

Business Success in Tough Times: Leveraging Small Business Certifications

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Small Business Certifications

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- **Self-Certification and Representation**
 - Small Business
 - SDB
 - WOSB / EDWOSB
 - SDVOSB / VOSB – Self Certified, except for VA Contracts*

- **SBA's Formal Certification Programs:**
 - 8(a) Business Development
 - HUBZone Empowerment Contracting

*VA's Formal Certification Programs: www.vetbiz.gov

Federal Government Small Business Goaling

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Prime Contracting Achievement:			95.43
	2008 Achievement	2009 Goal	2009 Achievement
Small Business	21.5%	23.0%	21.9%
Women Owned Small Business	3.4%	5.0%	3.7%
Small Disadvantaged Business	6.8%	5.0%	7.6%
Service Disabled Veteran Owned SB	1.5%	3.0%	2.0%
HUBZone	2.3%	3.0%	2.8%

Federal Government Small Business Goaling

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Sub Contracting Achievement:			83.05
	2008 Achievement	2009 Goal	2009 Achievement
Small Business	28.7%	35.9%	31.8%
Women Owned Small Business	4.9%	5.0%	5.4%
Small Disadvantaged Business	3.9%	5.0%	4.5%
Service Disabled Veteran Owned SB	0.9%	3.0%	1.3%
HUBZone	1.5%	3.0%	1.7%

Small Business Certifications

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Small Business Certifications

Small Business Certifications

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- **Definition of a Small Business**
 - Based on established SBA size standards by industry.
 - SBA has designated a size specific standard by individual NAICS code. Size standard may be revenue-based or employee-based.
 - To be small, a firm's 3-year average revenues for the previous 3 years must fall below the size standard for the contract NAICS code.
 - Employee based size standards refer to the number of individuals employed by the firm.

Small Business Self -Certifications

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**Small Disadvantaged Business
(SDB)**

Small Disadvantaged Business Certification

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- For purposes of federal government contract and sub-contracting goals, firms must self certify that they meet the requirements of SDB status.
- Firms must be:
 - Small
 - At least 51% owned and controlled by individual considered to be socially and economically disadvantaged

Eligibility Criteria Common to SDB & 8(a)

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- Social Disadvantage
- Economic Disadvantage (with different net worth thresholds)
- Size
- Ownership
- Control and Management

Small Disadvantaged Business Certification

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- Social disadvantage is presumed for the following:
 - Native American
 - Black American
 - Hispanic American
 - Sub-Continent Asian American
 - Asian-Pacific American
- Individuals may also qualify as socially disadvantaged by a preponderance of evidence demonstrating chronic discrimination and bias in the US on the basis of gender, ethnicity, physical handicap, race or residence in an isolated environment from mainstream American society.

Small Disadvantaged Business Certification

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- **Economic Disadvantage**

- Based on personal net worth less than \$750,000.
- Excludes equity in the personal primary residence, equity in applicant business concern and qualified retirement accounts.
- Personal income cannot exceed an average of \$250,000 over the previous three (3) years.
- Total assets cannot exceed \$6 million (\$4MM to enter 8(a)).

- **Size**

- Determined by the 3-year revenue average or number of employees.

Ownership / Control / Management

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- **Ownership** – firm must be at least 51% owned by disadvantaged individual(s).
- **Control / Management**– unconditional management by the disadvantaged individual(s).
 - Must have full control of board of directors.
 - Must hold the highest position in the firm.
 - Must have the ability to set policies / hire and fire
 - Must have control over the firm's finances
 - Must control the firm's operations (full-time devotion, managerial experience)
 - Must avoid negative control situations

Small Business Self-Certifications

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Women-Owned Small Business (WOSB)

WOSB Certification

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Final Rule

Effective Date: February 4, 2011

- Published October 7, 2010 (75 FR 62258)
- Helps ensure a level playing field so WOSBs can compete for Contracting Opportunities
- Sets forth Contract Requirements
 - Set-asides apply to Prime Contract, not Subcontract
- Allows Eligibility Exams (Program Reviews)
- Explains Protest Procedures

WOSB Certification

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Final Rule

- **WOSB**
 - Woman/Women Directly Own, Control & Manage Daily Operations
 - Woman/Women must be U.S. Citizens

- **Economically Disadvantaged WOSB**
 - Plus
 - Net Worth \$750,000
 - Income not exceeding \$350,000
 - Assets not exceeding \$6.0 Million

WOSB Certification

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Final Rule

- Establishes Set-Asides in 83 Industries 4-digit NAICS Codes (373 6-Digit NAICS Codes)

216 Underrepresented

157 Substantially Underrepresented

373 6 digit NAICS codes

- List at: www.sba.gov/wosb

WOSB Certification

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- The SBA does not certify companies into the program like it does for the 8(a)BD and HUBZone programs.

- A WOSB or EDWOSB must:
 - Register in the CCR.
 - Self-certify with documentation or certification through an SBA Approved Third-Party Certifier.
 - Provide documents supporting its status to an online document repository, called that the WOSB Program Repository. You can find more information on the repository at www.sba.gov/wosb.
 - Certify to the Contracting Officer in ORCA at <https://orca.bpn.gov> that it meets all the requirements and has uploaded required documents in the WOSB Repository prior to submitting an offer on a requirement.
 - To participate in the WOSB program, you must have a General Login System (GLS) account. To establish an account go to: <https://eweb.sba.gov/gls>

WOSB Certification

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Contracting Officer's Responsibilities

- Reasonable Expectation of 2 or More Offers by WOSBs
- There are no sole source awards for WOSBs or EDWOSBs under this program.
- The WOSB or EDWOSB must meet certain limitations on subcontracting.
- Joint ventures are permitted if certain requirements are met.
- Anticipated Award Price must not exceed:
 - \$ 6.5 M – mfg
 - \$ 4.0 M – non-mfg (all other)

WOSB Certification

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www.sba.gov/wosb

- The Final Rule & History
- FAQs
- Fact Sheet
- NAICS codes for the program
- Compliance Guide for Small Entities
- Contact Information
 - 1-800-U-ASK-SBA (1-800-827-5722)
 - Email Address – wosb@sba.gov

Small Business Self-Certifications

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**Small Disadvantaged Veteran Owned
Business
(SDVOSB)**

Service-Disabled Veteran Small Business

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- Veterans Benefit Act of 2003 (PL 108-183) created federal set-aside opportunities for SDVOSB.
- All federal agencies may utilize the set-aside program if two or more SDVOSB are likely to submit offers.
 - Sole Source routinely used by VA.
- Sub-contracting opportunities with large prime contractors is also a benefit.

Service-Disabled Veteran Small Business

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No formal certification required (rating letter required); self-certification based on 51% SDV ownership.

- Goals have not been met for SDVOSB – making this a sought after certification
- See www.sba.gov/VETS for complete regulation and detailed information.
- See also www.vetbiz.gov for information on formal Verification Program and on how the Veterans Administration can assist your business.
- Veteran-Owned Business can also be received set-asides with the VA

Service-Disabled Veteran Small Business

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Additional Points to Remember:

- Unique contracting opportunities with the VA
- VA determines Service Disability - SBA determines size, if protested;
- No term limits – no need to apply or reapply;
- Competitive and sole-source program benefits;
- Subcontracting and Prime Contracting goals;
- [FAR 19.14](#)

Veteran-Owned Small Business

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- Must be at least 51% owned and controlled by a veteran
- Unique contracting opportunities with the VA
- No specific federal goaling or set aside, but tracked
- No term limits – no need to apply or reapply

SBA Formal Small Business Certifications

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HUBZone

HUBZone Empowerment Contracting Program

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- Federal Contracting Program to assist small businesses located in areas determined to be “Historically Underutilized Business Zones”.
- Eligibility: Small Business, Principal office located in HUBZone, 35% of employees reside in a HUBZone, and 51% ownership held by US Citizen(s)
- HUBZones in non-metropolitan areas are designated by county; based on income and unemployment as reported by Bureau of Labor Statistics. Metropolitan HUBZone areas are indicated by census tract.

HUBZone Qualified Areas

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- **Metropolitan area census tracts**
- **Non-metropolitan counties**
 - Median household income is less than 80% of the non-metropolitan state level (census)
 - Unemployment rate that is at least 140% of the lower of the state-wide or US average (BLS)
- **Federally recognized Indian Reservations**
- **Difficult Development Areas (as defined by HUD)**
- **Former military base closed by BRAC**
 - Bases closed as a result of Base Realignment and Closure Act.
 - Locations remain HUBZones for 5 years from date of closing.

HUBZone Program

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- **Application documentation required:**
 - Lease Agreement/Deed/Utility Bill
 - Citizenship documentation (voter card, passport)
 - Most recent personal tax returns for all owners
 - Corporate/Organizational Documentation
 - Official payroll records
 - State unemployment tax filing
 - Proof of residency for HUBZone employees

HUBZone Program

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- Eligibility Concerns – 2008 GAO Audit
- New definition of “employee”
- Electronic Application and Mapping at www.sba.gov/hubzone
- Registration in Central Contractor Registration required.

HUBZone Program

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- HUBZone Regulation is at 13 CFR§126
- Set-aside Contracts / Limited Competition
- Sole Source Contracts (rare)
- 10% Price Evaluation Preference on full and open competition
- Sub-Contracting Opportunities
- Virginia HUBZone Impact: FY2009 - \$2.5 billion

SBA Formal Small Business Certifications

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8(a)

8(a) Business Development Program

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- A nine-year program for small businesses owned and controlled by socially & economically disadvantaged individuals, designed to assist the firms in developing business to achieve full competitive capability.
- Firm must be in business for two years (may be waived), exhibit good character and a potential for success.
- Same control and management requirements as SDB apply.

8(a) Program

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- **Social Disadvantage is presumed for the following:**
 - Native American, Black American, Hispanic American, Sub-Continent Asian American and Asian-Pacific American
- Individuals may also qualify as socially disadvantaged by providing evidence of discrimination & bias in the US on the basis of gender, ethnicity, physical handicap, race, or residence in an environment isolated from mainstream American society.
- Economic Disadvantage based on personal net worth less than \$250,000, excluding the equity in the personal primary residence, equity in applicant business concern and individual retirement accounts.

8(a) Program

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- Eligible for sole source contracts with the federal government. (under \$4.0 mil for services, \$6.5mil for manufacturing)
- Limited competition among 8(a) participants on contracts over the sole source threshold.
- Business Development Training & Support
- Mentor-Protégé and Joint Venture Programs
- Monthly Application Workshops - Register online www.sba.gov/va
- More information at www.sba.gov/8abd

Closing Remarks

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- **Maximizing Opportunities**
 - Update CCR- Dynamic Small Business Search often
 - Work with PTAC / SCORE / SBDC
 - Attend Business Fairs/Training/Networking
 - Market your business!
 - Research: FPDS, FBO, Agency Forecasts
 - Team: Joint Venture/Mentor-Protégé
 - Obtain federal, state, and local certifications
 - Be Patient and Persistent!

Thank you!

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Questions?

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