBZones, WOSBs, and 8(a)s
- Patterned similar to the existing 8(a) Mentor-Protégé Program (MPP)
- Allows all small business protégés to joint venture with their large business mentors
- Mentors - must be for-profit entity that demonstrates commitment and ability to assist small business concerns: Possesses “good character;” Not suspended or debarred; Can impart value to protégé; and Demonstrates that it can meet the obligations outlined in the mentor-protégé agreement
 - May generally have no more than one protégé at a time; May seek approval for up to three protégés as long as the additional relationships do not adversely affect the development of any of the protégé firms
 - Firms can be both mentors and protégés
- Protégé - Must be small under its primary NAICS code or seeking assistance in secondary NAICS code under which it is small.
 - Protégé not limited to a single mentor
 - Importance of ensuring protégé qualifies as a SDVOSB/HUBZone/WOSB/8(a) firm

Benefits

- MPP joint ventures may qualify as a small business for any federal government contract or subcontract where the protégé qualifies as small for the size standard assigned to the procurement
- Protégé firm can raise capital without fear of affiliation
- Significant subcontracting work to protégé = potential incentives from procuring activities during contract evaluation
- Agencies must consider past performance of JV partners when considering past performance of a JV entity

How to Apply

- Online application available at www.certify.sba.gov
- All applicants must execute and submit a Mentor-Protégé Agreement
 - It is critical that agreement include needs, assistance, timeline, and success measurement(s)
- Other requirements besides a Mentor-Protégé Agreement?
- If interested in the new MPP, apply NOW

Joint Venture - New Requirements

- Uniform requirements for **all** small business programs regarding size and content of Joint Venture (JV) agreement
- Required written agreement for arrangement and responsibilities of the parties
- JV structures: both formal and informal allowed – Must be unpopulated
- The JV Project Manager:
 - Employee of eligible JV partner; **or**
 - If JV is with mentor, signed letter of commitment from future PM who is not employee of mentor
- SAM registration required
- Certificates of compliance (contract-start, annual, and project-end)
- **Size protests of JVs permitted**

Similarly Situated Rule

- Work performed by Similarly Situated Entities may count towards the applicable limitations on subcontracting
- What is a Similarly Situated Entity?
 - Subcontractor that has same small business program status as the prime contractor
 - Small for the NAICS code which the prime contractor assigned to the subcontract and the subcontractor will perform
- How much work can be subcontracted to a Similarly Situated Entity?
 - To count, work must be self-performed by subcontractor

Other Considerations

- Similarly Situated Subcontractors are excluded from affiliation under the ostensible subcontractor rule
 - What does this mean in practice?
- The limitations on subcontracting do not apply to subcontractors entering into lower-tier subcontracts **except** where the prime is relying on subcontractor's similarly situated status
- Independent Contractors - considered subcontractors and may count towards meeting limitation on subcontracting when Independent Contractor qualifies as a similarly situated entity

Section 809 Panel

Refocus DoD's small business policies and programs to prioritize mission and advance warfighting capabilities and capacities:

- Establish the infrastructure necessary to create and execute a DoD small business strategy.
- Ensure alignment of DoD's small business programs with the agency's critical needs.
- Build on the successes of the SBIR/STTR and RIF programs.
- Enable innovation in the acquisition system and among industry partners.

Any Questions?

Thank you for joining us today! If you would like to speak with John about the information presented in this training, please contact him at :

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Email: john@govcontractpros.com

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