

# OSDBU UPDATE

OFFICE OF SMALL AND DISADVANTAGED BUSINESS  
UTILIZATION  
Department of Veterans Affairs

## Notes from Scott:

In this month's Update, we celebrate the achievements and growth of our nation's minority business community. September 19-25 is designated Minority Enterprise Development (MED) Week. This year is the 17<sup>th</sup> annual conference sponsored by the Small Business Administration (SBA) and the Department of Commerce (DOC). The SBA supports the "small disadvantaged business" community, while the DOC supports "minority business enterprises," both large and small concerns. However, we all share a common goal of empowering disadvantaged businesses through economic support, business development and access to contracting opportunities. During MED Week, Federal agencies, prime contractors, small businesses and business associations review where we've been collectively and where we are going in support of minority businesses.

I am proud to report that VA's record of supporting disadvantaged businesses has been steadily increasing. In 1992, VA spent only 3% of its procurement dollars with SDBs. In FY 1998, we spent 11.11%! (see March/April 1999 Update.) This increase is due to a combination of factors - strong leadership from former Secretary Jesse Brown and current Secretary Togo D. West, Jr.; dedicated contracting professionals working with program officials to ensure equitable treatment of SDBs in solicitation opportunities and contract administration; and effective marketing by SDB concerns across our procurement system. Our Department was highlighted in the September 8 issue of MBI (Minority Business Insider) in their article entitled "VA has Good Preference Goal Record As Second Largest Federal Department." The minority business community is aware of VA's conscientious efforts in small business programs.

We can do better in 8(a) awards, as we noted in our July 1999 issue. While we continue to identify construction and A-E requirements for the 8(a) program, we need to consider the diversity of 8(a) vendors who can provide a wide range of products and services.

Keep Up the Good Work Everyone!

**Scott Denniston**

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Correction: In the August Update, Montgomery, AL was identified in VISN 6. They are in VISN 7.



### Veterans Health Administration Honorees

VA's Small Business Achievement Recognition Program was established in 1987. OSDBU recognizes high achieving facilities for accomplishments with minority-owned as well as 8(a) small businesses. In this MED Week edition of the OSDBU Update, we again honor the staff of these health care activities for their support. This is a compilation of all winners from FY 1987 to FY 1998.

VISN	FACILITIES	MINORITY-OWNED	8(A)
1	Northampton, West Haven	X	
2	Syracuse, Canandaigua	X	X
3	Castle Point, New York, Lyons, Montrose, East Orange	X	X
4	Wilmington		X
5	Baltimore, Ft. Howard, Martinsburg	X	X
6	Salem, Hampton	X	X
7	Tuskegee		X
8	Gainesville, San Juan	X	X
9	Memphis, Murfreesboro, Lexington	X	X
10	Chillicothe	X	
11	Danville, Indianapolis	X	X
13	Ft. Meade	X	
14	Omaha, Lincoln, Grand Island	X	X
15	Wichita, Marion, IL, VISN 15	X	X
16	Oklahoma City, Little Rock, Muskogee, Fayetteville, AR	X	X
17	Marlin, Dallas	X	X
18	El Paso, Prescott, Amarillo		X
19	Salt Lake City, Ft. Harrison	X	X
20	Boise, Anchorage, Puget Sound	X	X
21	Reno, Pleasant Hill, Fresno		X
22	Los Angeles, Long Beach, Sepulveda	X	X

### **SMALL BUSINESSES AND SMALL DISADVANTAGED BUSINESSES BUILD AMERICA!**



We miss our newsletter editor Sherra Berutto. Get well soon. Things aren't the same when you're not here - just look at this issue!!

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Coming Next Month: Administering (or not) the Limitations on Subcontracting clause



#### Where To Find Minority Businesses

by Gail Wegner

**Internet Research:** The Small Business Administration will maintain a listing of certified small disadvantaged businesses in their PRO-NET database. It may be accessed at <http://pro-net.sba.gov/>.

As of September 22, 1999, there are 5,286 certified SDB's in SBA's Pro-Net System. There were 3805 8(a) companies listed in Pro-Net, including 662 8(a) firms owned by veterans. A search of HUB Zone certified businesses identified 85 HUB 8(a) concerns of the 274 companies now certified for the HUB program.

The Minority Business Development Agency also has a searchable database of companies called Phoenix. You may access this list at <http://mbda.gov/>. Contracting officers can send Opportunity Notices electronically to the firms in Phoenix. If you use the Opportunities Page, remember to note if you are restricting your requirement to small business concerns, since the database has both large and small businesses. Phoenix will automatically send your opportunity notice to all businesses in the product or service line identified in your notice. You will receive a message from the Phoenix Administrator the next day informing you of which companies received your notice. Any new companies that register prior to the date for receipt of offers, or date established for closing your sources sought message, will automatically receive your notice, and you will get subsequent notices from the Administrator. The MBDA site also has a good resources page.



#### Tremendous Growth in Minority Businesses

by Lynette Simmons, SDB Outreach Specialist

Minority-owned businesses are one of the fastest growing segments of the U.S. economy, according to a new study from the Small business Administration's Office of Advocacy. The study, "Minorities in Business," shows that, in 1997, the 3.2 million minority-owned businesses in this country generated \$495 billion in revenues and employed nearly 4 million workers. The study profiles the growth of Asian, Hispanic and African American owned businesses from 1987 to 1997 and is based upon data from the Census Bureau, Bureau of Labor Statistics, Federal Reserve and other government agencies.

During the 10-year period, the number of minority-owned firms increased 168 percent, while their revenues and number of employees grew twice as fast. Hispanic-owned businesses were the most numerous minority-owned enterprises, accounting for 1.4 million firms. Asian-owned firms numbered 1.1 million, while firms owned by African Americans totaled 880,000. Asian-owned firms accounted for more than half of the

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total revenues generated by minority owned businesses, at \$275 billion. Hispanic-owned businesses generated \$184 billion in revenue, while African American firms earned \$59 billion.

The study also shows that minority business owners reported less use of credit overall, bank credit in particular, than did all businesses in 1993. Nearly 37 percent of all businesses used bank credit in comparison to only 27 percent of minority-owned businesses.

SBA's Office of Advocacy has excellent statistics on their web site on minority businesses. Another good reference is the Bureau of the Census home page.



### **Success Story** **by Stephen E. Harding, VAMC Butler, PA**

Not too long ago, a disadvantaged architect visited the VAMC Butler. A meeting was quickly arranged with the Engineer on the same day. In this marketing meeting, the vendor established his knowledge, interest, and availability to provide professional support to the Engineering staff. Shortly thereafter, a requirement surfaced. Utilizing a short selection process, the contractor received a contract VA. The contractor did fine, and has since been utilized on additional projects. This success story results from self-marketing initiative by the vendor and from a receptive professional staff in Engineering Service. In this case, everyone wins, including the taxpayers.



**SDB Program Changes:** Currently, SDBs submitting as prime contractors who want the advantage of the Price Evaluation Adjustment must be certified by the SBA of have their application pending. Effective October 1, 1999, to receive consideration as *subcontractors*, SDB's must also be certified through SBA. See FAC #97-13. This change also impacts the evaluation of offers under the technical factor required by FAR 19.12.



**SMALL BUSINESS PROGRAM TOOLKIT:** We are previewing the first items in what may become a VA Small Business Toolkit. We've developed guidance on the HUB Zone and Demonstration programs. Please let us know if the format is useful and if you would like us to further develop the toolkit with guidance on other small business programs. This guidance has not been reviewed outside our office and we are anxious for your comments.



### **New Industry Classification System**

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by Jim Dunning

The North American Industry Classification System (NAICS) is replacing the U.S. Standard Industrial Classification (SIC) system. NAICS will reshape the way we view our changing economy. NAICS was developed jointly by the U.S., Canada, and Mexico to provide new comparability in statistics about business activity across North America. The code itself is six digits long in place of the four digit SIC. SIC divisions have been replaced by NAICS sectors. This has allowed the code system to modernize and enlarge. NAICS doubles the number of top-level grouping of industrial classifications. For example, the old SIC division of "Transportation, Communications, and Public Utilities" has been expanded into two sectors, Utilities and Transportation and Warehousing.

That being said, how on earth are you supposed to use it? What NAICS code replaces SIC code 4121\* or all of the other SIC codes you have been using over the years?

When I was a teenager my family moved causing me to change high schools between 10<sup>th</sup> and 11<sup>th</sup> grade. To add insult to injury I would now be attending our arch rival. I moaned and groaned and swore I'd find a way back to my old school and friends. Needless to say, that lasted about a day or two. Well, this switch is much the same. Maybe not your first choice, but somehow your vote got lost in the mail.

Fortunately, the US Census Bureau has provided us with a web site ([www.census.gov/naics](http://www.census.gov/naics)) to ease the pain. One of it's best features are tables for converting SIC codes → NAICS codes. It also supplies a frequently asked questions area called "Ask Dr. NAICS", as well as several introductory brochures to better explain the new system. For diehard insomniacs, there is a copy of the Federal Register Notice updating the NIACS.

I've actually saved the best for last. Department of Commerce's Minority Business Development Agency has made an automated conversion tool available via its web site ([www.mbda.gov](http://www.mbda.gov)). All you need to do is enter the SIC code you've been using for years and click on a button. Up pops the associated NAICS code(s). If you want to access the utility directly the address is [209.155.5.145/Find\\_NAICS.asp](http://209.155.5.145/Find_NAICS.asp).

These and other helpful sites are listed on our *Internet Acquisition Market Research* brochure that we can e-mail to you.

\*485310



Contact Us: <http://www.va.gov/osdbu> or (202) 565-8124; fax: (202) 565-8156  
Attachments: HUB Zone (2 docs, 9pgs); Demonstration Program (2 docs, 5 pgs).