CONTRACTING SUPPORT FOR SMALL BUSINESSES

SBA PUERTO RICO & VIRGIN ISLANDS DISTRICT

Yvette T. Collazo
District Director for PR&VI
Independent Federal Agency created by the U.S. Congress in 1953

Legislative Purpose:

• Aid,
• Counsel,
• Assist and
• Protect the interests of small business concerns
Why Would You Want the Federal Government as Your Customer?

The U.S. government is the world’s largest buyer of goods and services.

Government purchases total over $100 billion a year for small businesses.

Federal agencies are required to establish small business contracting goals.
## Federal Government Contracting Goals

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>23%</td>
<td>For Small Businesses in General</td>
</tr>
<tr>
<td>5%</td>
<td>For Small Disadvantaged Businesses (SDBs)</td>
</tr>
<tr>
<td>5%</td>
<td>For Women-Owned Small Businesses (WOSBs)</td>
</tr>
<tr>
<td>3%</td>
<td>For qualified HUBZones</td>
</tr>
<tr>
<td>3%</td>
<td>For Service Disabled Veteran-Owned Small Businesses</td>
</tr>
</tbody>
</table>
What is a Small Business under Federal Standards?

- **Service or Retail Oriented**
  - Up to $7.0M average sales in the past three years
- **Manufacturing**
  - 500-1500 employees
- **Wholesale**
  - Up to 100 employees
- **Construction**
  - Up to $33.5M in sales
- **New Alternative:** Businesses with less than $15M in net capital and $5M average in net income

For more information: [www.census.gov/eos/www/naics](http://www.census.gov/eos/www/naics)
Ineligible Businesses

• Brokers

• Individuals debarred or suspended from doing business with the federal government

• Non-profit organizations
Certification Options for Contractors

8(a) Business Development Certification Program

Provides a broad scope of training and assistance to socially and economically disadvantaged firms.

Must be in business for at least two years with a product or service that the federal government procures.

HUBZone Program

Provides federal contracting opportunities for qualified small businesses located in distressed census tract areas.
Why Certify Your Business under 8(a)?

**BENEFITS:**

- Training Workshops (e.g. 7J)
- One-on-one Counseling
- Matchmaking Events and Opportunities
- Mentor-Protégé Agreements
- Contracting
- Sub-contracting
- Joint Ventures
8(a) Business Requirements

- Small Business
- Owned by an economically and socially disadvantaged individual (at least 51%)
- In business for at least two years

For more information visit: [www.sba.gov/8a](http://www.sba.gov/8a)
SBA acts as Prime Contractor and subcontracts firms certified under the 8(a) Business Development Program.

- Negotiated/Direct contracts
- Competed contracts
  - Greater than $4M in goods and services
  - $6.5 million for manufacturing

Term in Program: 9 years
Historically Underutilized Business (HUB) Zones

- Stimulate economic development
- Create jobs

[www.sba.gov/hubzone](http://www.sba.gov/hubzone)
HUBZone Requirements

• Controlled by 51% U.S. citizen
• Small business
• Main office located in HUBZone
• 35 % employees live in HUBZone
HUBZone Contracting Benefits

1. Competed contracts
2. Negotiated contracts
3. 10% preferential adjustment in open bids

Small Business
$2,150,000.00

Large Business # 1
$2,000,000.00
+200,000.00 (10%)
$2,200,000.00
**HUBZone Sub-Contracting Benefits**

The program also provides evaluation credits for primary contractors that achieve HUBZone subcontracting goals.

**Example:**

<table>
<thead>
<tr>
<th>Large Business # 1</th>
<th>Large Business # 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2,000,000.00</td>
<td>$1,500,000.00</td>
</tr>
<tr>
<td>10 small firms</td>
<td>10 small firms</td>
</tr>
<tr>
<td>8 HUBZones</td>
<td>3 HUBZones</td>
</tr>
</tbody>
</table>
The program allows contracting officers to set aside specific federal contracts for certified WOSBs and EDWOSBs and help federal agencies achieve statutory goal of 5%.

**83 Business and Industrial Sectors**

**Examples:**
- Construction of residential buildings
- Building equipment contractors
- Video and movie industries
- Repair and maintenance of automobiles
- And many more…

For more information, visit: [www.sba.gov/wosb](http://www.sba.gov/wosb)
New electronic registry that consolidates electronic systems related to federal contracting.

- Central Contractor Registration (CCR)
- Federal Agency Registration (FedReg)
- Online Representations and Certification Application (ORCA)
- Excluded Parties List System (EPLS)

This system has been in place since July 30, 2012.

www.sam.gov
The Small Business Innovation Research Program (SBIR) is a highly competitive three-phase award system which provides small business concerns with opportunities to propose innovative ideas that meet the specific research and research and development needs of the Federal Government.

For more information visit or call:

- www.sbir.gov
- PR SBTDC Innovation & Technology Center: (787)763-6922
- SBA HQ: (202) 205-6450
The Small Business Technology Transfer program (STTR) centers around cooperative research and development performed jointly by a small business and a research institution.

For more information visit or call:
- [www.sbir.gov](http://www.sbir.gov)
- PR SBTDC Innovation & Technology Center: (787)763-6922
- SBA HQ: (202) 205-6450
Government Contracting Classroom

- Pre-8(a) Business Development Program Training
  Multi-Part Training Series

- Government Contracting 101
  Overview of contracting basics & certification programs
  (Workbook) (Transcript)

- Government Contracting 101
  How the Government Buys
  (Workbook) (Transcript)

- Government Contracting 101
  How to Sell to the Government
  (Workbook) (Transcript)

- HUBZone Program:
  How to qualify and apply to the HUBZone Program
  (Transcript)

- WOSB Advantage:
  A Guide to the Women Owned Small Business Program
  (Workbook) (Transcript)

- A Guide for Contracting Officers:
  How to use the WOSB Program
  (Transcript)

- A Veterans' Guide:
  How to Win Federal Contracts
  (Transcript)

- Non-Manufacturer Rule Primer:
  A Guide for Contracting Officers
  (Workbook) (Transcript)

- Market Research:
  A Guide for Contracting Officers
  (Workbook) (Transcript)

- Price Evaluation Preference - HUBZone Program:
  A Guide for Contracting Officers
  (Workbook) (Transcript)

- Business Opportunities:
  A Guide to Winning Federal Contracts

http://www.sba.gov/gcclassroom
PR&VI District Office / Resource Partners

PR&VI Office:
273 Ave. Ponce de León
Plaza Scotiabank, Suite 510
Hato Rey, PR 00917
Tel. (787) 766-5572
www.sba.gov/pr

Resource Partners:
• PR SBTDC: www.prsbtdec.org
• WBI: www.mujeryempresas.org
• SCORE: www.score.org