
OSDBU UPDATE

Volume 3, Issue 01

January 2000

Notes from Scott

Happy New Year! In OSDBU, we are involved in a number of initiatives. Our goals for 2000 include:

Federal Procurement Data System Replacement Project: Lisa Russell, VA's FPDS Program Manager, has been invited to participate on an interagency project that is examining the entire reporting system to see what changes will enhance its usefulness. This project involves piloting new reporting systems by Defense personnel, collecting recommendations from Government and industry about what elements the new system needs and developing any new regulation or policy needed to implement the new system. This project is just getting underway. Lisa has been asked

Continued on Page 2

INSIDE THIS ISSUE

- 1 NOTES FROM SCOTT
- 1 MAJOR GROUP 87
- 2 FPDS
- 3 FINDING COMPANIES
- 3 HOUSEKEEPING ITEMS
- 7 SUB NET
- 7 WOMEN'S SUMMIT
- 8 AWARD NOMINATIONS

Continued on page 2

MAJOR GROUP 87

Engineering, Accounting, Research, and Related Service

By Ramsey Alexander

In reviewing the Department of Veterans Affairs (VA) Fiscal Years 1998 and 1999 Federal Procurement Data System (FPDS) data of VA contractors in major SIC code group 87, it is apparent that the VA has a number of contracting opportunities for small business concerns in the range of \$1,000 to \$3.9 million. The following codes not in any specific order, number of purchase orders/agreements/contracts or priority are the SICs reported during the aforementioned periods by VA contracting activities that this office analyzed:

- 8731 - Commercial Physical and Biological Research
- 8742 - Management Consulting Services
- 8744 - Facilities Support Management Services
- 8713 - Surveying Services
- 8721 - Accounting, Auditing, and Bookkeeping Services
- 8748 - Business Consulting Services, N.E.C.
- 8712 - Architectural Services
- 8743 - Public Relations Services
- 8741 - Management Services
- 8733 - Noncommercial Research Organizations
- 8711 - Engineering Services
- 8734 - Testing Laboratories
- 8732 - Commercial Economic, Sociological, and Educational Research

Continued on Page 6

Continued from Page 1 (Notes)

to brief personnel from other agencies about FPDS during January and will participate in the kick-off meeting in mid-February.

FPDSConnect: This new reporting platform will be nationwide during FY 2000. It offers easier data entry and more customer-friendly reports.

Veterans Entrepreneurship and Small Business Development Act of 1999: We've previously reported on the content of this law. During this year, our staff will be working closely with various VA offices; the Small Business Administration; the Department of Labor; the Association of Small Business Development Centers; and the newly created National Veterans Business Corporation to identify the most efficient and effective ways to support veteran business owners and, service-disabled veteran entrepreneurs.

VA Subcontracting Task Force: This initiative has also been previously reported. The goal of this intra-agency team is to examine our Department's subcontracting program and recommend any changes needed to enhance the accuracy of reporting and compliance. We hope to soon charter this group.

Health Care Services Contracting: The Small Business Administration's Office of Size Standards is examining whether the current size standards in Group 80 are accurate for today's business practices and patterns. Our staff will work closely with SBA in collecting data on this project. We are also working with the Office of Acquisition and Materiel Management to support the publication of the proposed Simplified Acquisition Procedures for Health Care Contracting. This initiative, previously reported, encountered some unexpected delays during FY 1999, but is expected to be revitalized during this Fiscal Year.

Advance Procurement Planning: We look forward to working with VHA's Office of Logistics to develop realistic planning documents and to obtain them from *all* of VHA's contacting activities.

Expanded Industry Communications: We are

enhancing our communications with industry and other government agencies through our recently re-engineered "OSDBU Beacon" newsletter. Currently, we issue this newsletter on a quarterly basis. We encourage all facilities to alert us to newsworthy events, both for reporting in the internal OSDBU Update and for reporting in the OSDBU Beacon.

Awards and Recognition: This year we will examine the VA Small Business Awards Program and seek your opinions on whether to make changes to it. We are also encouraging all of our contracting offices to submit nominations for awards from other agencies for their staffs and for vendors with whom they work. See the article in this issue on the Frances Perkins Vanguard award nominations.

Because OSDBU exists to support VA's contracting and program offices, we'd like to get your ideas on these initiatives and to hear of others that are meaningful to you. Remember, small business builds America! ❁

Scott Denniston, Director, OSDBU

The *NEW* Federal Procurement Data System

As you are aware, FPDSConnect will be nationwide during this Fiscal Year. This data entry system replaces the Falcon system and is much easier to use. One change that results from our new reporting platform is the increased availability of report information. This year, you will receive monthly status reports of your small business program accomplishments. Lisa Russell, our FPDS Program Manager, and the technical support team at the Austin Automation Center are reviewing the new reporting platform to ensure it is ready for your use. Instructions will be dispatched to the FPDS mail group when the system is available for data input.

Continued on Page 3 (FPDS)

(FPDS)

Another FPDS Program improvement, recently enacted, is that staff in the Office of Small and Disadvantaged Business Utilization will now input subcontracting data. Previously, contracting activities were asked to do this. The inputs for Fiscal Year 1999 are to be processed during the period January-March 2000. You will be contacted by your OSDBU analyst to ensure that we have all the 294 and 295 report forms necessary to accomplish this new initiative. ❁

Finding Companies

By Jim Dunning

After a recent tour through sunny Florida I started thinking about what my next OSDBU Update article should cover. A recent acquisition brought to the forefront the lack of market research being done in some areas on what small businesses are available for opportunities. This coupled with the experience of teaching VISN 7's contracting folks about the wonders of Price Evaluation Adjustments (PEA) and Price Evaluation Preferences (PEP) emphasized the necessity for letting people know how to go about finding small businesses and setting opportunities aside for them. Over the years, here in OSDBU, I've heard every excuse from "when we solicited this five years ago no small businesses bid" to "but this acquisition is politically sensitive and we don't have time". Under the Small Disadvantaged Business (SDB) and HUBZone programs, such short sightedness can cost you as much as 20% additional in your award. How do you think you'll explain that to Fiscal and your program offices?

Fortunately, the world wide web offers some assistance. First off is PRO-Net (pronet.sba.gov), SBA's on-line database of small businesses and the official site for checking certifications for SDB, HUBZone, 8(a), and Very Small Business programs. The Minority Business Development Agency (Department of Commerce - www.mbda.gov/Phoenix/register_phoenix.html)

maintains the Phoenix database of minority-owned businesses. Phoenix allows you to list your opportunities and then notifies businesses in its database to contact you if they are interested. The Department of Defense maintains the Central Contractor Registration system (CCR - ccr.edi.disa.mil/ccragent/plsql/ccr.welcome) which contains information on all companies currently doing business with DoD and those wishing to do business in the future. SBA also maintains SUB NET which is addressed in a separate article in this issue.

In addition there is the ever familiar "sources sought" in the Commerce Business Daily (CBD). There are also "Yellow Pages" tools for finding companies. One such site is located at Yahoo (yp.yahoo.com). Additionally, every area of the country has Chambers of Commerce which have monthly meetings and newsletters and are made up predominately of small businesses. They'd be happy to put you in touch with their members or vice versa. Need to find your local chamber? Either look in your local phone book or go on-line to the U.S. Chamber of Commerce's site at www.uschamber.org and let your mouse do your walking. ❁

If you can't find sufficient small businesses through these methods, give OSDBU a call at 202 565-8124.

New Year's Housekeeping Items

By Gail Wegner

Advance Procurement Plans: Has your facility submitted its FY 2000 APP? The Head of the Contracting Activity prepares this plan and the facility Director approves it. (For VA Central Office, the Administration Head, Assistant Secretary or other Key VACO Official will approve the plan.) Once approved, the HCA must forward a copy to the

Continued on Page 4

(Housekeeping)

Director, OSDBU. The plan includes all requirements exceeding \$100,000. This includes those requirements to be acquired via open market procedures (which constitute the "Annual Forecast of Business Opportunities" that you provided in the Summer) AND those requirements to be obtained via Federal Schedule contracts, Interagency Contracts or through other means. We want to sincerely thank those facilities that have already submitted their plans to us. Guidance is available in VAAR 807.102 and 807.105.

Formal Acquisition Plan: Will your facility be contracting for any requirement exceeding \$1 million this year? If so, be sure you've got a formal written acquisition plan in file. Guidance is contained in FAR 7.1 and VAAR 807.105.

Small Business Program Review Form:

This form was significantly revised in May 1999. In November, 1999, a deviation to the VAAR was authorized. The form is now required to be submitted to the Director, OSDBU for actions valued at \$500,000 or more, unless there is a Procurement Center Representative assigned to the contracting activity by the Small Business Administration. Field facility actions between \$100,000 and \$500,000 may be processed locally. Contracting officers in Central Office will submit the form to the Director, OSDBU for all actions exceeding \$100,000. No form is required for actions below \$100,000 when the contracting officer is utilizing small business programs. If other than small business programs are used, the form must be submitted to the Head of the Contracting Activity or to the PCR for action. Please remember, this form is to be completed *prior* to synopsising any requirement in the Commerce Business Daily. Note also that when recommending other than full and open competition, the contracting officer must still comply with the instructions in FAR Part 6.3.

VA Contracting Activity Responsibilities under the Small Disadvantaged Business 8(a) Program Direct Contracting MOU

The MOU with SBA for the 8(a) Direct Contracting Program was transmitted via the OA&MM Information Letter #90-99-3 dated June 15, 1999. Excerpts from the letter follow:

Participation: The MOU identifies contracting activities by their addresses. Before processing any requirement using Direct Contracting procedures, ensure your office is included in the MOU. If your office is not shown, use traditional 8(a) procedures.

Signatures: The MOU maintains the tripartite structure for 8(a) awards over \$100K. A senior contracting officer signs for VA. The "currently designated small business specialist" at "each contracting activity" will sign as the SBA representative and, of course, the 8(a) contractor signs. First check - does your contracting activity have a *current* designation of the Small Business Specialist (SBS), as required by VAAR 819.201(d)? Second check - does the designated SBS possess either a valid senior level contracting officer's warrant *or* a special warrant, as described in the MOU? In FAR Part 13 actions the CO signs the purchase order, other signatures are not required.

Public Display of Delegation: The MOU requires that the senior contracting officer redelegate authority to the Small Business Specialist, and any alternates, in writing, the authority to act on behalf of the SBA for executing tripartite agreements. Each person receiving such delegation must "make it visible in the same manner as their contracting officer's warrant." Is your facility in compliance with this requirement of the MOU?

Offer Letters: For sole source requirements, remember to send your offer letter to the SBA District Office servicing the selected 8(a) firm. If you have not selected a firm or for competitive 8(a) requirements, send your offer letter to the SBA District Office that supports your geographical area. For construction work, send the offer letter to the SBA District Office located in the area where the work will be performed. The MOU stipulates the SBA has 5 days to respond to you. You will need to track this information under the Measure of Effectiveness provision of the MOU. Offer letters are **not** required for FAR Part 13 actions.

Subcontract Number: Your contracting activity, not the SBA, will assign a separate subcontract number for each 8(a) award. This number is *in addition to* the VA prime contract number. Do all your 8(a) awards contain both numbers?

Continued on Page 5

(Housekeeping)

Distribution of Contracts: Upon execution of the contract, your contracting activity will provide a copy of the contract to the servicing SBA District Office (the one who processed your offer letter.) Do your contract files contain copies of the transmittal letters to the SBA offices?

Quarterly Reporting: The MOU requires that *each* VA contracting activity file a quarterly report with the SBA in Washington, DC. The address is: Small Business Administration, Assistant Administrator for business Development, Office of 8(a) Business Development, 409 Third Street, S.W., Washington, D.C. 20416. The content of the quarterly report will summarize all 8(a) actions and will include: contractor name; prime contract number; requirement (subcontract) number; award amount; award date; contract type; contract term; and, as appropriate, modification number; modification type; modification date; and modification amount. A lot of this information is available from your Federal Procurement Data System records. By this time, your activity should have filed two quarterly reports with the SBA, one for the period July 1, 1999-September 30, 1999 and one for October 1, 1999-December 31, 1999. The MOU requires this information to be submitted to SBA in electronic format. If asked, can you produce copies of the reports you transmitted to SBA in Washington?

Annual Report of Measure of Effectiveness: Each activity must maintain data which will allow for the measurement of the effectiveness of the MOU. This data includes tracking awarded amounts under both Simplified Acquisition Procedures (SAP) and general acquisition procedures, procurement lead times and numbers of awards under the program. SBA has already requested this information from agencies who executed their MOUs before VA. We anticipate SBA will request this information from VA shortly before expiration of our MOU in June 2000. Is your facility prepared to respond to a data call?

Small Business Program Changes in FAC #97-15

**This FAC took effect on December 27 for
the following changes:**

Subcontracting Opportunity Notices:

Advise your contractors that they may use the CBD to announce subcontracting opportunities. This applies to contractors receiving awards exceeding \$100,000 that have subcontracting opportunities, and to subcontractors and suppliers, at any tier, that have subcontracting opportunities which exceed \$10,000 when the value of the prime contract exceeds \$100,000. This tool should be emphasized to contractors who have formal subcontracting plans to help them achieve their goal commitments.

Interim Rule on Contract Bundling:

This FAC provides the definition of bundling in FAR Part 2.

It prescribes FPDS reporting of bundled actions exceeding \$5 million in FAR 5.

FAR 7 adds a new element to acquisition planning which requires that planners structure contract requirements to facilitate competition by and among small business concerns; and that they avoid unnecessary and unjustified bundling that precluded small business participation. Formal written acquisition plans now have a new element that requires identifying the impact that bundling has upon small business participation in the acquisition.

The FAC adds a new FAR section, 7.107, Additional requirements for acquisitions involving bundling of contract requirements. This section addresses the "substantial benefits" that must be documented in

(Programs) Continued on Page 6

support of a bundled requirement and provides quantitative measures of benefits equivalent to: 10% of the estimated contract value (including options) if the contract is \$75 million or less and 5% if the value is above \$75 million.

The Deputy Secretary of Veterans Affairs may determine bundling is necessary in requirements that do not meet the threshold but which are "critical to the agency's mission success" and where the acquisition strategy provides for maximum practicable participation by small business concerns.

Requirements exceeding \$10 million have very specific documentation elements in support of the acquisition strategy.

FAR Part 10 has been changed to include guidance on notifying the SBA Procurement Center Representative (or SBA Area Office of Government Contracting in the absence of a PCR) and notifying incumbent small businesses when the contracting officer intends to bundle a requirement. This guidance includes informing small business incumbents of how they may contact their Small Business Administration representative.

FAR 15 is modified to require that evaluation of past performance in subcontracting plans be evaluated in bundled requirements and that small business subcontracting participation in the new requirement also be evaluated. Solicitations shall be structured "to give offers from small business concerns the highest rating" for these evaluation factors" per FAR 15.305(a)(5).

FAR Part 19 is not significantly changed. One change to note is that contracting officers must now document why a "consolidated construction project cannot be acquired as separate discrete projects" (FAR 19.202-1(d)(2)(iv)). Size standard determinations for joint ventures are clarified for bundled requirements and for non-bundled requirements. See FAR 19.101. ❄

These 13 services represent fifty-two percent of this major Industry 87 SICs and further support that VA has opportunities for the small business community. In analyzing some five hundred and sixteen (516) purchase orders/contracts a few interesting things surfaced; i.e., (a) 8711 (Engineering) and 8712 (Architectural) firms were used interchangeably, (b) 8731 (Commercial Physical and Biological Research and 8733 (Noncommercial Research Organizations) were used for sole source procurements even though they were coded in FPDS as full and open competition, (c) 8742 (Management Consulting Services) were full and open competitive proposal contracts with little consideration for small businesses when the majority of the requirements were in range for small businesses to participate, and (d) 8743 Public Relations Services where we get feedback quite often SBs indicating that VA facilities have told them that the VA does not use this industry.

The breakdown of the 516 purchase orders/agreements/contracts were as follows:

- SIC 8731 - 001
- SIC 8742 - 090
- SIC 8744 - 014
- SIC 8713 - 008
- SIC 8721 - 003
- SIC 8748 - 054
- SIC 8712 - 154
- SIC 8743 -001
- SIC 8741 - 010
- SIC 8733 -017
- SIC 8711 -134
- SIC 8734 -025
- SIC 8732 - 001

What this data generally tells us in a somewhat limited way, is that the VA market or needs in this major group can be basically identified by four or five SICs that have the largest share (88.57%) of

Continued on Page 7 Major Group

OSDBU MAIN NUMBER

202-565-8124

(Major Group Continued from Page 6)

Industry Group 87 requirements, and should be very good opportunities for the small business community, including veteran owned businesses. This does not in anyway rule out the other seven (11.43%) as marketing opportunities for SBs. In some instances you can see that some of the SICs are very rare birds for contracting opportunities within the VA procurement arena. Also, this information can be helpful in the various VA Facilities' outreach efforts to a considerable number of small business entities. It is also a useful resource in Network Plans, selecting the appropriate SIC for requirements, and in the determination of method of procurement. ❁

SUB NET

By Lynette Simmons

SBA has a website called SUB-NET. What is SUB-Net? Prime contractors will use SUB-Net to post subcontracting opportunities. These may or may not be reserved for small business, and they may include either solicitations or other notices -- for example, notices of sources sought for teaming partners and subcontractors on future contracts. Small businesses can review this web site to identify opportunities in their areas of expertise. While the web site is designed primarily as a place for larger businesses to post solicitations and notices, it can also be used by Federal agencies, state and local governments, non-profit organizations, colleges and universities, and even small businesses for the same purpose. Website: <http://web.sba.gov/subnet>. The new web site will shift the traditional marketing strategy from the shotgun approach to one that is more focused and sophisticated. Instead of marketing blindly to hundreds of prime contractors, with no certainty that any given company has a need for their product or service, small businesses can use their limited resources to identify concrete, tangible opportunities and then bid on them. You can search by Standard Industrial Classification Codes (SIC) or you can view

all solicitations. You can even post a solicitation or a notice. ❁

Update on Women's Summit

By Deborah Van Dover

Several months ago, I notified everyone of OSDBU's intent to host a women-owned small business summit. This summit was to include several key personnel throughout VA field operations, women-owned business representatives from various Federal Government agencies, and advocates for women-owned small business from the private sector. Due to heavy workloads and scheduled obligations, we have decided to approach this from another angle. OSDBU intends now to meet with several key persons from various agencies, both public and private, to discuss issues regarding women-owned businesses and their opportunities within the Federal Government. Stay tuned, we will update you as further information is available. ❁

Kudos to Kathleen Eastberg!

Kathleen Eastberg is the Staff Assistant to David Derr, the Associate Deputy Assistant Secretary for Acquisitions in the Office of Acquisition and Materiel Management. She periodically distributes materials relating to acquisition topics to the electronic mail group, VA Acquisition. Since the last Update was issued in November, Kathleen sent a very interesting summary of a GAO case, #B-283399.2 and B-283399.3 in the Matter of Marketing & Management Information, Inc. This decision was released on November 30, 1999. The protest challenged an agency decision to not set-aside a procurement for small business concerns. The protest was sustained when the facts proved "insufficient efforts to ascertain small business capability to perform the contract." Please note, this was NOT a VA case. The case provides a useful discussion of some types of research or outreach that could or should be conducted by an agency to help assess the small business presence and capability in an industry. Later, she also transmitted the current list of SBA Area Offices to the field. This list is important given the new interim bundling rule FAR guidance to involve SBA when consolidating requirements. Thanks Kathleen! ❁

NEXT MONTH

MED/SURG AND SMALL BUSINESS ISSUES

Frances Perkins Vanguard Award Nominations

The U.S. Small Business Administration is calling for nominations of exemplary support of women-owned small businesses. They request nominations be received by **March 6, 2000** for presentation at the 33rd Annual Joint Industry/SBA Procurement Conference, Business Opportunity Expo and Awards Celebration, to be held June 13-14 in Washington, D.C. This is only the 3rd year for this award.

There are four categories of awards:

- Federal Buying Activity
- Federal Procurement Official
- Industry
- Industry Procurement Official

Please forward the information to any company that may be interested in submitting a nomination for the industry or industry procurement official categories. The nomination shall include a narrative, summarizing the company's endeavors to utilize women-owned small businesses in their subcontracting program. The nomination must include, at least, a 3 year trend analysis table, a Standard Form 295 for Fiscal Year 1999, and a detailed narrative summarizing the company's subcontracting program. The company's narrative should address the following criteria, with no more than one page for each item.

Leadership: This criterion includes, but is not limited to, such factors as: Written policy supporting women-owned small businesses; reference to women-owned small businesses in standard operating procedures; designation of a senior executive responsible for implementing women-owned small business initiatives; and formal recognition of procurement personnel that utilize women-owned small businesses.

Advocacy: This criterion includes, but is not limited to, such factors as: Outreach efforts including newsletters; business assistance and training seminars for women business owners; facilitating trade show/marketplace presentations; and designation of a "women-owned small business" advocate.

Innovation: This criterion includes, but is not limited to, such factors as: Using new technologies; new methodologies; new processes' and challenging the conventional procedures that demonstrate an increase in

women -owned small businesses' participation in Industry. Please note that this element is "the Most Important" criterion for the Procurement Official awards.

Implementation: This criterion includes, but is not limited to, such factors as : Development and administration of a company plan to ensure maximum practicable opportunities for women - owned small businesses as subcontractors; establishing aggressive subcontracting goals for women; monitoring such plans to ensure achievement of the goals; and providing on-line access and regular reporting of accomplishments toward goals.

To be eligible to submit a nomination for the Industry awards, the company must do business with a Federal Agency that negotiates goals with SBA. Extra evaluation credit will go to nominations from those companies that demonstrate improvement in the percentage of prime contract awards or subcontract awards to women-owned small businesses from the previous years' achievements. Extra credit will be provided to a company that is a current SBA Award of Distinction holder.

The nomination package shall include one original and four copies. The nomination must include the name, telephone number, fax number, email address and mailing address of the nominator. The entire nomination package shall be mailed to: U.S. Small Business Administration, Office of Government Contracting, ATTENTION: Frances Perkins Vanguard Nomination, 409 Third Street, S.W., Suite 8800, Washington, D.C. 20416. Questions may be directed to Ms. Corinne Sisneros via email at corinne.sisneros@sba.gov or by telephone to (202) 205-7624.

Nomination forms for the Federal Buying Activity and Federal Procurement Official awards may be obtained from your supporting OSDBU analyst. We strongly encourage contracting offices to submit organizational nominations and nominations recognizing outstanding achievement by procurement officials.