

U.S. Small Business Administration



Subcontracting SB Utilization

Deborah D. Crumity

Commercial Market Representative (CMR), Area IV U.S. Small Business Administration Office of Government Contracting June 29, 2022





Objectives

- Overview of Government Contracting
- Overview of Subcontracting Assistance Program
- Virtual Introduction of Commercial Market Representatives (CMRs)
- Roles of a CMR
- How to locate Subcontracting Opportunities (Various Sources)
- Subcontracting and Small Business Utilization
- Know your Subcontract Agreement Terms & Conditions



SBA Office of Government Contracting And SBA Subcontracting Assistance Program



WHY A SMALL BUSINESS PROGRAM?

• The Small Business Program was developed by Law

- Ensure "Fair Proportion" of Federal Acquisitions are placed with small business concerns
- Protection of vital resources that promote and advance our national economy, industrial base, and technologies
 - -- Serves the national interest
 - -- Strengthens the national defense



• ... But It's Not Just About the Law

Small Business is good for the economy—"Small Business is Good Business"

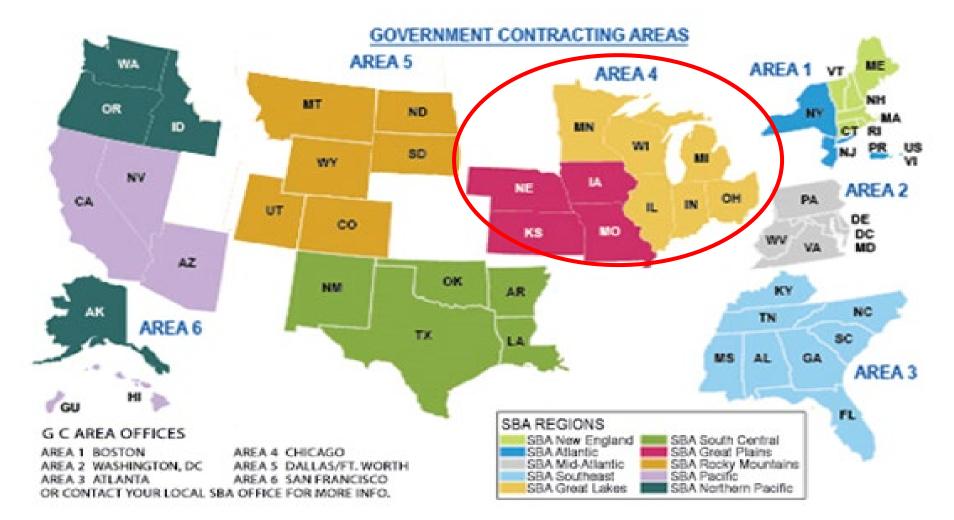
SMALL BUSINESS POLICY



- It is the policy of the Government to provide maximum practicable opportunities in its acquisitions to small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and woman-owned small business concerns.
- Such concerns must also have the maximum practicable
 opportunity to participate as subcontractors in the
 contracts awarded by any executive agency, consistent with efficient contract performance.

Office of Government Contracting (OGC)

Our mission is to assist small businesses in obtaining a fair share of Federal Government contracts, subcontracts and property sales



Subcontracting Assistance Program

What is the Subcontracting Assistance Program?

The Federal Government awards billions of dollars in prime contracts for supplies and services to other-than-small businesses (OTSBs) yearly. The Subcontracting Assistance Program is comprised of SBA's Commercial Market Representatives (CMRs) who work to ensure that <u>domestic</u> small business (SB) concerns receive maximum practicable subcontracting opportunity in Federal subcontract awards.

Mission and Purpose

The purpose of the Subcontracting Assistance Program is to ensure that <u>domestic</u> SBs, SDBs, WOSBs, HUBZones, VOSBs, and SDVOSBs receive maximum practicable opportunity to compete for and receive subcontracts from OTSBs that have Federal prime contracts. Public Law (P. L.) 95-507 (1978) if:

- (1) The proposed total contract value, or any amendment or modification to the contract, exceeds the subcontracting plan threshold specified in the Federal Acquisition Regulations (FAR) 19.702(a); and
- (1) The contract has subcontracting possibilities.

SBA GC Area Office Commercial Market Representatives CMR

SBA Commercial Market Representatives

Area 1: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Rhode Island, Vermont, Commonwealth of Puerto Rico & the U.S. Virgin Islands

MR. CHRISTOPHER SAO christopher.sao@sba.gov



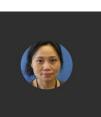
MR. GENE SPILLANE eugene.spillane@sba.gov



MS. MALINDA CHEN malinda.chen@sba.gov



MS. SANDY LIU sandy.liu@sba.gov



Area 2: District of Columbia, Delaware, Maryland, Pennsylvania, Virginia, West Virginia

MS. RAHEL MOLALIGNE

Rahel.Molaligne@sba.gov



Area 3: Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee

MS. ARNETTE L. MAYHEW

arnette.mayhew@sba.gov



MR. GARY W. HEARD, PH.D. gary.heard@sba.gov





SBA Commercial Market Representatives Cont'd

Area 4 : Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, Ohio, Wisconsin

MS. DEBORAH CRUMITY

deborah.crumity@sba.gov



Area 5: Arkansas, Colorado, Louisiana, Montana, New Mexico, North Dakota, Oklahoma, South Dakota, Texas, Utah, Wyoming

MS. SOPHIA CHOU

sophia.chou@sba.gov



Area 6: Alaska, Arizona, California, Hawaii, Idaho, Nevada, Oregon, Washington, Territories of Guam, and Northern Marianas Islands

MS. JANICE NIETES

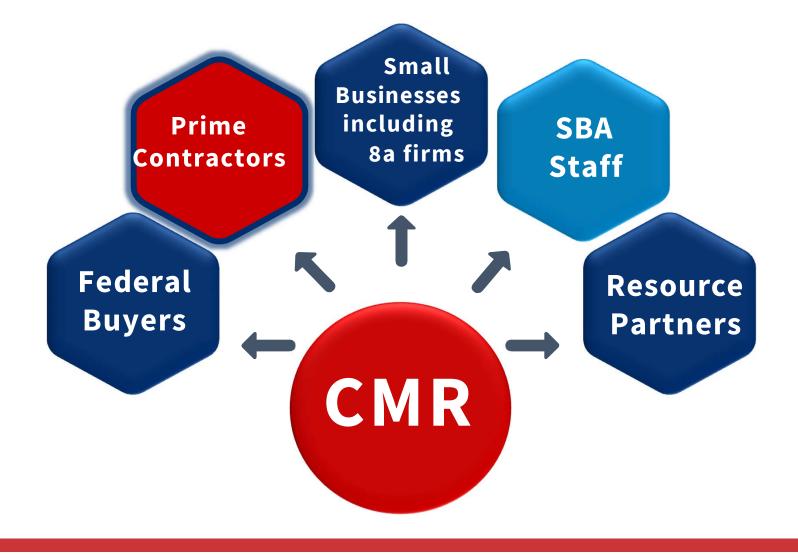
janice.nietes@sba.gov





CMR's Customers

CMRs interact with an array of customers on multiple levels to achieve a variety of outcomes when performing compliance and advocacy.



SB/

Role of SBA's Commercial Market Representative (CMR) in Federal Subcontracting

- Counsel OTSBs on how to identify Small Business concerns (SBC)
- Counsel SB concerns on how to market themselves to OTSBs
- Conduct periodic reviews to determine whether prime contractors compliant with their small business subcontracting plans
- ✓ Provide education and training to agencies and large prime contractors regarding subcontracting plan requirements and compliance
- Monitor questions sent to subcontracting@sba.gov

Directory of CMRs: <u>https://www.sba.gov/document/support--commercial-market-</u> <u>representatives</u> Importance of a Prime Contractor's Small Business Subcontracting Plan & Why It Should Matter To You

Federal Subcontracting Opportunities

A Federal contract that exceeds \$750,000 (or \$1.5 million for construction) awarded to an "other than small" business must have a Small Business Subcontracting Plan if subcontracting possibilities exist.

In addition to an explanation of the efforts the contractor will take to demonstrate a good faith effort to using small businesses as subcontractors, the Small Business Subcontracting Plan has dollar and percentage goals for subcontracting to:

- Small Businesses (SB)
 - In DOD contracts, this includes qualified nonprofit agencies designated by the Committee for Purchase From People Who Are Blind or Severely Disabled
 - Includes awards to an ANC or Indian tribe (regardless of size or certification status)
- Women-owned Small Businesses (WOSB)
- Small Disadvantaged Businesses (SDB)
 - Includes awards to an ANC or Indian tribe (regardless of size or certification status)
- SBA-certified HUBZone small businesses (HUBZone)
- Veteran-Owned Small Businesses (VOSB)
- Service-Disabled Veteran-Owned Small Businesses (SDVOSB)
 - In VA contracts, VOSB and SDVOSB subcontractors must be listed in the VA's Vendor Information Pages (VIP)

In all categories above (unless otherwise noted), a firm may <u>self-certify</u> their size and socioeconomic status for a Federal subcontract

Subcontracting Plan Contents

- Description of the principal types of supplies and services to be subcontracted
- Description of the method used to identify potential sources for solicitation purposes (*e.g.*, existing company source lists, SAM, veterans service organizations, the National Minority Purchasing Council Vendor Information Service, the Research and Information Division of the Minority Business Development Agency in the Department of Commerce, or small, HUBZone, small disadvantaged, and women-owned small business trade associations)
- Name of the individual employed by the Offeror who will administer the Offeror's subcontracting program
- Assurances that the Offeror will make a good faith effort to acquire articles, equipment, supplies, services, or materials, or obtain the performance of construction work from the small business concerns that it used in preparing the bid or proposal, in the same or greater scope, amount, and quality used in preparing and submitting the bid or proposal. Responding to a request for a quote does not constitute use in preparing a bid or proposal
- Assurances that the offeror will pay its small business subcontractors on time and in accordance with the terms and conditions of the underlying subcontract

FAR 52.219-9(d) & 19.704

Finding Subcontracting Opportunities

Subcontracting Opportunities

SBA publishes link to GSA, DoD and the Federal Procurement Data System (FPDSng) Directories for Potential Subcontracting Opportunities to our website at:

SBA Federal Contracting Guide/Prime Contracting

- <u>General Services Administration's Subcontracting</u> <u>Directory for Small Businesses</u>
- <u>Department of Defense Subcontracting Opportunity</u> <u>Directory</u>
- <u>SBA's Directory of Federal Government Prime</u> <u>Contractors with a Subcontracting Plan</u>

Other ways to locate subcontracting Opportunities

- Register with Federal Contractors at their Company Websites
- <u>SBA Subcontracting Network (SubNet)</u>
- System for Awards Management (SAM)
- Attend Vendor Outreach Events & Federal Agencies Industry Days





Forecast of Contracting Opportunities | GSA

https://www.gsa.gov/buying-selling/forecast-of-contracting-opportunities

MENU

GSA U.S. General Services Administration

t's easy to find small business contracting opportunities thanks to the Forecast of Contracting Opportunities Tool.

The Forecast of Contracting Opportunities Tool I provides information on expected federal contracting opportunities. The tool assists with acquisition planning by helping vendors learn about potential prime contracting opportunities early in the process. Users can easily filter the data by agency, location (place of performance), NAICS Code, contract type, and more.

'he Forecast Tool Factsheet [PDF - 1024 KB] provides tips on how to use the tool and take advantage of its features.



Become a Subcontractor-GSA Cont'd



Subcontracting and Other Partnerships

There are multiple ways to partner with other contractors to maximize your chances of selling to GSA. OSDBU provides guidance on the process of forming a partnership but does not provide direct oversight.

- Subcontracting
- Joint Venture
- Contractor Team Arrangement

Subcontracting

Subcontracting allows small businesses to sell to the government by partnering with a large business prime contractor. Use GSA's Subcontracting Directory and the GSA eLibrary 🗷 to find potential large business prime contractors. Small businesses must contact



Example - Social Security Administration Prime Contracting

(Office of Small and Disadvantaged Business Utilization | Social Security Administration (ssa.gov))

		Office of S	Small and Disadvantaged Business Utilization Social Secur	ty Administration	- 0
C https://www.ssa.gov/osdbu/subc	ontracting-directory.html				🖆 🛈 Not syncing 🔞
	CONTRACT NUMBER	CONTRACTOR	CONTACT	PROJECT TITLE	
	28321318D00060017	FEDCAP REHABILITATION SERVICES, INC.	Amy Reisner areisner@fedcap.org Director, Contract Administration 212-727-4244	NEPSC Custodial Service Contract (NISH) for the Addabbo Building located in Jamaica, NY	
	28321319D00060003	METROPOLITAN SECURITY SERVICES, INC. dba Walden Security	Dick Wong dick.wong@waldensecurity.com Executive Vice President 404-304-3006	Protective Security Services at SSA Headquarters	
	28321317D00060004	ARC BALTIMORE, INC., THE	Donald Watts DWatts@thearcbaltimore.org Senior Director, Contract Services 410-653-3252 Ext. 5424	Grounds Maintenance at SSA Headquarters	
	SS001760009	ABT ASSOCIATES INC.	Kathleen Echols kathy_echols@abtassoc.com Small Business Program Manager 617-520-2936	Implementation of the Promoting Opportunity Demonstration Offset Study	
	SS001760016	Lockheed Martin Corporation	Chireda Gaither Chireda.b.gaither@leidos.com Small Business Liaison Officer 571-526-6026	Information Technology Support Services	

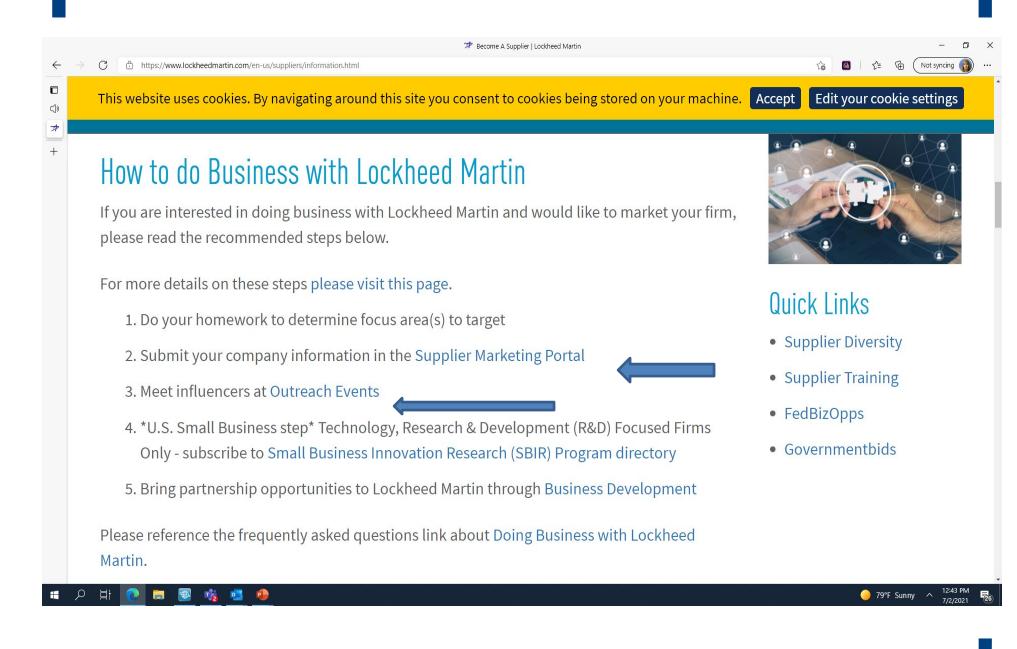


Tips for Marketing to Prime Contractors

- Prime contractors seek most subcontractors prior to submitting their own offer on a Federal contract, but many continuously seek small business subcontractors throughout performance as well
- First and foremost, emphasize your company's skills and expertise. Size and socioeconomic status is secondary.
- Size self-certification can be through SAM.gov or a written or electronic representation to the prime contractor
- To be small, the subcontractor must be small for the NAICS code that the prime contractor has assigned to the subcontract
- Prime contractors can count a company towards all its subcontracting goals for which the subcontractor qualifies: SB, SDB, WOSB, HUBZone, VOSB, SDVOSB

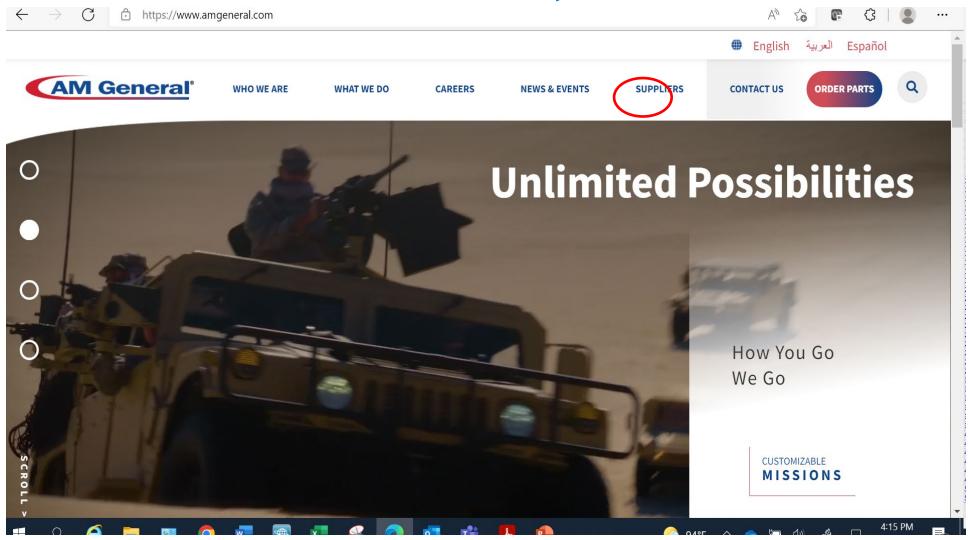


Search sites of prime contractors



Search Online Websites of Prime Contractors

American General LLC South Bend, IN



Search Online Websites of Prime Contractors Cont'd

AM General LLC Becoming a Small Business Supplier



https://www.amgeneral.com/suppliers/becoming-a-supplier/

BUSINESS CLASSIFICATION

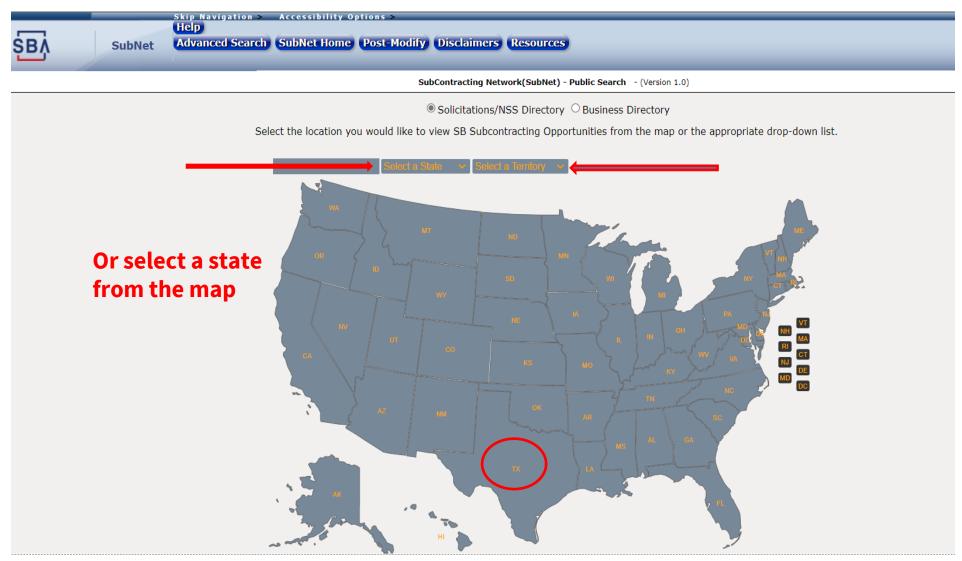
New Supplier Application Form

SUPPLIER DOCUMENTS

Electronic Account Access -Export Control Form

Step 1.

Geographical Map



https://eweb1.sba.gov/subnet/client/dsp_Landing.cfm

SBA SubNet Cont'd

Step 2.

Advance Search

ѕвл	Skip Navigation > Accessibility Options > Help Help SubNet Advanced Search SubNet SubNet Home	
	SubContracting Network(SubNet) - Public Search - (Version 1.0)	
	To search for a keyword in the SOL or NSS description, enter a word or a phrase below:	
	To search for a SOL or NSS within a specific SBA Area select an SBA Area from the drop-down list below: (Note: The listing of states/territories that make up the SBA Area are visible on the Resource page.)	
	To search for a SOL or NSS in the state/territory the work is being performed (place of performance) select a state/territory, below: Select State Alaska Alabama	
	State and Territory: Arbanas	
	To search for SOL or NSS active during a specific time frame, enter dates below: Start Date: End Da	
	To search for a SOL or NSS in a specific industry, enter the NAICS Code, or use the lookup function: NAICS Code: Look up	
	To search for a specific SOL or NSS, enter the SOL or NSS identifier below: Solicitation/NSS Identifier:	
	To search for a SOL or NSS of a specific business, enter the business name below: Business Name:	
	To search for a SOL or NSS by the business type solicited, select a business type from the drop-down list below: Select Business Type	

<u>SBA SubNet</u> Cont'd

Step 3. Solicitation

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					SubContracting Network(SubNet) - Public Search (Version 1.0)					
Solicitation Search Result for Texas										
Solicitation (SOL) / NSS	Business Name	Place of Performance	Performance Start Date		Additional NAICS Code	Closing Date	POC	POC Phone	POC Email	
SUL-EIPasoTX-KBH	S.J. LOUIS CONSTRUCTION INC.	, TX El Paso	08/01/2021	237310 Highway, Street, and Bridge Construction	Site Preparation Contractors,All Other Support Services,Landscaping Services,Specialized Freight (except Used Goods) Trucking, Local,Ground or Treated Mineral and Earth Manufacturing,All Other Specialty Trade Contractors	06/21/2022	2 Bob Schueller	320- 253- 9291	estimators@sjlouis.com	
	Tania's Nails & Botique	TX Dallas	06/18/2021		N/A	06/17/2022	2 Tanya Vazquez	469- 532- 6477	vazqueztanya89@gmail.com	
SOL-Seeking contracts	Dasein AI LLC	CA,CO,DC,MD,NY,TX	06/17/2021	541511 Custom Computer Programming Services	Graphic Design Services	06/16/202;	2 Zac ² Taschdjian	720-	zac@sein.ai	
SOL-06072021	Enterprise Technology Solutions, Inc.	CA,FL,MD,NJ,NY,OK,P A,TX,UT,WA	06/07/2021	334111 Electronic Computer Manufacturing	Stationery Product Manufacturing, Computer and Office Machine Repair and Maintenance, Other Computer Related Services, Computer Systems Design Services, Software Publishers, Office Supplies and Stationery Stores, Stationery and Office Supplies (Arechant Wholesalers, Computer and Computer Peripheral Equipment and Software Merchant Wholesalers, Office Equipment Merchant Wholesalers, Sign Manufacturing, Office Supplies Manufacturing, Surgical Appliance and Supplies (Ascept Paper) Manufacturing, Surgical Appliance and Supplies Manufacturing, Surgical and Medical Instrument Manufacturing, Office Equipment Manufacturing, Wood Office Furniture Manufacturing, Sargical and Television Broadcasting and Wireless Communications Equipment Manufacturing, Computer Terminal and Other Computer Peripheral Equipment Manufacturing, Computer Storage Device Manufacturing, Hardware Manufacturing, Sanitary Paper Product Manufacturing.	06/06/2022	2 Freddy Shoukat	925- 400- 9221	Freddy@enterprisesol.com	
SOL-2021 Teaming/Sub Opportunities	ARIANA SERVICES, INC	AZ,CA,CO,FL,KS,KY,N J,NY,TX	05/20/2021	Management and General Management	Industrial Supplies Merchant Wholesalers,Commercial and Industrial Machinery and Equipment (except Automotive and Electronic) Repair and Maintenance,All Other Automotive Repair and Maintenance,All Other Support Services,Other Warehousing and Storage,General Warehousing and Storage,General Freight Trucking, Long-Distance, Truckload,Other Nonscheduled Air Transportation,Stationery and Office Supplies Merchant Wholesalers,Transportation Equipment and Supplies (except Motor Vehicle) Merchant Wholesalers	05/19/202:	2 Asef Alizai	209- 360- 9323	asef.alizai@arianaservicesinc.	
<u>SOL-May 10-2021</u>	DEL-NIK LLC	TX San Antonio	05/10/2021	611430 Professional and Management Development Training	Administrative Management and General Management Consulting Services, General Medical and Surgical Hospitals	05/10/2022	2 JACQUELIN Cabrales	E 830- 352- 9998	delnikllc@gmail.com	
50L-624221	DEL-NIK LLC	TX Eagle Pass	05/04/2021	624221	N/A	04/27/2022	2 Keith Stephens	830- 003- 7822	jacquelinecabrales970@yaho	
	Ceres Environmental Services, Inc	TX Austin	04/21/2021	562119 Other Waste Collection	Hazardous Waste Collection		2 Ashley Dov		ashley.dow@ceresops.com	
SOL-NSS-2021		TX San Antonio	04/30/2021	541614 Process, Physical Distribution, and Logistics Consulting Services	Residential Remodelers, Process, Physical Distribution, and Logistics Consulting Services, Plumbing, Heating, and Air-Conditioning Contractors, Industrial Building Construction	04/15/2022	2 Isaiah Rodgers	210- 952- 4568	Yahwehbuild.tx@gmail.com	
	NUMUNU STAFFING LLC	AR,KS,MO,NM,OK,TX	04/13/2021	561320 Temporary Help Services	Commercial and Institutional Building Construction, Food Service Contractors, Other Gambling Industries, Casinos (except Casino Hotels), Landscaping Services, Janitorial Services, Professional Employer Organizations, Executive Search Services, Employment Placement Agencies, Facilities Support Services	04/13/2022	2 Steven Mowatt	580- 647- 3201	riley@numunustaffing.com	
				541370	* Privacy & Security * Information Quality * POLA * No Fear Act * ADA				Session timeout	
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Step 3.2

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SubNet Advanced Search SubNet Home Post-Modify Disclaimers Resources

SubContracting Network(SubNet) - Public Search - (Version 1.0)

Solicitation Search Result

for Indiana

To sort data click on column heading. Click on a Solicitation/NSS number to view detailed description for a Solicitation/NSS.

Solicitation (SOL) <u> L</u> <u> NSS</u> <u> Number</u>	Business Name	<u>Place of</u> <u>Performance</u>	<u>Performance</u> <u>Start Date</u>	NAICS Code	<u>Additional</u> <u>NAICS</u> <u>Code</u>	<u>Closing</u> <u>Date</u>	<u>POC</u>	POC Phone	<u>POC Email</u>
50L-ACE-3091-003	PTSI Managed Services Inc	IN,LA,MO	08/17/2022	Construction			sunsnein	N/A	megan.r- ctr.sunshein@faa.gov
<u>SOL-FT. WAYNE, IN -</u> 2022 SEWER	SAK Construction, LLC	IN Fort Wayne	06/30/2022	237110 Water and Sewer Line and Related Structures Construction	N/A	05/19/2022	Theresa Messer	636-385- 1000	bidcippc@sakcon.com
 <u>SOL-CLERESTORY</u> REPAIR WELLNESS	Management & Training Corporation	IN Columbus	06/01/2022	238150 Glass and Glazing Contractors	N/A	05/19/2022	KARLA CHESTER	812-314- 6021	chester.karla@jobcorps.org
				Pack					

<u>Back</u>

> FirstGov > E-Gov > Regulations.gov > White House * Privacy & Security * Information Quality * FOIA * No Fear Act * ADA

Session timeout in 29 minutes.

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Step 3.3

Secret Security Clearance/Sensitive Compartmented Information (TS/SCI), Small Business with Top Secret Security Clearance (TS), Small Business with Secret Security Clearance (SC), Small Business (SB), SBA Certified HUBZone Small Business (HUBZone SB), SBA Certified 8a Program Participant, Small Disadvantaged Business (SDB), Women-Owned Small Business under the SBA Women-Owned Small Business Program, Economically Disadvantaged Women Owned Small Business, Veteran-Owned Small Business (VOSB), Service-Disabled Veteran-Owned Small Business (SDVOSB), Alaskan Native Corporations (ANC) and Indian Tribe, Tribally Owned, Native Hawaiian Org (NHO) Owned, Economically Disadvantaged Women-Owned Small Business under the Women-Owned Small Business Program, Women-Owned Small Business Joint Venture, Economically Disadvantaged Women-Owned Small Business Joint Venture

NAICS Code

237130 Power and Communication Line and Related Structures Construction

Additional NAICS Code

N/A

SB

Solicitation (SOL) / NSS POC First Name: megan Last Name: sunshein Phone: Fax: Email: <u>megan.r-ctr.sunshein@faa.gov</u>

Place of Performance

IN,LA,MO

C FinalOsto - C F. Osto - C Disatilations and - C Milder Usion

Description of the Requirement

Solicitation (SOL) / NSS No. SOL-ACE-3091-003

Step 3.4. Link from Solicitation

05/12/2022

ACE-3091-03 Remote Communications Air to Ground (RCAG) Tower Construction

Seeking construction subcontractors to construct four sided, self-supported Remote Communications Air to Ground (RCAG) towers and demo existing towers. This solicitation will award one or multiple subcontracts for tower installation at three locations: Fort Wayne, IN (FWA), Shreveport, LA (SHV), and St. Louis, MO (STL). Subcontractor will construct the tower foundation based off of the foundation design. The tower will be provided as contractor furnished material that will need to be received on site, assembled, and erected. Service cutover will be performed by the FAA, followed by a two-week shakedown period. The subcontractor will then return to the job site to demo the old communication towers.

Subcontractors must be pre-qualified to work on the Parsons T4 program.

Estimated magnitude per each site ranges: \$250K - \$500K, \$500K - \$1M

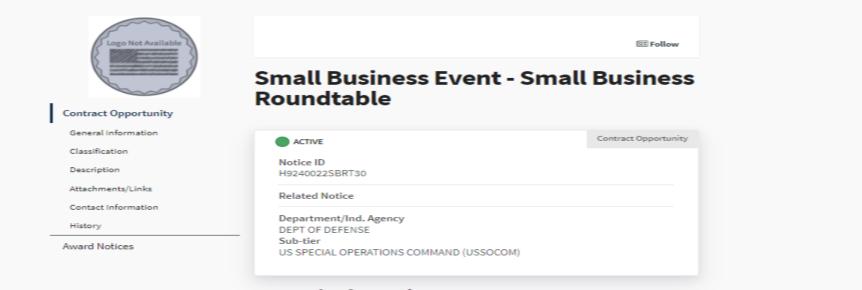
NAICS Code: 237130



Example of a Small Business Event

Utilizing WWW.SAM.GOV C https://sam.gov/content/home A Q 20 Ĥ ₹ Ð € Sign In Home Search Data Bank Data Services Help SAM.GOV® **Official U.S. Government Website** 100% Free NEW Learn More The Official U.S. Government System for: **Register Your Entity or Get a Unique Contract Opportunities Assistance Listings** (was fbo.gov) (was cfda.gov) Entity ID Register your entity or get a Unique Entity ID to get **Entity Information Contract Data** started doing business with the federal government. (Reports ONLY from fpds.gov) Entities, Disaster Response Registry, and Exclusions **Wage Determinations Get Started** (was wdol.gov) **Entity Reporting** SCR and Bio-Preferred Reporting **Federal Hierarchy Renew Entity** Departments and Subtiers **Check Registration Status** Already know what you want to find?

Example of a Small Business Event (Cont'd)



General Information

Contract Opportunity Type: Special Notice (Original) All Dates/Times are: (UTC-04:00) EASTERN STANDARD TIME, NEW YORK, USA Original Published Date: May 04, 2022 12:56 pm EDT Original Response Date: May 11, 2022 08:00 am EDT Inactive Policy: Manual Original Inactive Date: Jun 27, 2022 Initiative:

Classification

Original Set Aside: Total Small Business Set-Aside (FAR 19.5) Product Service Code: NAICS Code: • 561990 - All Other Support Services Place of Performance: Tampa , FL 33621 USA

ŚВ/

Success! So, You've Been Awarded a Subcontract!

What's Next?

Before Signing on the Dotted Line of a Subcontract...

READ THE SUBCONTRACT AGREEMENT THROUGHLY

The SB Subcontractor should:

SB/

Understand the type of subcontract that has been awarded by the prime contractor

Do you understand your signed subcontract agreement between both parties? What type of subcontract do you have? A Basic Ordering Agreement, a Firm Fixed Price Contract, a Cost-Reimbursement Contract, or a Time & Materials subcontract? Do you understand the contract risks associated with the type of subcontract you have received? (Refer to FAR 16)

Be familiar with the terms and conditions of the subcontract

Do you understand the scope of work/requirements? Do you understand the specifications/warranties? Do you understand the required clearances? Do you have the performance or payment bonds to fulfill the construction requirements? Do you know the officiating CO to the prime contractor's contract? Are you able to deliver the services/products on-time? Can you assess if services were performed satisfactorily? Have you reviewed the prime contractor's disputes clause (in the subcontract)? Are you familiar with change orders? Are you familiar with the contract clauses? (i.e., Termination for Convenience) Are you familiar with the subcontract's payment terms?

Seek Assistance from OSDBU, PTAC, local SBA CMR or Legal Counsel

Break for Questions





Advisable Actions for a Small Business (SB) Federal Subcontractor Regarding Payment

Two Instances





Small Business (SB) Federal Subcontractor that is Not Being Paid or Not Being Paid on Time

A Small Business Subcontractor's Steps to Resolving

Payment Issues

1) Ensure the services were performed satisfactorily, delivered on time, and within cost

Ensure the services/work is completed and confirmed by the customer. If there are circumstances preventing the work from being completed according to the terms of the subcontract, communicate this to the customer and work out a resolution.

2) Know the subcontract's written payment terms

Review the payment clause included in the subcontract agreement, including any Prompt Payment Clause such as:

FAR 52.232-25 – Prompt Payment Act FAR 52.232-27 – Prompt Payment for Construction Contracts



3) Review the Disputes clause in the subcontract agreement

Many contractors give instructions in the subcontract on how to resolve disputes or issues such as payment problems, work performance issues, or modifications to the subcontract.

A Small Business Subcontractor's Steps to Resolving

Payment Issues Cont'd

- 4) Maintain adequate records of all contractual obligations and keep a chronology of events that identifies critical dates and actions taken Provide evidence to support your claim and present the information to the customer.
- 5) Approach the customer with your payment issue, provide evidence, and seek resolution, including a date payment will be made

If the customer still fails to pay the SB, the subcontractor may want to consider obtaining a legal representative to assist with the payment dispute.

Note: that Federal agencies have a contractual agreement with the prime contractor. Except as noted on the next slide, except in very limited instances, Contracting Officers do not have privity of contract with subcontractors, so a subcontractor does not have many tools available when payment issues arise.



With a Prime Contractor that has a Small Business Subcontracting Plan

Step (6) and (7) below are applicable when the customer is a Federal prime contractor, that is **"other than small"** (aka a large business), and the contract contained a Small Business Subcontracting Plan. (You can determine this by looking up the prime contract number in FPDS.gov).

(6) **Notify the Contracting Officer (CO) (in writing) that you have not been paid or have not been paid on time**. FAR 19.704(a)(15)) and FAR 52.219-9(d)(15) requires that a Federal prime contractor with a Small Business Subcontracting Plan notifies the CO in writing when they make a reduced or an untimely payment to a small business subcontractor. A prime contractor with a subcontracting plan cannot prohibit a subcontractor from discussing a utilization issue with the CO (See FAR 19.704(a)(12). Maintain all correspondence between the you, the prime contractor, and the CO.

Payment Enforcement: It is up to the CO to determine if the contractor is in violation of FAR 19.705-7(b)(2)(vi), which states that a prime contractor's failure to pay small business subcontractors in accordance with the terms of the contract is in violation of a prime contractor's failure to act in good faith of the Small Business Subcontracting Plan.

(7) Advise the SBA Commercial Market Representative (CMR) covering the state where the SB is physically located. <u>Commercial Market Representatives (sba.gov)</u>





SB that is Not Being Utilized in the Same Scope, Amount, or Quality That The Prime Contractor Used in Preparing and Submitting a Bid/Proposal

With a Prime Contractor that has a Small Business Subcontracting Plan

When the prime contractor is "other than small" (aka a large business) and the contract contained a <u>Small Business</u> <u>Subcontracting Plan</u>, the prime contractor must inform the CO if it does not use the small business in the same scope, amount, and quality that it used in preparing and submitting its bid or proposal. (FAR 19.705-6(g)(2)).

(1) Contact the prime contractor to discuss why your company is not being utilized.

Be open to hearing the reason your company has not been awarded a subcontract. There are a variety of valid reasons that should be explored before a compliant is made, such as contract has not matured to the point where your product/service is required, or it is a multiple award IDIQ contract whereby the contractor did not win the order that required your product/services.

(2) If the response is unsatisfactory, contact the Contracting Officer and provide the following

- ✓ The outcome of your discussion with the prime contractor
- ✓ The reason(s) why you believe the prime contractor did not use your SB company as a subcontractor
- Evidence that the prime contractor used your pricing or cost information or technical expertise in preparing the bid or proposal and there is written evidence of an intent or understanding that you would be awarded a subcontract for the related work if the offeror was awarded the contract

(Note: Responding to a request for a quote does not constitute assistance in preparing a bid or proposal. See FAR 19.704(a)(12))

- ✓ Evidence of a "written" subcontract agreement between your company and the prime contractor, if applicable
- An indication of whether your company was listed in the bid/proposal, Small Business Subcontracting Plan, or Small Business Participation Plan, by name

Note: a prime contractor with a subcontracting plan cannot prohibit a subcontractor from discussing a utilization issue with the CO (See FAR 19.704(a)(12))



Advising the SBA CMR

When advising an SBA CMR, please provide the following information:

- The name and address of the prime contractor
- Brief description of the payment issue and what actions have been taken
- The prime contract number
- The subcontract number

Note: The more information provided to the CMR, helps us understand your concern(s).





Continue to Stay Engaged and Be Contract Ready!

QUESTIONS???

Deborah Crumity Commercial Market Representative (CMR) SBA, Government Contracting – Area IV Deborah.crumity@sba.gov 314 696-9521