

# OSDBU UPDATE

Department of Veterans Affairs

March/April 1999

## Notes from Scott

Business is booming in OSDBU! This month, we received approval from Secretary West of the FY 1999 goals, as noted elsewhere in this issue. We also began negotiating partnering plans with each of the VISNs and with other key contracting activities. These plans are roadmaps of how VA resources will be distributed in support of small business programs. Also, this month, we kicked off a new initiative - the Very Small Business Pilot Program, described in a separate article. The annual trade shows are beginning now that most of the bad weather is behind us. This month I traveled to Little Rock to address the Acquisition Management Forum and to Denver for the VA/DoD Joint Health Care Conference and had lively discussions with participants in both seminars. One follow-up item to explore with the Acquisition Training office is the possibility of scheduling a satellite call so that program officials in field facilities can be briefed on these new programs.

We continue to receive queries about SBA-VA's MOU on delegating 8(a) contracting authority. It

has not yet been signed. We are similarly awaiting action from outside VA on our request to waive synopsizing CBD service requirements under \$100,000. We'll keep you posted on both of these important initiatives as they progress. However, I'm pleased to report that **Lisa Russell**, in cooperation with the other OSDBU analysts, has redesigned the VA 2268 form, formerly titled "Record of Procurement Request Review." I distributed an advance information copy of the new form, now entitled "Small Business Programs Review" at Little Rock. This revised form must be acted upon by the Department's Forms Office before we may begin using it officially. Lisa is now working on reporting instructions for the numerous new programs. The reporting instructions will be released as an Information Letter until the Federal Procurement Data System can be revised to incorporate the new coding requirements. On a related note, **Gail Wegner** and **Ramona Jones** have been busy revising VAAR Section 819. That part is done, and they are now working on the supplemental handbook.

In closing, I want to sincerely thank all of VA's acquisition professionals for the quality of your questions and communications as we develop these new programs. I can appreciate how difficult it is to incorporate so many changes so rapidly into your procurement strategy decisions and I want to reinforce our commitment to you, that *all* OSDBU resources are available to assist you with your solicitation development and responses to community questions about these programs.

Scott

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**SMALL BUSINESS BUILDS  
AMERICA!**

## Secretary West Approves FY 99 Goals

On March 12, Secretary West approved this Fiscal Year's Goals. You should be receiving the signed copy of the letter shortly. The goals are:

Small Business	40%
Small Disadvantaged Business	10%
Women-owned Small Business	6%
Historically Underutilized Business (HUB) Zones	1%
Veteran-owned Business	7%

On March 22, SBA opened registration for HUB Zone contractors. Please refer vendors to SBA's web site where they may register on-line.



## Partnering Plans - New in FY 1999

by Gail Wegner

Now that Secretary West has approved this Fiscal Year's goals, OSDDBU is developing partnering plans with VISN offices and other selected contracting activities to create action plans in support of the goals. Why? With the number of new programs in place this Fiscal Year, it is important that we work together to get the word out across the Department and throughout our vendor community. The plans will address 6 action areas:

- Advocacy (Management Support)
- Forecasting Opportunities (Acquisition Planning)
- Small Business Capabilities
- Outreach
- Training
- Reporting

The plans will define specific tasks for both OSDDBU and contracting activity personnel. We hope that by the year's end, we'll be able to say that we truly acted as "One-VA" in rolling out these new Small Business Programs.

Many of you have already begun negotiating your plans which we hope to finalize before next month's newsletter. We'll highlight unique aspects of the plans in that issue. This way we can develop VA's Small Business Best Practices repository to assist you in meeting goals or in

enhancing your community-based outreach programs.



## Health Care Resources Simplified Acquisition Procedures Nears Completion

by Gail Wegner

As you know, VA published its proposed simplified health care regulations for comment in November. The public had until early January to respond to the proposed rule. Since then, the regulation team has been meeting to review responses and to develop the Final Rule. We want to thank **Don Kaliher** of the Acquisition Policy office and **Dennis Foley** of VA's Office of General Counsel for leading the regulation writing team who have gotten us to this stage of the rulemaking process. The draft Final Rule has been distributed internally for comment. We are very hopeful that we will soon see it in the Federal Register.

SBA's Group 80 size standards, as published in the Federal Acquisition Regulation, govern health care contracting. On March 5, representatives from the Small Business Administration (SBA), Health and Human Services (HHS), Health Care Financing Administration (HCFA), Veterans Affairs (VA) and the Office of Management and Budget (OMB) met to discuss whether Group 80 standards should be raised, as proposed by the SBA with VA's support. **Don Kaliher** and **Gail Wegner** represented VA. Our Department is doing approximately 20% of its volume of open market actions in Group 80. VA is one of the lead agencies in contracting for health care services. HHS and HCFA are responsible for non-procurement programs, such as Medicare and Medicaid, which result in high dollars to the health care community, but through other than contract channels. Because both agencies must comply with the Small Business Regulatory Enforcement Fairness Act (SBREFA) when publishing rules for public comment, HHS and HCFA are very interested in the size standard defining small businesses in Group 80. For SBREFA purposes, the higher the small business size standard, the greater the number of entities which must be factored when determining impact of rulemaking

on small businesses, even when the rule is not linked to the Federal Acquisition Regulation. To learn more about SBREFA, you may access the OSDBU fact sheet on our home page or access SBA's web site. The outcome of the meeting was the OMB chairperson requested both HHS/HCFA and VA to prepare position papers supporting their diverse interests in the size standard. VA's rulemaking on the health care regulation may proceed independent of the outcome of the SBA size standard initiative.



## **Very Small Business Set-Aside Pilot Program Effective March 4**

by Gail Wegner

In the March 4, Federal Register, the interim rule for implementing the Very Small Business Pilot Program was published as part of FAC #97-11. For selected regions of the country, requirements between \$2,500 and \$50,000 will be set-aside for very small businesses, defined as companies with less than 15 employees AND fewer than \$1 million average annual revenues. Requirements subject to the Small Business Competitiveness Demonstration Program are exempt from VSB set-asides, as are 8(a) requirements and requirements below the micro-purchase threshold. The pilot program runs until September 30, 2000. The public may comment on the interim rule until May 3. When purchasing products, the contracting activity must be located in the designated geographic area. When purchasing services, the service must be performed in the designated area. The areas are defined in the FAR rule. Additionally, we developed a listing of VA facilities that are located in the designated areas and distributed the list to the VA Acquisition mail group, asking that any changes be identified. We identified 2 changes (deleting Butler, PA and correcting the VISN designation for Iron Mountain.) The revised list is published as an attachment to this month's newsletter.

To help you determine whether to set-aside an acquisition for very small businesses, the FAR Council developed a helpful flow-chart. You may download this chart, and a printout of the designated geographic regions, from the Internet

at <http://www.arnet.gov/References/VSB.html> for the flowchart and <http://www.arnet.gov/References/regions.html> for the geographic areas. We will also ask that Michelle Ranes hyperlink our web page to these sites and publish VA's list of participating activities under a VSB Pilot button.

For these facilities in designated areas, we will need to work together to reach out to VSBs, who may previously not have marketed VA because they may have thought they were too small to respond to our requirements. SBA plans to revise its PRO-NET database to identify VSBs, but you can get started with your local vendors by reviewing your SF 129s and highlighting VSB concerns. Please ensure that Prosthetics Service purchasing agents and VA Regional Office purchasing agents are aware of this new program by providing them a copy of FAC #97-11 and this newsletter. **Lisa Russell** is working on reporting instructions for this program. We'll have an update for you next month.



## **Who are VA's Small Disadvantaged Businesses?**

by Gail Wegner

A common question our procurement counselors get at small business trade shows is "How much business is VA doing with Small Disadvantaged Businesses?" That one's easy to answer because we have Federal Procurement Data System information available to search nationally or for any given contracting activity. In Fiscal Year 1998, VA spent over 11% of its total procurement budget with SDB firms. In dollars that equates to more than **\$479 million** with SDB businesses.

Another common question is "How much business is VA doing with (insert name of a specific population - African American, Asian, Hispanic, Disabled) businesses?" This question is much more difficult for us to answer with confidence. Because the Department of Defense has special authority to collect vendor information to a very specific level of ownership criteria, businesses often believe that civilian agencies also have this level of information. However,

civilian agencies identify SDB status only, not individual ownership characteristics. This is confusing to vendors who provide supplies and services to both civilian and defense agencies.

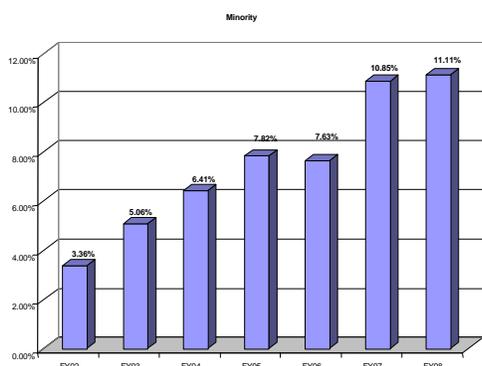
Because we are entering show season (which usually runs from March-November), we want to provide you with a guide in case you are asked the second question at an upcoming trade fair or conference. SBA has very specific data available on the 8(a) Business Development vendors, so we asked for this information for the 8(a) firms that VA contracted with during FY 1998. This data will permit you to provide a specific response to the question for the 8(a) community and then generalize that these numbers will probably also represent the greater VA SDB community.

**For Fiscal Year 1998 8(a) awards,**

- 45% went to African Americans businesses,
- 32% went to Hispanic American businesses
- 14% went to Asian American businesses
- 8% went to Native American businesses.

You may want to inform vendor(s) you are counseling that VA's SDB community is the only segment in our small business programs which has consistently had a positive trendline over the past 7 years. We are very proud of this.

## VA Accomplishments



**TO VIEW, CLICK ON GRAPH & INCREASE SIZE**

Another question we often get is "How many conferences and trade shows does VA do a year?" This, too, is difficult. We track the number of shows that OSDBU staff attend, but do not yet track the number of conferences attended by local representatives. For instance, in FY 1998, OSDBU participated in or sponsored 60 shows. To date, in FY 1999, we've participated in 23. We hope that the partnering plans will help us identify the local shows. Any time your office participates in a local event, please make sure your supporting OSDBU analyst is aware of this, both for recognition purposes in the Update, and also for our database. If your activity is sponsoring a conference, be sure we get it posted on the Conference Center site on OSDBU's home page to help publicize the event.

Sometimes, people will express the opinion that OSDBU only supports SDB firms. In FY 1998, 34% of our conferences supported the SDB community, while 29% supported the greater small business community. 21% of our conferences were for government groups. 11% were targeted at veteran entrepreneurs and only 5% specifically supported women-owned businesses. Why such a low number for women? In the private sector, and in many state programs, women are included in the SDB community, so it is rather unusual to see women-owned business conferences, although this is an initiative that SBA is recommending Federal agencies adopt.

If we've left any questions unanswered, email them to us and we'll include them in a future issue.



## Purchase Cards and Small Business

by Ilene Waggoner

It has been almost four years since Dr. Kizer's memorandum issuing the guidelines for the use of the purchase card in micro-purchases. Since that time the use of the purchase card by the medical center staff has increased every year. It has been a continuing concern on the part of the procurement staff, as to the affect the purchase cards are having on the socioeconomic goals. With so many of the procurement dollars being out of the control of the procurement staff, it has

been difficult for them to have control on the achievement of the goals.

It is the hope of the Office of Small and Disadvantaged Business Utilization (OSDBU) that the following suggestions will be of help to the procurement offices. As stated in Dr. Kizer's memo of April of 1996 he is supportive of the achievement of the socioeconomic goals.

- **Training of new purchase card holders**  
It is important that during the training of any new purchase cardholder that the issue of the socioeconomic goals are stressed. The attainment of the socioeconomic goals is a joint effort by all of the facility staff.
- **Vendor Day - Introducing vendors to purchase cardholders**  
The procurement personnel could host a day when small business vendors are invited to come to the station setting up a display and talking with the purchase card holders about their goods or services.
- **Making sure purchase cardholders have access to catalogs, linecards, capability statements applicable to their area of purchases.**  
Are the catalogs and line cards or capability statements of the small business vendors passed onto the applicable purchase cardholders?
- **Periodic reminders to purchase card holders of their responsibility to purchase from small business**  
Does the procurement staff periodically remind the purchase cardholders of their part in the achievement of the socioeconomic goals?

The amount of dollars spent with small business has decreased somewhat in the last few years. One of the reasons for the decline in the numbers is that reporting of purchase card transactions are not included in the dollars reported into FPDS.

However, OSDBU has received permission from the Small Business Administration to manually include the purchase card numbers into the numbers reported into FPDS. We at OSDBU realize that this can be time consuming at the station. However, as stated in the September '98 OSDBU Newsletter methods for the collection of purchase card data have been developed.

At this time there are one hundred and thirty-five

VHA activities that report into FPDS. Of those 135 only **nineteen** reported purchase card dollars in 1998, which calculates to 14%. We would like to encourage the reporting of the purchase card dollars. VISN 11 is the only VISN who had all of their reporting stations report purchase card transactions. We congratulate VISN 11 for their efforts in this area.

If attainment of the socioeconomic goals is looked on as only a procurement office function then the realization of achieving the goals will be much more difficult. If the attainment is looked upon as a joint effort shared by all of the facility staff achievement will be much more likely to happen.



## **SMALL BUSINESS GOALS AND THE FEDERAL SUPPLY SCHEDULE**

by Deborah Van Dover

Did you know that you can now count GSA Federal Supply Schedule acquisitions toward meeting your small business goals? SBA strongly supports the participation of small business concerns in the FSS program. Starting with Fiscal Year 1999, SBA policy allows agencies to include in their procurement base and goals, the dollar value of orders expected to be placed against FSS and to report actual schedule acquisitions as accomplishments against these goals. Please note that the V797P awards by the National Acquisition Center (NAC) have always been counted.

[GSA Advantage](#) and the FSS Home Page, at [www.gsa.gov](http://www.gsa.gov), contain information on wide variety of services and supplies offered by small business concerns. This information should be used to assist you in meeting or exceeding your small business goals. It should also be used as a tool to assist in including small, small disadvantaged, and women-owned small businesses among those considered when selecting price lists for a best value determination.

One good way to utilize FSS to its fullest is by setting up Blanket Purchase Agreements with a Federal Supply Schedule contractor. Setting up

a BPA with a FSS contractor who is also a small business concern is a way to meet or exceed your socioeconomic goals while filling recurring needs and taking advantage of quantity discounts, saving administrative time and reducing paperwork. Instructions for establishing BPAs against existing FSS contracts can be made in Federal Acquisition Regulation (FAR) 8.4 or online at the GSA website.



## Market Research

Beaucoup of Options  
by Jim Dunning

Beaucoup! is a reference site ([www.beaucoup.com](http://www.beaucoup.com)) with links to over 1,000 search engines, aids, and indexes. Taking a "drill down" approach it allows you to start off with a general topic and then narrow the scope until you reach the desired level of specificity. It also has internal search engines if you prefer to work that way. From the top, Beaucoup's general categories are:

- General Searcher
- Multiple (meta) Searchers
- Reviewed Sites/What's New
- Media
- Geographically Specific
- Software
- Reference/Language/ Literature
- Education/Schools
- Music/Sounds
- Arts/Graphics
- Email/Domains/Phone/ Personal Pages
- Science/Nature/Technology
- Social/Environmental/ Political Concerns
- Internet/WWW
- Computers & Programming
- Politics/Government/Law
- Health & Fitness/Foods and Diet/Consumer Medicine
- Hobbies/Games/Recreation/Pets/Entertainment
- Potpourri
- Business/Malls/Classified

A typical need in market research is to locate small businesses. One source is your local Chambers of Commerce. But how do you find all of the different Chambers in your area. Use Beaucoup. As an example, let's take Washington, DC. By selecting *Business/Malls/Classified* and then selecting *Chambers of Commerce (chambers)* I typed in identifying words along with the city and state and executed the search. In seconds I was able to

bring up the U.S. Hispanic Chamber of Commerce, Virginia Hispanic Chamber of Commerce (it really is located in DC), and the National Black Chamber of Commerce.

To illustrate the breadth of Beaucoup, let's say you're curious about a drug named Monopril and what it's prescribed for. Accessing *Health & Fitness/Foods and Diet/Consumer Medicine* you proceed to *PharmInfo Net (drugs)* under *Consumer Medicine*. Go to the *DrugDB: Tradename Database* and select drugs starting with the letter "M". Sliding down the list you come upon:

### Monopril

*Generic Name* fosinopril  
*Manufacturer* Mead Johnson  
*Treatment Class* Cardiovascular  
*Indication* Hypertension/chronic heart failure  
*MSB Review Focus On ...* ACE Inhibitors in the 90s

Accessing the MSB Review article will tell you more about ACE inhibitors than you ever wanted to know including "the earliest ACE inhibitors were derived from natural peptides extracted from a Brazilian snake." (This should not be taken to mean that Pharmaceutical Reps are snake oil salespeople in disguise).

Got a question or task that needs some information, try Beaucoup! ([www.beaucoup.com](http://www.beaucoup.com))

**Disclaimer: OSDBU does not endorse a particular web site. We provide the information for your consideration and use as you see fit.**



## FPDS Corner

by Lisa Russell

When submitting FPDS reports for Architect-Engineer (A-E) services, there are two types of errors that appear with some degree of frequency.

The first one involves the use of the 8(a) program. When using the Small Business Administration's 8(a) program to procure A-E services, there is a tendency to believe that the solicitation procedures are Other than Full and Open Competition and the extent competed is Not Available for Competition. This is not true for A-E services. There is no exemption from the Brooks Act for A-E services procured through the 8(a) program. You have to

presume that competition exists. Therefore, the solicitation procedures are coded as "D", Architect-Engineer, and the extent competed is "A", Competed.

The other error involves trying to report Kind of Contract Action D, Simplified Acquisition Procedures, with Solicitation Procedure Code D, Architect-Engineer. Federal Acquisition Regulation (FAR) Part 36.601-3(b) states, "Sources for contracts for architect-engineer services shall be selected in accordance with the procedures in this subpart rather than the solicitation or source selection procedures prescribed in Parts 13, 14, and 15 of this regulation." That means that regardless of the dollar amount of the contract, you will never use Kind of Contract Action D since you cannot use Part 13 to acquire A-E services. It should be noted that (1) blanket purchase agreements and (2) FAR Part 13, Simplified Acquisition Procedures, used in conjunction with FAR Part 12, Acquisition of Commercial Items, to make awards up to \$5 million both fall under FAR Part 13.



## **DEMO PROGRAM**

By Sherra Berutto

In last month's Update we told you we would discuss Web Site changes. One of the changes is a new site for the Demo Program under OSDDBU's web page. You will have easy access to the regulations covering the program as well as individual buttons for the Designated Industry Groups (DIGs); the Targeted Industry Categories (TICs); and the required SBSA chart which is now done on an annual basis. We expect this site to be available within the next two months.



## **A Partial Small Business Set-Aside Success Story**

by Lisa Russell

When VISN 15 decided to consolidate their home oxygen contracts under one contract, they had no idea they would find themselves in District Court and eventually survive a challenge by an incumbent contractor.

VISN 15 has eight facilities, some of which had adequate small business competition for their respective sites while others did not. There were large business incumbents at some of the sites, an affiliate of a large business at one, and small businesses, one of which was woman-owned, at the others. The Contracting Officer, Mark Zinser, chose to do a partial small business set-aside for three of the sites, leaving the other five as full and open competition. Under FAR Part 15, the identity of the sites for the partial small business set-aside did not have to be identified, so the solicitation stated that three of the sites would be set-aside for small businesses.

The woman-owned small business, realizing that their volume of work would increase dramatically if awarded the contract, decided to do what the large businesses generally do and offer a quantity discount if awarded all eight sites. After careful evaluation by Mark Zinser and members of the technical evaluation panel, the award for all eight sites was made to the woman-owned small business.

The affiliate immediately filed a request for a preliminary injunction in District Court to prevent the small business from performing the contract requirements for the site where the affiliate was the incumbent. They were joined in the suit by the incumbent large business as an intervenor. The allegation was that the evaluation was conducted improperly, including that the small business included a bait and switch as to its subcontractors. The Judge ruled in favor of the VA and the woman-owned small business.

The small business has now completed the transition process for all eight sites, and the contract is going well.



## **Electronic Work Environment**

by Patricia Hoover

Electronic Work Environment - On February 4, 1999, a staff member from Acquisition Operations and Analysis Service (93A3) awarded a delivery order to Universal Hi-Tech Development, Inc., an 8(a) firm under National Institute for Health's ImageWorld contract, in support of the electronic claims processing pilot program at the Veterans

Benefits Administration, Washington Regional Office. This delivery order resulted in approximately \$105,000 savings, or 1/3 of the initial proposal costs submitted by another GSA vendor. This Electronic Work Environment (EWE) project enables veterans claims to be processed in an electronic environment, eliminating the now paper intensive and time consuming manual claims process. EWE allows veterans paper-based claims folders to be scanned into an automated system that provides complete access to the information in a claims folder to anyone with access to the EWE. This increased access to information will allow VBA to be more responsive to veterans inquiries, improve timeliness and enhance employee satisfaction by improving the tools available to process claims.

The current test of the Electronic Work Environment has established electronic links with VBA's Records Management Center, the National Personnel Records Center and the VA Medical Center in Washington D.C. These connections with entities external to the Regional Offices will allow more timely information exchange. The EWE also enhances VBA's workflow management capabilities, allowing improved tracking information.

Initial results of this project indicate that the EWE initiative will dramatically improve VBA's ability to access veterans information, exchange veteran data with other VA components and the Department of Defense, increase access for Veterans Service Organizations and improve the quality and timeliness of veterans claims processing.



### Memorial

It is with great sadness that we report the passing of **Tim Sherman**, Small Business Specialist at Temple, TX. Tim's focus on customer service, combined with his excellent contracting skills, made him one of VA's stellar counselors to our small business community. Those of us fortunate enough to have worked with Tim miss him deeply.

## Subcontracting SOP:

by Gail Wegner

Here's good news. At last, in *one document*, guidance on when to include subcontracting plans in your solicitations, what should be included in plans, how to review plans when they are received, and how to report contracts containing subcontract plans and what reports to get from contractors! The SOP is attached to this month's Update. Scott Denniston announced the availability of the guidance at this month's Acquisition Management Forum. We'd like your feedback on its readability or any improvements you'd like to see. We'll post the final version on our web site in the near future.



Give us your comments – contact us:

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