



# U.S. ARMY MATERIEL COMMAND



## US Army Contracting Command

### Small Business Participation as an Evaluation Factor

## Good News for Small Businesses!

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# Discussion Areas

- **Purpose**
- **Differences**
- **Why Small Businesses Benefit**
- **Who Sets the Goals**
- **Common Mistakes**
- **Additional Note to Large Businesses**



# Purpose

- To clarify that a request for a Small Business Participation Proposal is quite different than a request for a Subcontracting Plan; to explain how and why it's different.
- ✓ **Contractors and Government personnel** are struggling to understand the unique differences.
- ✓ **Small Businesses don't understand how it benefits them as a prime offeror – so they fight against it.**
- ✓ **Large Businesses still want to submit Subcontracting Plans** in response to an Evaluation Factor for Small Business Participation.



# SB Participation Plan vs Subcontracting Plan ...

## ...not one in the same

**DFARS 215.304** Evaluation factors and significant subfactors.

- (c)(i) In acquisitions that require use of the clause at FAR 52.219-9, **Small Business Subcontracting Plan**, other than those based on the lowest price technically acceptable source selection process (see FAR 15.101-2), **the extent of participation of small businesses** and historically black colleges or universities and minority institutions in performance of the contract **shall be addressed in source selection**. The **contracting officer shall evaluate the extent to which offerors identify and commit to small business** and historically black college or university and minority institution performance of the contract, whether as a joint venture, teaming arrangement, or subcontractor.
- (B) **Proposals addressing the extent of small business** and historically black college or university and minority institution performance may be **separate from subcontracting plans submitted** pursuant to the clause at FAR 52.219-9 and should be **structured to allow for consideration of offers from small businesses**.
- (C) **When an evaluation assesses the extent that small businesses** and historically black colleges or universities and minority institutions are specifically identified in proposals, **the small businesses** and historically black colleges or universities and minority institutions **considered in the evaluation shall be listed in any subcontracting plan submitted** pursuant to FAR 52.219-9 to facilitate compliance with 252.219-7003(g).

➔ Also **Army Source Selection Guide** (page 20) Note: For Large Businesses, **Subcontracting plans**, required by FAR Part 52.219-9, need to be consistent with the **SB Participation Plan**.



# SB Participation Factor Differences for **Large & Small** Business Offerors

- RFPs should be structured to allow small businesses to submit their own participation as a prime under the FAR Part 15 Evaluation Factor.
- A common mistake is asking (**small and large businesses**) to submit **SUBCONTRACTING** goals, because this requires a small businesses to **SUBCONTRACT** to attain the goal. Instead SBs should be allowed to submit their own participation as a PRIME. Therefore, under the SB Participation Factor, you should see the “SB Participation Goals” ...meaning...
  - ✓ **Large businesses** achieve the goals through subcontracting;
  - ✓ **Small businesses** can achieve goals through their own performance/participation as a prime ...without having to subcontract.



# SB Participation Proposals have a relative order of importance....Subcontracting Plans don't!

Technical is the most important factor and is more important than all of the remaining factors combined. Technical is significantly more important than Past Performance. The Past Performance Factor is more important than the Cost Factor and the Small Business Participation Factor combined. The Cost Factor is more important than the **Small Business Participation** Factor.



Army Source  
Selection Guide  
EXAMPLE

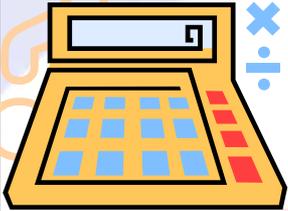


# Subcontracting Goal 20% versus SB Participation Goal 20%

## Differences in Calculating on a \$1,000,000 Award

### 20% Subcontracting Goal = 20% of the Subcontracted Dollars

- ❑ SBs get 20% of the dollars '**available**' for subcontracting. If a LB decides to subcontract \$100,000, a small business will get 20% of the \$100,000.



SBs get 20% of subcontracted dollars = **\$20,000**

### 20% SB Participation Goal = 20% of Total Contract Value

SBs get 20% of total value = **\$200,000**



# Here's why small business PRIME offerors benefit!!

Let's say the Government's SB Participation Goal is 20%

a **Large** Business Proposes - 20% planned (they will do 80% themselves)

a **Small** Businesses Proposes - 40% planned (they will do 40% themselves)

The small business will receive a HIGHER rating on this one evaluation factor, because they get to add in the percentage work they will do themselves and it counts as Small Business Participation – because they are a small business.

Rating Scale with 20% goal:

EXCELLENT    GOOD    ACCEPTABLE    Unacceptable

Ratings Results:   **Large** Business   (**ACCEPTABLE**)  
                                 **Small** Business   (**EXCELLENT**)



# Let's Recap - Did you get it??

Here's the Contracting Officer's chance to give the Small Business a chance to excel above a large business on a full & open solicitation.

The Ratings Results were:

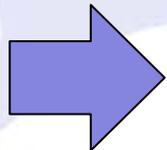
**Large Business (ACCEPTABLE)**

**Small Business (EXCELLENT)**



# Who Sets the SB Participation Goal?

- **The Small Business Participation Goal and Subcategory Small Business Goals percentages are based on market research.**
- **Small Business Advisors should assist Contracting Officers develop the goals for specific acquisitions.**



**In some instances the Contracting Officer may not have realistic percentages and may replace actual percentages with “Best Effort”....the offeror’s will propose their own goals. However, they are evaluated as a meaning discriminator for award....weighted and of importance.**

- **Goals can be mandatory or non-mandatory**



# Back to Basics - Evaluation Factors

## FAR 15.304(c)

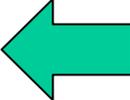
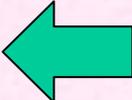
*It's not FAR 19*

- (1) Price or cost to the Government shall be evaluated in every source selection;
- (2) Quality, in the form of Non-Cost Evaluation Factors such as past performance, compliance with solicitation requirements, technical excellence, management capability, personnel qualifications, and prior experience
- (3) The **extent of participation of small disadvantaged business** concerns in performance of the contract shall be evaluated in unrestricted acquisitions expected to exceed \$550,000 (\$1,000,000 for construction) subject to certain limitations.

Our  
Focus



# Back to Basics (FAR 15.304)

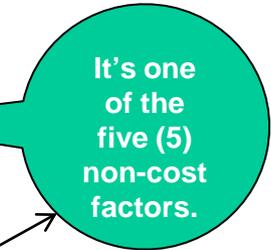
- (a) The **award decision is based on evaluation factors** and significant subfactors that are tailored to the acquisition.
- (b) Evaluation factors and significant subfactors must— (1) **Represent the key areas of importance** and emphasis to be considered in the source selection decision; and (2) Support **meaningful comparison and discrimination** between and among competing proposals. 
- (c) The **evaluation factors** and significant subfactors that apply to an acquisition and their relative importance are within the broad discretion of the agency acquisition officials (subject to certain requirements..)
- (d) All factors and significant subfactors that will affect contract award and their **relative importance** shall be stated clearly in the solicitation. The **rating method need not be disclosed in the solicitation**. The general approach for evaluating past performance information shall be described. 
- (e) The solicitation shall also state, **at a minimum**, whether **all evaluation factors** other than cost or price, when combined, are— (1) Significantly more important than cost or price; (2) Approximately equal to cost or price; or (3) Significantly less important than cost or price



# Common Mistakes found on Real RFP

M.3.1 Evaluation Factor Ranking Table. The evaluation Factors are listed in order of descending importance below:

Ranking	Factor
1	Technical Approach
2	Integrated Master Plan and Integrated Master Schedule
3	Life Cycle Cost
4	Cost
5	Past Performance
-	Small Business Participation



It's one of the five (5) non-cost factors.

M.3.2 The Technical Approach Factor is more important than the Integrated Master Plan and Integrated Master Schedule Factor, which is more important than the Life Cycle Cost Factor, which is more important than the Cost Factor, which is more important than the Past Performance Factor. The Small Business Participation Factor **is not weighted**. No award will be made to **an offeror who is required to submit a Small Business Participation Plan IAW FAR 52.219-9** if the plan is determined to be unacceptable.

M.3.3 The **five (5) non-Cost Factors, combined, are significantly more important than the Cost Factor**. The Cost Factor may become more significant in contributing to the source selection decision if competing proposals offer comparably-evaluated Technical Approaches and due consideration is given to Past Performance and Small Business Participation.

# Instructions, Conditions, and Notices to Offerors

**Separate from the Small Business Participation Plan**, large business offerors must also submit a Subcontracting Plan (Individual Contract Plan) as required by **FAR 52.219-9**. **Large businesses** will not be eligible for award if they fail to submit an acceptable Subcontracting Plan. Subcontracting Plans shall reflect and be consistent with the commitments offered in the Small Business Participation Plan. In accordance with DFARS 215.304 (c), when an evaluation assesses the extent that small businesses and HBCUs are specifically identified in proposals, the small businesses and HBCUs considered in the evaluation shall be listed in any subcontracting plan submitted.

Small Business Subcontracting Plans will be evaluated on an **ACCEPTABLE / UNACCEPTABLE** basis:

(a) Does the Subcontracting Plan adequately respond to each of the required elements of FAR 52.219-9(d) paragraphs (1) through (11)?

(b) Are the commitments in the Subcontracting Plan comparative to the commitments in the SB Participation Plan?



**There's a difference!**

**Questions???**

