

Alliance 2017

Small Business Participation Plans

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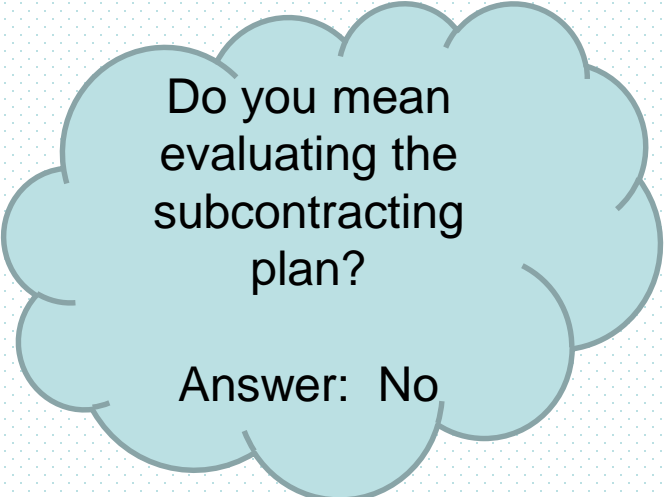


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Small Business Participation as an Evaluation Factor



Do you mean
evaluating the
subcontracting
plan?

Answer: No

(FAR 15.304)

Purpose

- To clarify that a request for a Small Business Participation Proposal is quite different than a request for a Subcontracting Plan; to explain how and why it's different.
 - ▶ Contractors and Government personnel are struggling to understand the unique differences.
 - ▶ Small Businesses don't understand how it benefits them as a prime offeror – so they fight against it.
 - ▶ Large Businesses still want to submit Subcontracting Plans in response to an Evaluation Factor for Small Business Participation. Or they want to fight against it to push for their Comprehensive Subcontracting Plan.

SB Participation Plan vs Subcontracting Plan

...not one in the same

DFARS 215.304 Evaluation factors and significant subfactors.

- (c)(i) 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 small businesses to include service-disabled veteran-owned small business concerns, HUBZone small business concerns, small disadvantaged business concerns, and women-owned small business concerns in performance of the contract shall be addressed in source selection. The contracting officer **shall evaluate** the extent to which offerors identify and commit to small business performance of the contract, whether as a joint venture, teaming arrangement, or subcontractor.
- (B) Proposals addressing the extent of small business performance shall be separate from subcontracting plans submitted pursuant to the clause at FAR 52.219-9 and shall be structured to allow for consideration of offers from small businesses.
- (C) When an evaluation assesses the extent that small businesses are specifically identified in proposals, the small businesses considered in the evaluation shall be listed in any subcontracting plan submitted pursuant to FAR 52.219-9 to facilitate compliance with [252.219-7003](#)(e).

Also DoD Source Selection Guide (page 30) Note: For Large Businesses, **Subcontracting plans**, required by FAR Part 52.219-9, need to be consistent with the **SB Participation Plan**.

SB Participation Factor Differences for **Large & Small** Business Offerors

- RFPs should be structured to allow small businesses to submit their own participation as a prime under the FAR Part 15 Evaluation Factor.
- A common mistake is asking (small and large businesses) to submit **SUBCONTRACTING** goals, because this requires a small businesses to **SUBCONTRACT** to attain the goal. Instead SBs should be allowed to submit their own participation as a **PRIME**. Therefore, under the SB Participation Factor, you should see the “SB Participation Goals”...meaning...
 - ▶ **Large businesses** achieve the goals through subcontracting;
 - ▶ **Small businesses** can achieve goals through their own performance/participation as a prime ...without having to subcontract ... if the RFP is designed to consider SBs.



SB Participation vs. Subcontracting

Unrestricted Acquisitions >\$750K (or \$1.5M for Constructions)

Evaluation of SB Participation

- How will SB participate?
- FAR 15.304
- DFARS 215.304 PGI
- Applies to both LB and SB offerors
- % of **total** contract dollars
- Evaluation Factor (weighted)

- Market research based (10-15%)

- Best-Value Trade-Off source selections

Subcontracting Plan

- How will LB subcontract to SB?
- FAR 19.704
- DFARS 219.704
- Applies to LB offerors only
- % of **subcontracted** dollars
- Responsibility determination
- Compliance check via eSRS
- DoD SubKtg goal

- Best-Value Trade-Off, Lowest Priced Technically acceptable (LPTA), and Sealed-Bid

Back to Basics (FAR 15.304)

- (a) The award decision is based on evaluation factors and significant subfactors that are tailored to the acquisition.
- (b) Evaluation factors and significant subfactors must— (1) **Represent the key areas of importance** and emphasis to be considered in the source selection decision; and (2) Support meaningful comparison and discrimination between and among competing proposals.
- (c) The evaluation factors and significant subfactors that apply to an acquisition and their relative importance are within the broad discretion of the agency acquisition officials (subject to certain requirements..)
- (d) All factors and significant subfactors that will affect contract award and their **relative importance** shall be stated clearly in the solicitation. The **rating method need not be disclosed in the solicitation**. The general approach for evaluating past performance information shall be described.
- (e) The solicitation shall also state, **at a minimum**, whether **all evaluation factors** other than cost or price, when combined, are— (1) Significantly more important than cost or price; (2) Approximately equal to cost or price; or (3) Significantly less important than cost or price

Subcontracting Goal 20%

versus SB Participation Goal 20%

Differences in Calculating on a \$1,000,000 Offer / Award

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, a small business will get 20% of the \$100,000.



SBs get 20% of subcontracted dollars = **\$20,000**

20% SB Participation Goal = 20% of Total Contract Value

SBs get 20% of total value = **\$200,000**

Here's why Small Business PRIME offerors Benefit!!

Though the Government does NOT have to set a goal, let's say the Government's SB Participation Goal is set at 20%

a Large Business Proposes - 20% planned (they will do 80% themselves)

a Small Business Proposes - 40% planned (they will do 40% themselves)

The small business will receive a HIGHER rating on this one evaluation factor, because they get to add in the percentage work they will do themselves and it counts as Small Business Participation – because they are a small business.

Rating Scale with 20% goal:

EXCELLENT GOOD ACCEPTABLE Marginal Unacceptable

Ratings Results: Large Business (ACCEPTABLE)
 Small Business (EXCELLENT)

SMALL BUSINESS PARTICIPATION FACTOR

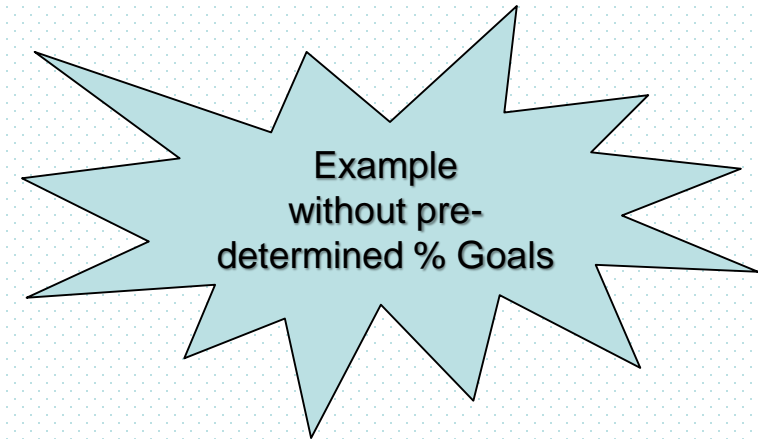
- Small Business Participation – How Will Small Businesses Participate?
All Offerors (both **large and small businesses**) will be evaluated on the extent of participation of small business concerns in performance of this contract opportunity.
- Offeror's proposal must meet the minimum mandatory Total Small Business Participation goal of 20% (through collective small business participation from any type of small business or sub-category small business). The subcategory small business goals are NOT mandatory. However, the Government will evaluate the proposals to determine which offeror(s) propose the best value in terms of meeting all the Small Business Participation goals herein. The work to be performed **directly by a small business prime offeror will also be evaluated as Small Business Participation**. The goals are:
 - Total Small Business (any type of small business) 20% of total contract value (mandatory)
 - **Sub-Category Small Business** (not mandatory)
 - ▶ Small Disadvantaged Business 4%
 - ▶ Hub-Zone Small 3%
 - ▶ Women Owned Small Business 4%
 - ▶ Service-Disabled Veteran 3%
 - ▶ Veteran Owned Small 1%



This is example is continued on next slide

SMALL BUSINESS PARTICIPATION FACTOR

- Small Business Participation – How Will Small Businesses Participate?
All Offerors (both **large and small businesses**) may be evaluated on the extent of participation of small business concerns in performance of this contract opportunity.
- Offeror's must propose goals for Small Business Participation. Propose an overall goal accomplished through collective small business participation from any type of small business or sub-category small business. The Government will evaluate the proposals to determine which proposals offer the BEST VALUE in terms of Small Business Participation. The work to be performed **directly by a small business prime offeror will be evaluated as Small Business Participation**. The goals are:
 - **Total Small Business** (any type of small business) _____% of total contract value
 - **Sub-Category Small Business**
 - ▶ Small Disadvantaged Business _____%
 - ▶ Hub-Zone Small _____%
 - ▶ Women Owned Small Business _____%
 - ▶ Service-Disabled Veteran _____%
 - ▶ Veteran Owned Small _____%



This is example is continued on next slide

Example continued from previous slide.

SMALL BUSINESS PARTICIPATION FACTOR

IAW DFAR 215.304 PGI, Small Business Participation Plans (from **large and small businesses**) will be evaluated on the basis of:

- (a) The extent to which SB firms are specifically identified in proposals;
- (b) The extent of commitment to SB firms (for example, enforceable commitments are to be weighted more heavily than non-enforceable ones);
- (c) The complexity and variety of the work small firms are to perform;
- (e) The realism of the proposal:
- (d) Past performance of the offerors in complying with requirements of the clauses at FAR 52.219-8, Utilization of Small Business Concerns, and 52.219-9, Small Business Subcontracting Plan; and
- (f) The extent of participation of SB firms in terms of the value of the total acquisition and the extent of which the proposals meets or exceeds small business participation goals for this acquisition.

Instructions, Conditions, and Notices to Offerors

Separate from the Small Business Participation Plan, large business offerors must also submit a Subcontracting Plan (Individual Contract Plan) as required by FAR 52.219-9. **Large businesses** will not be eligible for award if they fail to submit an acceptable Subcontracting Plan. Subcontracting Plans shall reflect and be consistent with the commitments offered in the Small Business Participation Plan. In accordance with DFARS 215.304 (c), when an evaluation assesses the extent that small businesses are specifically identified in proposals, the small businesses considered in the evaluation shall be listed in any subcontracting plan submitted.

Small Business Subcontracting Plans will be evaluated on an **ACCEPTABLE / UNACCEPTABLE** basis:

(a) Does the Subcontracting Plan adequately respond to each of the required elements of FAR 52.219-9(DEVIATION) paragraphs (a) through (l)?

(b) Are the commitments in the Subcontracting Plan comparative to the commitments in the SB Participation Plan?

Questions?