

# OSDBU UPDATE

Department of Veterans Affairs

January 1999

## Notes from Scott

### Happy New Year Everyone!

1999 will be an exciting new year for all VA's Small Business Specialists, as we learn through doing, about the programs which took effect this month - the Small Disadvantaged Business (SDB) Program Subcontracting procurement mechanisms and the Historically Underutilized Business (HUB) Zone Empowerment Contracting Program. It's a good thing it's cold outside because we've all got a lot of reading to catch up on - FAC #97-07 and its Addendum, which permits Small Disadvantaged Businesses to self-certify until July 1999; FAC #97-08 (which establishes geographic areas for construction); FAC #97-09, which revised some pages in FAC #97-07 and FAC #97-10, which publishes the interim rule on HUB Zones, plus the proposed rules on Anti-Bundling, distributed January 13 in the Federal Register and the Very Small Business Program FAR Case distributed on January 5 by the Civilian Agency Acquisition Council. If you want to learn about the new programs quickly, log onto SBA's web site, <http://www.sba.gov/hubzone/> or <http://www.sba.gov/sdb/>. These sites provide informative overviews. SBA is also sponsoring two-day training classes around the country. These are very inexpensive and provide you with a lot of useful, current, information on a number of issues. You may find the schedule on SBA's SDB page and also on our web site. Our webmaster Michelle Raney is revising our web page to hyperlink to these sites for you.

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Did you make New Year's Resolutions? We did. Here they are:

1. We will execute the Memorandum of Understanding with SBA to permit us to execute 8(a) contracts more expeditiously.
2. We will obtain a waiver from the Office of Federal Procurement Policy to enable us to process SAT transactions without synopsis in the Commerce Business Daily.
3. We will publish the Final Rule on the Simplified Acquisition Procedures in support of Health Care Contracting. The public comment period for the proposed regulation closed on January 8, 1999.
4. We will revise VAAR 819, at last!
5. We will work with the OSDBU Director's Interagency Council to establish a formal training program for Small Business Specialists.
6. VA will expand its support of all socio-economic procurement programs.

Just a reminder, there is a new interim order of precedence in determining contracting strategies, with the introduction of the HUB Zone program. It is:

FPI  
JWOD/NIB/NISH  
FSS  
Demo Program Emerging Small Business Set-Asides  
HUB Zone 8(a)  
Other 8(a)  
HUB Zone Set-Aside  
HUB Zone Sole Source  
Demonstration Program  
Small Business Set-Aside  
Full & Open Competition

The procurement goals for Fiscal Year 1999 are still in negotiations. I hope to have more definitive information for you next month. Until then, remember,

Small Business Builds America!  
Scott

## 8(A) Business Development Program Changes

by Jim Dunning

The SBA 8(a) Business Development Program, established by Public Law 100-656, was created to promote equal access for socially and economically disadvantaged individuals to participate in the business sector of the nation's economy. It aims to promote the competitive viability of such concerns and to clarify and expand the program for procurement by the United States government.

Some of the recent changes are in the areas of:

- faster access to procurement opportunities; and
- enhanced capabilities.

Faster access is provided by the current pilot project whereby agencies have been delegated the authority to contract directly with 8(a) companies without SBA involvement. The program has been enhanced by the addition of a Mentor/Protégé Program. This program is designed to enhance the capabilities of the 8(a) participants and improve their ability to successfully compete for federal government contracts. Mentors may provide the Protégé technical and management assistance; financial assistance in the form of equity investments or loans; as well as sub-contract support and assistance in performing prime contracts through joint venture arrangements.

Socially disadvantaged individuals are persons who have been subjected to racial or ethnic prejudice or cultural bias because of their identities as members of groups, without regard to individual qualities. Individuals are presumed to be socially disadvantaged if they are an U.S. Citizen and a member of one of the following groups: Black American; Asian Pacific American; Hispanic American; Native American; and Subcontinent Asian American.

Persons not members of designated group must establish their case by a preponderance of the evidence. They must provide a least one objective distinguishing feature that has contributed to social disadvantage such as race, ethnic origin, gender, physical handicap, long-term residence in an isolated environment in American society or other similar causes. With respect to the feature, they must provide a personal experience of social disadvantage stemming from the feature occurring in American society. The experiences must be of a substantial and chronic nature. The disadvantage must have a negative impact on entry into or advancement in the business world. SBA considers education, employment and business history to see if the totality of circumstances shows disadvantage in entry or advancement in business.

Economically disadvantaged individuals are socially disadvantaged persons whose ability to compete in the free enterprise system has been impaired due to diminished capital and credit. After excluding the individual's equity in the firm and equity in the primary residence, net worth may not exceed \$250,000.

Other criteria for admittance to the program are:

- firm must be at least 51% unconditionally owned by the disadvantaged individual(s)
- firm must be controlled and managed by one or more disadvantaged individuals
- firm must be small based on primary SIC Code and current size regulations.

As indicators of potential for success, the companies must provide proof of two years operation in the firm's primary industry. They must also show financial capability in such areas as capitalization, financial performance, bonding capacity, and manageable debt. Managerial and technical capability, including the ability to perform on Federal contracts, is also examined.



## HUB Zone Empowerment Contracting Program Q&As

By Gail Wegner

There's a lot of information available on the Historically Underutilized Business (HUB) Zone contracting program (see Note's From Scott, this issue). After you've read this material, you may still have questions. Here's a list of questions which were addressed on the January 21, 1999 conference call. Participants from the Office of Acquisition and Materiel Management and OSDBU participated in this virtual call which included individuals from Chicago; Milwaukee; Linthicum, MD; and Washington, DC. Michael McHale, SBA's Assistant Administrator, Office of Procurement Policy and Liaison, provided the expert guidance.

### **Q. When will we be able to see HUB Zone certified businesses in SBA's PRO-NET?**

A. The registration procedures are undergoing beta testing. Advise companies it will probably be early March before the electronic registration process is on our web page. By April, we should have a good database available.

### **Q. If the companies won't be available until April, halfway through the Fiscal Year, how can we be expected to reach the statutory goals for awards to HUB Zone firms?**

A. This program has been heavily promoted at the State, County, and Municipal Government levels. We in SBA believe that



## FPDS CORNER

by Lisa Russell

With the proliferation of blanket purchase agreements against Federal Schedule contracts, one of the questions most frequently asked for reporting these into FPDS concerns the use of the BPA number. The correct way to report into FPDS a delivery order issued against a BPA that was issued against a Federal Schedule contract is to report it as a delivery order under a Federal Schedule contract using the Federal Schedule contract number and the delivery order number assigned to the order. The BPA number will not appear anywhere in the FPDS report.



## DEMO PROGRAM

by Sherra Berutto

### Solicitation Provisions for Procurements in the Four Designated Industry Groups.

- ◆ The provision set forth in FAR 52.219-19 entitled "Small Business Concern Representation for the Small Business Competitiveness Demonstration Program" shall be inserted in full text in all solicitations issued under the Small Business Competitiveness Demonstration Program for the four designated industry groups.
- ◆ The provision set forth in FAR 52.219-20 entitled "Notice of Emerging Small Business Set-Aside" shall be inserted in full text in all solicitations and resulting contracts restricted to emerging small businesses.
- ◆ The face of each award issued under the Small Business Competitiveness Demonstration Program for the four designated industry groups shall contain a statement that the award is being issued pursuant to such Program.



## CONGRATULATIONS SALISBURY

by Deborah Van Dover

Despite the endless demands placed upon an already overworked and understaffed acquisition staff, the Salisbury procurement personnel, headed by Ms. Jollette Cole, continue to strive for excellence in support of all socioeconomic programs. The latest in a long line of accomplishments to be lauded is an award made to D. Locklear Construction Company under the Small Business Administration's 8(a) Business

Development Program in the amount of \$497,000. This is a very sizeable contract and your efforts are to be commended. It remains a very high priority within this office and the Secretary that VA continue to provide procurement opportunities to small, small disadvantaged, and small, women-owned business concerns. We appreciate your support for these programs.



## A Home Oxygen Odyssey

by Marty Traxler

In May, 1998, Mr. Marty Traxler, Contracting Officer at the VA Medical Center, Muskogee, OK, decided to try to procure his facility's requirements for home oxygen through the Small Business Administration's 8(a) Program. He contacted the VAs in Oklahoma City and Fayetteville, who expressed interest in joining the process. After combining the requirements for all three facilities, Mr. Traxler determined that the rental of the concentrators represented the predominance of the dollars to be expended. Mr. Traxler then selected Standard Industrial Classification code 7352 for Medical Equipment Rental and Leasing, coordinated the requirements, and offered it to the Oklahoma City SBA office for award under the 8(a) program.

The incumbent contractor in Oklahoma City, a small business that was JCAHO certified, had been buying their supplies for years from a Native American concern in the 8(a) Program. The 8(a) concern had the concentrators available for rental as required by the contract. However, the 8(a) firm was not JCAHO certified. After discussions with JACHO, it was determined that the procurement could proceed as planned since the small business incumbent in Oklahoma City was JACHO certified and would be performing as a subcontractor at all three sites.

At some point, the incumbent large business at both Muskogee and Fayetteville discovered they would be losing their contract. They contacted the SBA and alleged that the arrangement between the 8(a) concern and the Oklahoma City incumbent small business was an affiliation, rather than a prime contractor and subcontractor arrangement. The distinctions between a prime/subcontractor agreement, and an affiliation could make or break this procurement as an 8(a) contract award. Under a prime/subcontractor agreement for a service contract, the size of the business is determined by the gross

average annual receipts of the prime contractor only. Under an affiliation, the size of the business is determined by adding the gross average annual receipts of both companies together.

The two small businesses had for years dealt honestly and responsibly with each other on an informal basis without any need for a written subcontracting agreement. Which, of course, meant they had no idea what a subcontracting agreement should look like. They made several attempts to formalize their agreement, none of which the SBA was willing to accept as a subcontracting agreement. The 8(a) concern visited VA's OSDBU office and expressed his frustration with the lengthy and time consuming process. OSDBU then made numerous calls to various individuals within various offices at the SBA, pointing out that these two firms were new to formalizing their arrangement and needed assistance from the SBA in doing it. Finally, the SBA ruled that the arrangement was indeed a prime/subcontractor agreement, and that the procurement could proceed as planned.

After an odyssey, defined by Webster's as an extended, adventurous wandering, that lasted for months, Mr. Traxler's persistence was rewarded. He awarded the contract to the 8(a) firm within hours after receiving notice from the SBA that the arrangement was approved as a prime/subcontractor agreement. The contract is currently in the change-over phase, which, according to Mr. Traxler, is going very well.

Mr. Traxler credits the success of this procurement to the excellent level of cooperation between the staff at all three VA medical centers and the willingness of the 8(a) contractor and subcontractor to meet the VA's needs.



## Market Research Locating Suppliers - PurchasingGuide.Com

by Jim Dunning

PurchasingGuide.com is an internet search engine that was designed to assist government and corporate buyers in locating suppliers in a targeted manner. Buyers are able to search for companies by a specific product or service, state or area code, woman owned or minority owned, 8a status and GSA status. With over 72,000 suppliers nationwide, PurchasingGuide.com allows buyers to start their supplier search by entering one of three search modes: product; SIC code; or, Federal Supply Code. The search can then be narrowed by:

- Business size (large or small)
- M/WBE classification
- State-qualified (for any state)
- Federally-qualified (includes 8A)
- Government (IMPAC) / corporate credit card enabled

Using **PurchasingGuide.com's** database, buyers can find vendors of virtually any commodity, from file cabinets and aquariums to laptop computers and diesel fuel, even if they have little or no past experience procuring a particular item.

"Most buyers are put in a position to source a commodity they have no familiarity with," says Surya Solanki, President of **PurchasingGuide.com**. "One month they're buying computer products, then a few months later they're switched to buying engine parts. And since they need three to five bids, it's very hard to find suppliers. They may get familiar with one, but when they have to look for new ones, they don't know where to find them."

Precisely because the amount of information is so varied, the net is just as useful in looking for something small as in tracking down a multi-million-dollar purchase. For example, Deborah de Long, a Louisiana-based buyer for wood products, company Boise Cascade, turned to PurchasingGuide.com when she needed to find an unusual outdoor thermometer. It had to be large, attractive, easy to read, and attachable to the outside of a building in such a way that temperatures inside the structure would not affect readings. After several days of checking with her usual sources with no success, buyer de Long typed "*thermometer*" into **PurchasingGuide.com's** web-site.

In addition to finding a large number of potential suppliers quickly, buyers can also obtain background information about those companies. By clicking on a company's name, buyers can use **PurchasingGuide.com's** sophisticated search engine to obtain the firm's corporate profile, including average annual income, size, location and federal- or state-qualified status. The database also identifies prospective suppliers' qualification for minority- or woman-owned business programs, often a key piece of information for buyers.

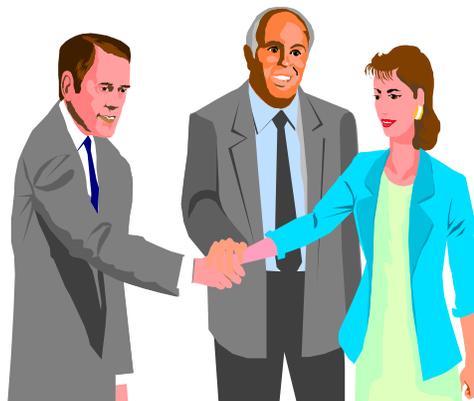
Buyer Mark Moore of Time Incorporated uses the database to locate minority- and woman-owned vendors, which creates a larger base of potential business relationships with suppliers. Moore says "I have been looking for a vehicle that would allow Time, Inc. more exposure to minority and woman owned vendors, and give the same vendors an opportunity to interact with a large corporation." Moore continues, "The main purpose for me using PurchasingGuide.com was to try to find minority- and woman-owned vendors relating to four color printing. I was able to get 7 pages of minority- and woman-owned vendors, dealing with four color printing, with relative ease using PurchasingGuide.com."

"Large corporate accounts, the federal government and state governments all have minority-owned and woman-owned business programs," says

PurchasingGuide.com President Solanki. They have a percentage they're supposed to buy from these firms. But it's very difficult to find minority- and woman-owned companies. We've created the ability to research them just by clicking on the ownership type."

PurchasingGuide.com also enables buyers to add preferred suppliers to the database by filling out the Buyer Support form accessible on the web-site. "Listing more suppliers, and more products, will make the system more viable," says Solanki. "The more suppliers they list, the more products and services buyers can find."

Registration is required for full system access and is accomplished by completing a simple online form. Access, via an e-mailed password, is usually available within 24 hours. You can visit their site at [www.purchasingguide.com](http://www.purchasingguide.com) or call toll-free at 1-888-587-8000.



## On-Line Dictionaries

by Jim Dunning

You've been online all day market researching your heart out and just as you're finishing up your conclusions your brain quits! You need to know how to spell that one word that's not in spell checker or you need another word to better express your thoughts. Despair no more. If the *Web of On-line Dictionaries*, hosted by Bucknell University, doesn't help, the word may not have been created yet. It's that extensive with links to more than 800 dictionaries in 150 different languages. (<http://www.facstaff.bucknell.edu/rbeard/diction.html>)

This website indexes multilingual dictionaries, specialized English dictionaries, thesauri and other vocabulary aids, as well as language identifiers and guessers. There is also an index of dictionary indices along with a web of online grammars. Preference in selection has been given to free online dictionaries of high quality. However, downloadable and subscription materials are listed if exceptionally rare and/or unusually well-executed. A few inceptive word lists of languages otherwise not represented have also been included, as encouragement to continued development.

Using Alexa (see previous article) these additional reference sites were found:

- ARTFL Project: ROGET'S Thesaurus Search Form ([http://humanities.uchicago.edu/forms\\_unrest/ROGET.html](http://humanities.uchicago.edu/forms_unrest/ROGET.html))
- NASA Thesaurus (1998 Edition) -- Printed Publication <http://www.sti.nasa.gov/thesfrm1.htm>
- Elements of Style by William Strunk, Jr. -- <http://www.columbia.edu/acis/bartleby/strunk/>

## Coming Next Month

VA's Small Disadvantaged Businesses  
Web Site Changes

Give us your comments – contact us:

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