

# THE BEACON

*Office of Small and Disadvantaged  
Business Utilization*



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**SMALL BUSINESS  
BUILDS AMERICA**



In this issue I want to welcome a new member to the OSDBU management team. On December 4, 2000, Wayne A. Simpson joined the OSDBU Staff as Deputy Director for Small Business Programs. A demonstrative small business advocate and seasoned acquisition professional in his own right, Wayne comes to OSDBU from the National Cemetery Administration (NCA) Operations Support Center, Quantico, VA, where he served as Chief of NCA's Centralized Contracting Division since March 1995. Before his selection to that position, Wayne served as Deputy Director, Office of Memorial Programs, VA Headquarters. Wayne also held the positions of contract

administrator, contract specialist and procurement analyst with VA's Office of Acquisition and Materiel Management, and served as a VA Medical Center contracting officer as well.

A native Washingtonian, Wayne is a graduate of the U.S. Office of Personnel Management's Executive Potential Program, where he served in a developmental assignment on the Staff of the House Veterans Affairs' Committee's Housing and Memorial Affairs Subcommittee. He is also a graduate of George Washington University's Contemporary Executive Development Program and the Leadership VA Program Class of 1998.

Wayne is a member of the National Contract Management Association and the Federal Managers Association. In his previous assignments, organizations that Wayne played an integral role on the management team received such prestigious awards as the Vice President's Hammer

Award, VA Deputy Secretary's Scissors Award, and were twice recognized by the President's Council on Management Improvement for "demonstrating and promoting Government management excellence." Wayne's focus in OSDBU will be on small business programs and expanding on VA's many accomplishments with these important programs, particularly the HUBZone Program. Join me in welcoming Wayne!

**Scott F. Denniston**  
**Director, OSDBU**

## **FAR Part 19—Small Business Programs Highlights of Regulatory Guidance Concerning Order of Program Precedence**

*By Deborah Van Dover  
Senior Procurement Analyst*

There still seems to be some confusion as to the order of precedence for the Small Business Programs. Hopefully, this will assist you and alleviate some of the confusion.

1. The Contracting Officer should consider 8(a) first. SBA will give priority to HUBZone 8(a) firms.

*FAR 19.800(e): Before deciding to set-aside an acquisition in accordance with Subpart 19.5 or 19.13, the contracting*

*officer should review the acquisition for offering under the 8(a) Program. If the acquisition is offered to the SBA, SBA regulations (13 CFR 126.607(b)) give first priority to HUBZone 8(a) firms.*

2. If the incumbent contractor is an 8(a) concern, the HUBZone Program cannot be used in a re-competition, unless SBA specifically authorizes the requirement for the program.

*FAR 19.304(d): The HUBZone Program does not apply to: requirements currently being performed by an 8(a) participant or requirements that SBA has accepted for performance under the authority of the 8(a) program, unless SBA has consented to relapse the requirements from the 8(a) program.*

3. If the incumbent contractor is a small business, the HUBZone Sole Source procurement method cannot be used in a re-competition unless SBA specifically authorizes the requirement for the program.

*FAR 19.1306(a)(3): A participating agency contracting officer may award contracts to HUBZone small business concerns on a sole source basis without considering small business set-asides (see 19.1305),*

*provided—the requirement is not currently being performed by a non-HUBZone small business concern.*

4. The HUBZone Program has priority over Small Business Set-Asides.

*FAR 19.501(c): For acquisitions exceeding the simplified acquisition threshold, the requirement to set-aside an acquisition for HUBZone small business concerns (See 19.1305) takes priority over the requirement to set-aside the acquisition for small business concerns.*

5. The HUBZone Program and the 8(a) Program are higher priority than the Small Business Competiveness Demonstration Program (Emerging Small Business Set-Asides, Full and Open Competition).

*FAR 19.1006(b): Acquisitions in the designated industry groups shall continue to be considered for placement under the 8(a) Program (see Subpart 19.8) and the HUBZone Program (see Subpart 19.13).*

6. HUBZone Set-Aside Actions have higher priority than HUBZone Sole Source requirements.

FAR 19.1305(a): *The contracting officer shall consider HUBZone set-asides before considering HUBZone sole source awards (see FAR 19.1306) or small business set-asides (see Subpart 19.5).*

7. HUBZone Competitive Set-Aside Program is optional under \$100,000.

FAR 19.1305(c): *A participating agency may set-aside an acquisition exceeding the micro-purchase threshold but not exceeding the simplified acquisition threshold for competition restricted to HUBZone small business concerns at the discretion of the contracting officer.*

8. HUBZone sole source actions are prohibited under \$100,000.

FAR 1306(a)(4): *A participating agency contracting officer may award contracts to HUBZone small business concerns on a sole source basis without considering small business set-asides (see Subpart 19.5), provided—the acquisition is greater than the simplified acquisition threshold (see part 13).*

9. Requirements under

\$100,000 are automatically reserved for small business. There are two exceptions: very small business set-asides and emerging small business set-asides have higher priority than small business set-asides.

FAR 19.502(a): *Except for those acquisitions set-aside for very small business concerns (see Subpart 19.9), each acquisition of supplies or services that has an anticipated dollar value exceeding \$2,500, but not over \$100,000, is automatically reserved exclusively for small business concerns and shall be set-aside for small business unless the contracting officer determines there is not a reasonable expectation of obtaining offers from two or more responsible small business concerns that are competitive in terms of market price, quality and delivery.*

10. The Emerging Small Business Set-Asides in the Small Business Competiveness Demonstration program have higher priority than Very Small Business Set-Asides.

FAR 19.904(a): *A contracting officer must set-aside for very small business concerns each acquisition that has an*

*anticipated dollar value exceeding \$2,500 but not greater than \$50,000 if— (1) In the case of an acquisition for supplies—the contracting officer is located within the geographical area served by a designated SBA district; and there is a reasonable expectation of obtaining offers from two or more very small business concerns headquartered within the geographical area served by the designated SBA district that are competitive in terms of market prices, delivery and quality; or (2) In the case of an acquisition for services—the contract will be performed within the geographical area served by a designated SBA district; and there is a reasonable expectation of obtaining offers from two or more responsible very small business concerns headquartered within the geographical area served by the designated SBA district that are competitive in terms of market prices, quality and delivery.*

11. Actions below \$2,500 and FAR 8 actions are exempt from the Small Business Program.

*FAR 19.502-1(b): This set-aside requirement does not apply to purchases of \$2,500*

or less or purchases from required sources of supply under FAR Part 8 (e.g., Federal Prison Industries, Committee for Purchase from People Who are Blind or Severely Disabled, and Federal Supply Schedule Contracts).

## Memorandum of Cooperation

By Deborah Van Dover  
Senior Procurement Analyst

OSDBU is excited about a recently negotiated Memorandum of Cooperation (MOC) with the Defense Contracting Management Command (DCMC) team in Chicago, Illinois. DCMC strives to provide customer focused contract management services – throughout the acquisition life cycle -- around the clock, around the world. To accomplish its mission, DCMC performs a variety of functions, including contractor system reviews. These reviews include the contractor's small business and subcontracting programs. OSDBU previously participated in such a review of one of VA's large prime contractors and found the process to be very enlightening. This review provided OSDBU with helpful information regarding subcontracting. The MOC we negotiated will enable OSDBU to participate in reviews scheduled by DCMC -

Chicago. OSDBU hopes to attend each review in which the contractor is a VA prime contractor. The report to the contractor, following each review, will be a combined VA/DCMC report and will list deficiencies and shortcomings within the firms' small business and subcontracting programs. It is our belief that these reviews will assist us in creating more subcontracting opportunities for the small business community. We look forward to developing more relationships such as this within the entire DCMC.

## Opening of Center for Veterans Enterprise

On Wednesday, February 14, 2001, VA dedicated OSDBU's Center for Veterans Enterprise (CVE). How fitting to dedicate an organization whose mission is to promote business opportunities for veterans and service-disabled veterans on "No Greater Love Day," the Nation's annual salute to hospitalized veterans.

A standing room only audience attended the dedication, held in VA Central Office's largest meeting room. The Honorable Anthony J. Principi, Secretary of Veterans Affairs, led the ribbon cutting ceremony after remarks by Congressman Jack Quinn (NY-30th), a

Veterans Affairs Committee, and the Committee's ranking minority member, Congressman Lane Evans (IL-17<sup>th</sup>). OSDBU extends special thanks to the CVE staff for their dedication and hard work to make the Center a reality and the dedication ceremony such a success.

VA established the Center for Veterans Enterprise as part of its implementation of Public Law 106-50, The Veterans Entrepreneurship and Small Business Development Act of 1999 (August 17, 1999). Some of the highlights of Public Law 106-50 include: Establishment in SBA of the Office of Veterans Business Development, and designating a position of Associate Administrator for Veterans Business Development to administer the office. The National Veterans Business Development Corporation is established to expand the provision of, and improve access to, technical assistance regarding entrepreneurship for veterans and to work with and organize public and private resources and the business development staffs of each Federal department and agency to assist veterans and service-disabled veterans with the formation and expansion of small businesses. The law also includes veteran small businesses within Federal contracting and

subcontracting goals for small business owners and goals for the participation of small businesses in Federal procurement contracts. The FY 2001 statutory procurement goals for service-disabled veteran businesses and veteran-owned business are three percent. VA has a seven percent goal.

The primary goal of the CVE is to foster economic freedom for every veteran entrepreneur and to provide support to veterans, including service-disabled veterans, who are considering business ownership as a career option. The Center will educate citizens about the benefits of this program; locate the 5.5 million veteran-owned businesses; coordinate prime and subcontracting business opportunities with veterans and private sector buyers; exceed legislated program goals and encourage growth through intergovernmental and private sector initiatives.

**Although the CVE was only dedicated February 14<sup>th</sup>, it has been in operation for several months, staffing and developing strategies to implement Public Law 106-50. Scott F. Denniston will serve as OSDBU's and the CVE's Director. Gail Wegner is OSDBU's Deputy Director for Veterans Enterprise, Jim Dunning, OSDBU's**

electronic outreach manager, serves as CVE's e-business specialist and Webmaster. Rounding out the CVE staff is **Tyrone Lassiter**, Intergovernmental Affairs Officer, **Mark Taylor**, Corporate Affairs Officer, and **Chris Wilbon**, Veterans Business Outreach Specialist. We have assembled a very talented and dedicated staff that will serve veterans well.

The CVE has established a presence on the Internet at the following URL address: <http://www.vetbiz.gov>. The site has been visited over 9,000 times since its establishment. Please visit the site to learn more about the CVE and Public Law 106-50. The CVE is located in Room 1208 of OSDBU's suite on the 12<sup>th</sup> floor at TechWorld Plaza, and may be reached, toll-free, at 1-866-584-2344, or commercially at 202-565-8336. When you visit Washington, DC, please drop in and visit the CVE.



## **Partnership Agreement Between the U.S. Small Business Administration (SBA) and the Department of Veterans Affairs (VA)**

*BY Lynette Simmons  
Procurement Analyst*

The Partnership Agreement (PA) between SBA and the VA allowing direct contracting with Small Disadvantaged Business under SBA's 8(a) Business Development Program became effective December 26, 2000. Some of the procedural changes covered by the PA include: eliminating the requirement for an offering or acceptance letter for requirements processed under the simplified acquisition threshold. A new requirement to include in Section H of all 8(a) solicitations a VA provision entitled "Section 8(a) Direct Award", to notify the prospective contractor of SBA and VA responsibilities. The PA provides that VA shall determine which requirements are suitable for offering to the 8(a) program in accordance with FAR Subpart 19.8 and where appropriate, identify in conjunction with the appropriate SBA servicing offices, 8(a) participants capable of performing the requirements.

Under the PA the contracting activities are responsible for issuing procurement

instrument identification numbers; the SBA will not issue subcontract numbers. The PA also establishes expedited timeframes for SBA review of offering letters, issue acceptance or rejection letters and make eligibility determinations.

An important requirement of the PA is for contracting activities to provide a copy of any contract to the SBA servicing district office within 15 days of award and a copy of the contract signature page to the Office of Small and Disadvantaged Business Utilization (OSDBU). SBA will issue a quarterly letter to VA's OSDBU with a copy to the Senior Procurement Executive identifying accepted requirements for which an SBA district office has not received award documents. Timely submission of contract award documents will be essential to continuing the PA, as SBA reserves the right to rescind or suspend the PA if copies are not submitted to SBA within 15 working days. The PA is expected to significantly enhance the ability of contracting activities to conduct 8(a) acquisitions in a timely manner to meet program needs. A copy of the agreement can be found at [www.va.gov/oa&mm/Info/IL01-3.htm](http://www.va.gov/oa&mm/Info/IL01-3.htm)

## **VA Among America's Top 50 Organizations Providing Multicultural Business Opportunities**

*By Wayne Simpson  
Deputy Director/Small Business Programs*

VA recently received important recognition thanks to the efforts of VA's acquisition professionals in support of small business programs. In the first Internet election by America's leading women and minority owned businesses, VA was voted as one of the top 50 organizations providing multicultural business opportunities. Over 50,000 women and minority owned businesses had the opportunity to participate in the election. The winners were announced on Cable TV Network CNBC.

The election was produced and funded by one of the country's leading minority-owned Information Technology Professional Services firms under the name Div2000.com. Div2000.com is a business portal providing a link between Multicultural owned businesses, Fortune 1000 companies, Government agencies and universities.

Other top 50 organizations include IBM, Boeing, Microsoft, 3Com, Wal-Mart

and Cisco Systems. VA was recognized for this distinction at an awards ceremony and Diversity Forum at Fairfield University in Fairfield, CT, on January 18, 2001.

## **ADR Urged for Small Businesses with Contract Disputes**

*By Lisa Russell  
Senior Procurement Analyst*

The Department of Veterans Affairs is urging all small businesses with contractual disputes to consider using alternative disputes resolution (ADR) procedures prior to using any other method of legal recourse.

ADR utilizes a variety of procedures to bring the disputing parties together. Regardless of the procedures used, the overall effect on the small business is generally a decrease in the legal costs of settling the dispute. The neutral third party overseeing and mediating the dispute is a member of the VA Board of Contract Appeals (VABCA) whose services are provided at no cost to either party. The VABCA is able to perform the function of a Neutral because of its unique position in the VA. Its funding is independent of any other VA office, including the Secretary of Veterans Affairs, and it is not connected to the VA

Office of the General Counsel nor the contracting offices. VABCA members are trained Neutrals and have been experience as settlement judges, arbitrators, mediators, and Neutrals in appeals docketed by the Board. This independence and training gives the VABCA the freedom from reprisal or political pressure and the experience to make equitable decisions.

Some of the reasons for using ADR are: it can resolve the controversy very quickly; the parties are seeking a substantial level of control over the resolution of the dispute; the parties have, or expect to have, an ongoing relationship; communication between the parties has broken down to a significant degree and/or suspicion or personality clashes have developed; the parties desire frank discussions of the strengths and weaknesses of their respective positions with a Neutral who is experienced in contract matters before the VABCA; the case appears to be headed towards formal adjudication; the dispute involves technical or factual issues that lend themselves to expert evaluation; the parties disagree significantly about the value of the case; top decision makers of one or more parties could be better informed about the real strengths and weaknesses of the case; and the parties are

seeking an alternative to extensive and expensive discovery.

Generally, if the parties resolve their dispute by agreement, they benefit in terms of cost and time savings and maintenance or restoration of amicable relations. Participation in ADR is not viewed as a sign of weakness in either party's position. Both parties using ADR must have a firm, good faith commitment to resolve their differences. Without that commitment, ADR is likely to fail. The agenda for meeting with the settlement judge must be flexible to accommodate the requirements of the individual issues in controversy.

If a small business is having a contract dispute and the contracting officer does not offer ADR, it is in the interest of the small business to suggest ADR to the contracting officer. If that fails, a small business wanting to use ADR may call VABCA Administrative Judge Bill Thomas at (202) 273-6743. If a small business requests ADR, the VABCA will contact the VA contracting officer. If a contracting officer refuses to use ADR, they have to provide a written justification for their refusal to the Contractor.

## OSDBU Director's Conference

*By Ilene Waggoner  
Procurement Analyst*

The 11<sup>th</sup> Annual OSDBU Directors' Conference 2001 was held on April 24<sup>th</sup>. This conference, sponsored by the Federal Offices of Small and Disadvantaged Business Utilization, was originally established in 1990 as the Procurement Opportunities Conference & Exposition. The purpose of the conference is to provide networking and educational opportunities to all conference participants. Many large corporations, Government agencies and small businesses come together in one place for one day in the Washington, DC area to participate in networking opportunities and One-on-One Counseling Sessions with program managers from different Federal agencies.

Seminars were available throughout the day exploring many aspects of the changing procurement process. Some of the workshop titles were, "Doing Business with the Government (For Newcomers);" "New Initiatives for Small Businesses;" "Small Business Administration One-Stop-Shop;" and "NASA Teaming Agreements."

Scott Denniston, Director, VA

OSDBU participated in a seminar discussing recent legislation, which has established new small business initiatives including service-disabled veteran-owned goals.

Also participating in the conference were Kaiser Braham, Assistant Director, Acquisition and Materiel Management Line, VISN-5; Derek Underwood,

Procurement Analyst, VHA Logistics Office, VACO, and Dan Zelasko, Chief Acquisition & Materiel Management, Perry Point, MD. They provided counseling to the many small business vendors who stopped by the VA booth. We appreciate the willingness of the local medical center procurement staff who took

time out of their busy schedules to help in our efforts to reach the small business community.

The OSDBU Director's Conference has become a large conference, drawing small and large businesses from the area, who take advantage of networking opportunities at a relatively minimal cost.

**If you would like to receive a copy of the BEACON by email please contact Ilene Waggoner at [Ilene.waggoner@mail.va.gov](mailto:Ilene.waggoner@mail.va.gov). Please include your organization and mailing address so we can delete from our database.**



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