

# ***Business & Enterprise Systems***

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*Integrity - Service - Excellence*

## ***Small Business Program***

### ***Update - FY13***



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**(AFPEO BES)**

**29 Aug 13**

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# *Small Business Policy*



It is the policy of the United States, as stated in the Small Business Act, that **all** small businesses shall have the maximum practicable opportunity to participate in providing goods and services to the government.



# *Value of Small Business*



## ■ **Jobs**

- ❑ SBs represent 99.7% of all employer firms
- ❑ Employ about 50% of all U.S. workers
- ❑ Created 65% of new jobs in the past 17 years
- ❑ Hire 43 percent of high tech workers (scientists, engineers, computer programmers, and others)

## ■ **Innovation**

- ❑ SBs produce 13 to 14 times more patents per employee LBs
- ❑ The smallest SBs (fewer than 25 employees) produce the greatest number of patents per employee

## ■ **Proven cost savings**

## ■ **Flexibility to respond to customer requirements**



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# *Topics for Discussion*



- **SB Mandates: Statutory and Senior Leaders Mandates**
- **SB Program Challenges & Performance: Stopping the Decline**
- **FY 12 Accomplishments**
- **How New Regulations Impact Small Business**
- **Summary of National Defense Authorization Act of 2013**



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# *Small Business Mandates*

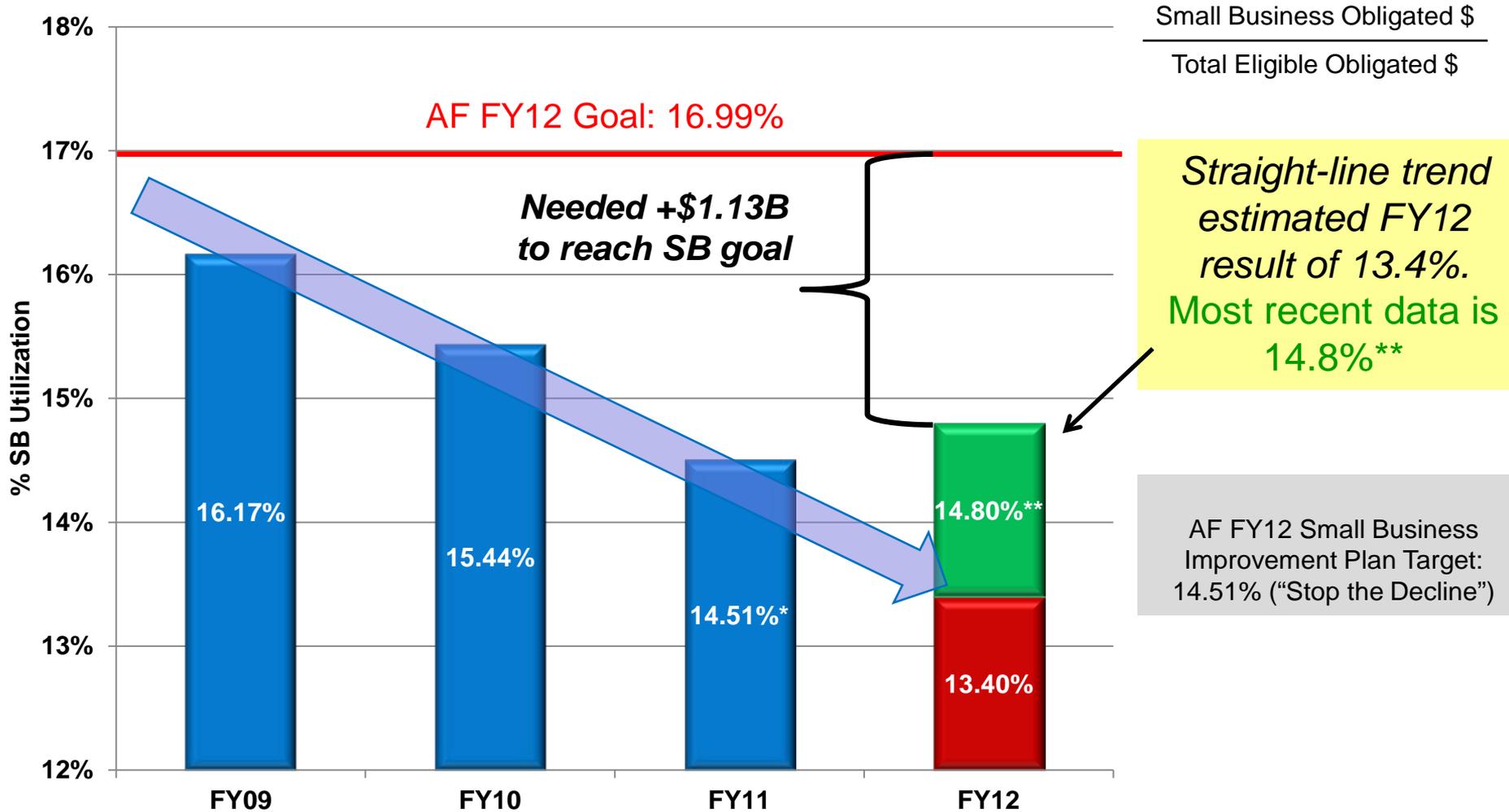


- **Statutory & Regulatory Mandates:**
  - **Goal: 23% of all eligible dollars obligated by the Federal Government should be awarded to SBs**
  - **Rule of Two: If two or more SBs can perform the work, it should be set aside for SBs**
  
- **Senior Leader Mandates to Meet SB Goals:**
  - **POTUS: Quarterly WH meetings**
  - **Congress: Hearings, Reports, Engagements**
  - **SECAF: SES Performance Evaluations**



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# Air Force SB Performance "Stop the Decline"



\*Source: FPDS-NG Awarding Agency SB Achievement Report a/o 14 Jan 2012

\*\*PRELIMINARY FPDS-NG DATA As Of 31 Oct 12. FY12 FPDS-NG Data Certified by OSD o/a Jan 2013



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# BES Small Business Performance



<b><u>SMALL BUSINESS STATISTICS</u></b> as of Jul 2013	<b>FY13 AFLCMC/SB Senior Leader Performance Expectation</b>	<b>FY13 YTD</b>	<b>FY12 YTD</b>
<b>Category</b>			
<b>Small Business (SB)</b>	28.30%	31.29%	22.18%
<b>Small Disadvantaged Business (SDB)</b>	16.52%	26.64%	15.57%
<b>Women Owned SB (WOSB)</b>	1.47%	4.03%	1.38%
<b>Historically Underutilized Business (HUBZone)</b>	0.37%	1.62%	0.35%
<b>Service Disabled Veteran SB (SDVOSB)</b>	0.91%	2.24%	0.86%
<b>PEO/BES Small Business Obligated Dollars</b>	\$193M	\$66.9M	\$151M



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# *Success Stories*



- **FY12 - Small Business award achievements 22.18%**
  - Exceeds our FY12 small business threshold of 12%
- **NETCENTS I – Small business and small business set-aside enabler**
- **NETCENTS II – \$24.2B effort**
  - **Min \$9.6B (40%) designated for small business**
    - **3 Small Business set-aside contracts, plus subcontracting goals**
- **8(a) Exemption from NETCENTS-2**
  - **Current 8(a) requirements shall remain in the SBA 8(a) program**



# *How Do New Regulations Impact Small Business?*



- SB Goals and Performance Expectations
  - Air Force Prime Contracting Awards to Small Business – 15%
  - Simplified Acquisition Threshold (SAT) (\$3K < \$150K) – 87.62%
  - Services Portfolio (Knowledge base) - \$1.86%
- Focus on Forecasting our SB opportunities out 24 months
  - SAF/SB Long Range Acquisition Estimate (LRAE) database



# *How Do New Regulations Impact Small Business?*



## ■ Mandatory Use Policies

- ❑ Mandatory Use of Network Centric Solutions -2 (NETCENTS-2) Contracts
- ❑ NETCENT-1 Mandatory Use Waiver Process Clarification for Small Business
- ❑ AF ITCC portfolio provide a wide range of desktops, laptops, servers, digital printing and imaging suite and cellular services and/or devices
- ❑ Enterprise Software Initiative portfolio provides IT software, software agreements, renewal and licensing agreements

**Review the Air Force IT and Netcentric Acquisition Guide**



# *How Do New Regulations Impact Small Business?*



## ■ Far Part 19 Requirements

- Recertification not required unless
  - Executing a novation agreement
  - After a merger or acquisition
  - Contracts more than five years in duration
- Acquisitions not exceeding the SAT are automatically reserved exclusively for small business concerns
  - If only one acceptable offer received make the award
- Multiple-award procurements using F&O competition, the CO may set aside orders for small business concerns



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# Summary of NDAA FY 2013



- **ROLE OF THE DIRECTORS OF SB PROGRAMS IN ACQUISITION PROCESSES OF THE DOD**
  - SECDEF shall develop & issue guidance to ensure that the head of each Office of SB Programs in DoD is a participant in requirements and acquisition decision processes
- **ACQUISITION PLANNING**
  - Requires each federal agency or department to provide opportunities for the participation of small business concerns during the acquisition planning process and in acquisition plans
  - Requires the agency or department to invite the participation of the Director of Small and Disadvantaged Utilization in acquisition planning processes and provide that director access to acquisition plans
- **GOALS FOR PROCUREMENT CONTRACTS AWARDED TO SB CONCERNS**
  - Restates the 23% SB prime contract goal *but* requires the SBA to review and revise Goaling Guidelines for the SB Preference Programs for Prime/Subcontract Goals
  - Requires the Chief Counsel for Advocacy of the SBA to conduct an independent assessment of the small business procurement goals



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# *Summary of NDAA FY 2013*



## ■ SENIOR EXECUTIVES

- Requires programs established for the development of SES to include training in Federal procurement requirements, including contracting requirements under the Small Business Act
  
- Ensures that evaluation of members of the Senior Executive Services responsible for acquisitions, and other senior officials responsible for acquisitions, include consideration of the agency's success in achieving SB contracting goals



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# Summary of NDAA FY 2013



## ■ LIMITATIONS ON SUBCONTRACTING

- ❑ Fundamentally changes the formula for calculating limitations on subcontracting for contracts for services and, to a lesser extent, contracts for supplies
- ❑ In the case of *service contracts*, the SB prime contractor must perform more than 50% of the ***amount paid*** to the contractor under the contract (rather than 50% of the ‘cost of contract performance incurred for personnel’)
- ❑ In the case of *supply contracts*, the SB prime contractor must perform more than 50% of the ***amount (less the cost of material) paid*** the small business prime contractor (rather than the ‘cost of manufacturing’)
- ❑ “Similarly situated entities” exemption: 50% limitation on subcontracting restriction does not apply if the subcontractor is a small and of the same type as the prime
- ❑ Failure of any contractor/subcontractor to comply in good faith with any plan required “[s]hall be a material breach of such contract or subcontract that may be considered in any past performance evaluation of the contractor”



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# *Summary of NDAA FY 2013*



- ❑ Increases penalty on small businesses for violating the limitation on subcontracting
- ❑ Small businesses who violate this rule could be fined up to \$500,000 for failing to abide by the limitation requirements or the dollar amount expended, in excess of permitted levels, by the entity on subcontractors

## ■ **SUBCONTRACTING PLANS**

- ❑ A contractor's or subcontractor's failure to comply in good faith with its small business subcontracting plan "shall be in material breach of such contract or subcontract that may be considered in any past performance evaluation of the contractor"



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# *Summary of NDAA FY 2013*



- ❑ Offerors are required to notify a small business concern prior to identifying it as a potential subcontractor in a proposal
- ❑ SBA is required to establish a reporting mechanism for subcontractors or potential subcontractors to report fraud or bad faith conduct by a contractor concerning its subcontracting plan
- ❑ Each contracting agency must periodically conduct a review to ensure that its contractors are complying in good faith with their subcontracting plans
- ❑ Agencies are required to collect and report on the extent to which their contractors meet subcontracting goals and objectives



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# *Summary of NDAA FY 2013*



- **CONTRACTING WITH SMALL BUSINESS CONCERNS OWNED AND CONTROLLED BY WOMEN**
  - Removes the contract award cap for women-owned small businesses
  - Previously, contracting officers were permitted to set aside a contract for WOSBs only if the anticipated award price of the contract, including options, did not exceed \$5M for manufacturing contracts and \$3M for all other types contracts



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# *Bottom Line*



- **The Air Force is Committed to Improve our SB Program Performance**
- **Our Success will depend upon:**
  - **BES Senior Leadership and Commitment**
  - **Market Research**
  - **Industry Engagement**
    - **BES Vendor Exchange Forum (VXF)**
    - **BES Industry Days**
    - **Workshops**
    - **Match Making Events**
    - **Training**

**Communication Is A Two-Way Street**

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# Questions?



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# Contact



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# *Additional Tools and Instructions*



- **BES Vendor Communication Website,** <http://www.gunter.af.mil/events/businessandenterprisesystems/index.asp>
- **FEDBizOps,** <https://www.fbo.gov/>
- **Federal Procurement Data System - Next Generation search to find agencies that buy similar products/services to identify new vendors,** <https://www.fpds.gov/fpdsng/cms/>
- **Dynamic SB Search to ID all SB capable of performing a contract,** [http://dsbs.sba.gov/dsbs/search/dsp\\_dsbs.cfm](http://dsbs.sba.gov/dsbs/search/dsp_dsbs.cfm)
- **DoD OSBP website,** <http://www.acq.osd.mil/osbp/index.html>
- **SAF/SB LRAE website,** <http://airforcesmallbiz.org/index.php>
- **DoD MAXPRAC Tool,** <http://www.acq.osd.mil/osbp/> and <https://extranet.acq.osd.mil/osbp/maxprac.html>
- **Electronic Subcontractor Reporting System (eSRS),** <http://www.esrs.gov/>
- **System for Award Management (SAM)** <https://acquisition.gov/SAM/sam.html>
- **NETCENTS II Guides,** <http://www.netcents.af.mil/contracts/netcents-2/appsrvs/documents/index.asp>



# Government-Wide Performance



FPDS-NG Prime Contracting Data as of Mar. 15, 2013

eSRS Subcontracting Data as of Apr. 15, 2013

**Prime Contracting Achievement:**

	<u>2011 Achievement</u>	<u>2012 Goal</u>	<b>78.27%</b> <u>2012 Achievement</u>
Small Business	21.65%	23.00%	22.25% (\$89.9 B)
Women Owned Small Business	3.98%	5.00%	4.00% (\$16.2 B)
Small Disadvantaged Business	7.67%	5.00%	8.00% (\$32.3 B)
SDVOSB	2.65%	3.00%	3.03% (\$12.3 B)
HUBZone	2.35%	3.00%	2.01% (\$8.1 B)



# Government-Wide Performance



## Subcontracting Achievement:

**8.77%**

**2011  
Achievement**

**2012 Goal**

**2012  
Achievement**

Small Business

35.00%

36.00%

33.60%

WOSB

6.10%

5.00%

5.60%

SDB

5.40%

5.00%

5.10%

SDVOSB

2.10%

3.00%

1.80%

HUBZone

1.90%

3.00%

1.30%