



Naval Facilities Engineering Command

“Small Business Utilization Source Selection Factor Updates”

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Federal Government Policy for Small Businesses



FAR 19.201(a)

It is the policy of the Government to provide maximum practicable opportunities in its acquisitions to small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business and women-owned small business concerns. Such concerns must also have maximum practicable opportunity to participate as subcontractors in the contracts awarded by any executive agency, consistent with efficient contract performance.

Public Law 95.507

- **Contractors receiving a federal contract >\$100K must agree to give small business concerns maximum practicable opportunity to participate in contract performance**
- **Large business concerns receiving a federal contract expected to exceed \$550K (\$1M for construction) must submit an acceptable subcontracting plan**

SMALL BUSINESS UTILIZATION

SOURCE SELECTION FACTOR

SMALL BUSINESS UTILIZATION (Source Selection Factor)



- **Evaluation factor used in unrestricted procurements**
- **Evaluation factor is applicable to all offerors**
– **large and small business concerns**
- **Small Business factor to be equal to the highest rated technical factor**

SMALL BUSINESS UTILIZATION (Source Selection Factor)



- **TWO SUBFACTORS:**

- **Past Performance in Utilization of Small Business Concerns**

- **Small Business Participation (for the specific project)**

PREPARING RESPONSIVE PROPOSALS

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- RFP response should follow the outline of the evaluation criteria, (e.g. use tabs, number your pages, organize information to follow each factor/subfactor)
- Address all aspects of each factor!
- Provide explanations, as necessary
- Use Attachments provided in the RFP
- Limit marketing “fluff”

DOCUMENTING PAST PERFORMANCE IN UTILIZING SMALL BUSINESS CONCERNS

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- **Small Business Utilization Awards, both National and Industry-issued, received within the last 5 years for outstanding support to small business concerns. Older awards will not be evaluated.**
- **Performance Ratings obtained on the implementation of subcontracting plans for projects listed under Corporate Experience**
- **Mentor-Protégé Agreements (previous, existing, planned or pending)**
- **Use of AbilityOne Program (CRP) Organizations - (formerly JWOD)**

DOCUMENTING PAST PERFORMANCE IN UTILIZING SMALL BUSINESS CONCERNS



- **Large Businesses - Final SF294s/ISRs (or in the case of active contracts, the most recent ISR). If goals were not met explain why. *(If not explained on each individual ISR in the remarks section, include explanations in the proposal.)***
 - **Newly established Large Businesses or Large Businesses with no SF294/ISR report history are to submit subcontracting history organized by subcategory using the format in the RFP.**
- **Small Businesses – Previous use of small business subcontractors organized by subcategory, showing dollars and percentages utilized if available. Utilize the format included in the RFP.**

SMALL BUSINESS PARTICIPATION

SUBCONTRACTING PLAN CONSIDERATIONS



- **Large business firms are required to submit a draft subcontracting plan utilizing the template provided in the RFP.**
 - **The NAVFAC Subcontracting Plan Template is consistent with the requirements of FAR 19.7.**
 - **Large business firms must have a *thorough* understanding of all items included in the Subcontracting Plan Template and final accepted subcontracting plan.**
 - **Revisions to the template are permitted; however, any revisions must be brought to the attention of the Contracting Officer.**
 - **It cannot be over-emphasized the importance of being familiar with *all elements* of the accepted subcontracting plan. Each of the items identified will be reviewed/verified as a part of *post award Subcontracting Compliance Reviews* conducted in accordance with FAR 19.706 and FAR Clause 52.219-8, Utilization of Small Business Concerns.**
 - **List all SB subcontractors by name or; if IDIQ, may list firm commitments to subcontract by listing multiple names of companies for a specific SB category.**

SUBCONTRACTING PLAN CONSIDERATIONS



- **If proposed subcontracting goals do not meet the minimum NAVFAC Small Business Subcontracting Targets, include a detailed explanation describing the actions taken to arrive at that determination, along with an explanation for the goals that actually were proposed.**
- **Small business firms are required to submit a subcontracting breakdown in the format provided in the RFP.**
- **All firms are required to identify in terms of dollar value and percentage, the extent of work you will perform as the prime contractor. If submitting an offer as a Joint Venture, identify the percentage of work each member will be responsible for and indicate the size status of each member.**

DEVELOPING SMALL BUSINESS GOALS

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- **Consider exceeding the goals and targets stated in the RFP – at a minimum, consider meeting those goals and targets**
- **If proposed percentages are less than the minimum stated goals, provide supporting rationale for each**
- **Decide what work/services can be subcontracted**
- **Consider historical usage and project specific requirements in determining goals/targets**
- **Large Businesses are required to submit a formal subcontracting plan, use the template in the RFP**

DEVELOPING SMALL BUSINESS GOALS



- **DFARS 219.703 (July 15, 2009):** Qualified nonprofit agencies for the blind and other severely disabled, that have been approved by the Committee for Purchase from People Who are Blind or Severely Disabled under the Javits-Wagner-O'Day Act, are eligible to participate in the program. Under this authority, subcontracts awarded to such entities may be counted toward the prime contractor's small business subcontracting goal.

- **DFARS 219.704(1) (revised July 15, 2009)**

- **The goal for use of small disadvantaged business concerns shall include subcontracts with historically black colleges and universities and minority institutions, in addition to subcontracts with small disadvantaged business concerns. Subcontracts with historically black colleges and universities and minority institutions do not have to be included in the small disadvantaged business goal in commercial items subcontracting plans.**

- **DFARS 219.704(2) *(revised July 15, 2009)***

–In those subcontracting plans which specifically identify small businesses, prime contractors shall notify the administrative contracting officer of any substitutions of firms that are not small business firms, for the small business firms specifically identified in the subcontracting plan. Notifications shall be in writing and shall occur within a reasonable period of time after award of the subcontract. Contractor-specified formats shall be acceptable.

DEVELOPING SMALL BUSINESS GOALS



- **To find Small Business Subcontractors:**

- **Search the Central Contractor Registration for possible small business concerns (www.ccr.gov)**

- **Advertise your requirements (newspapers; SUB-Net at <http://web.sba.gov.subnet/>; etc.)**

- **Participate in and/or hold outreach events**

- **Contact SBA, agency SB Specialists, local unions and trade organizations, PTAC's, professional organizations such as SAME, local Chambers of Commerce; networking with other SBLO's and DOD Regional Councils, etc.**

NAVFAC ATLANTIC FY10 SUBCONTRACTING TARGETS



Small Business	-	65.65%
HUBZone Small Business	-	1.37%
Small Disadvantaged Business	-	16.27%
Woman-Owned Small Business	-	14.68%
Service-Disabled Veteran Owned and Veteran Owned Small Business	-	3.00%

Common Proposal Preparation Mistakes



- **The proposal does not address ALL aspects of the evaluation factor**
 - Remember both small and large business offerors must address all elements of this factor as described in the RFP
- **SF294/ISR reports are not the most recent, or in the case of completed contracts, not the final report**
- **Lack of comparable previous subcontracting achievements for projects that did not require SF294/ISR reports (non-DOD, State, Municipal, Commercial Projects)**
- **“New” large businesses (recently grown from small to large) with no SF294/ISR reports must submit past performance information**
- **Do not include “N/A” in response to any portion of the evaluation factor without an explanation. Address every element of the factor/subfactor**
- **The draft subcontracting plan does not include the required 11 elements. Use the template in the RFP if provided.**

A Successful Proposal.....



- **Is awardable without discussion**
- **Is concise and relevant to the evaluation criteria**
- **Presents relevant experience**
- **Addresses all evaluation criteria**
- **Organizes the response based on the order of the evaluation factors**

POST AWARD SUBCONTRACTING PLAN REQUIREMENTS

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- **If awarded a contract with a subcontracting plan, you are required to report subcontracting achievements using the Electronic Subcontract Reporting System (eSRS) at www.esrs.gov/.**
- **Timely Individual Subcontract Reports (ISRs) and Summary Subcontract Reports (SSRs) must be submitted:**
 - 1st reporting period Oct 1 thru Mar 31 (report NLT April 30)
 - 2nd reporting period Oct 1 thru Sept 30 (report NLT Oct 30)
- **Reports are required, regardless of whether there has been any subcontracting activity during the reporting period.**
 - It is the responsibility of the Government contracting official to acknowledge receipt or reject reports submitted by the prime contractor.
 - It is the responsibility of the prime contractor to acknowledge receipt or reject reports submitted by their subcontractors.

POST AWARD SUBCONTRACTING PLAN REQUIREMENTS



- **In accordance with Public Law 95-507, routine Subcontracting Plan Compliance Reviews will be conducted by the awarding agency and/or the Small Business Administration to evaluate subcontracting plans and for monitoring, evaluating and documenting contractor performance. Compliance Review to be conducted at the Contractor's office where the documentation and reporting data is located.**
- **Overview of Subcontracting Plan Compliance Review Process:**
 - **Prime contractor will receive a notification letter advising of the planned schedule for the compliance review, notification letter to be received 45-60 days ahead of planned review dates.**
 - **Compliance Review will generally take three days.**
 - **Prime contractor to provide work space for the Government Review Team.**

POST AWARD SUBCONTRACTING PLAN REQUIREMENTS



- **Overview of Subcontracting Plan Compliance Review Process:**
 - Preliminary information (including organization charts, company procurement procedures manual, company small business policy statements, logs for ISRs and SSRs, etc.) will be submitted to the Contracting Officer 14 days prior to the start of the Subcontracting Plan Compliance Review.
 - Prime Contractor will receive a Subcontracting Plan Compliance Review Report with Findings and Recommendations.
 - Report will include a Rating of either Acceptable, Not-Rated, or Unacceptable.
- In accordance with FAR 19.705-5, Contracting Officer's shall consider the Contractor's compliance with subcontracting plans submitted on previous contracts as a factor in determining contractor responsibility.

QUESTIONS

