



A Procurement Technical
Assistance Center (PTAC)

The background of the slide is a photograph of the Wisconsin State Capitol building at dusk. The building is illuminated with warm lights, and its green dome is a prominent feature. The sky is a deep blue, and trees with autumn foliage are visible in the foreground. A large, dark blue rectangular box is overlaid on the center of the image, containing the main title in white text.

BASICS OF WRITING AND IMPLEMENTING A FEDERAL SMALL BUSINESS SUBCONTRACTING PLAN AT YOUR COMPANY

Acquisition Hour Webinar
May 03, 2017

Webinar Etiquette



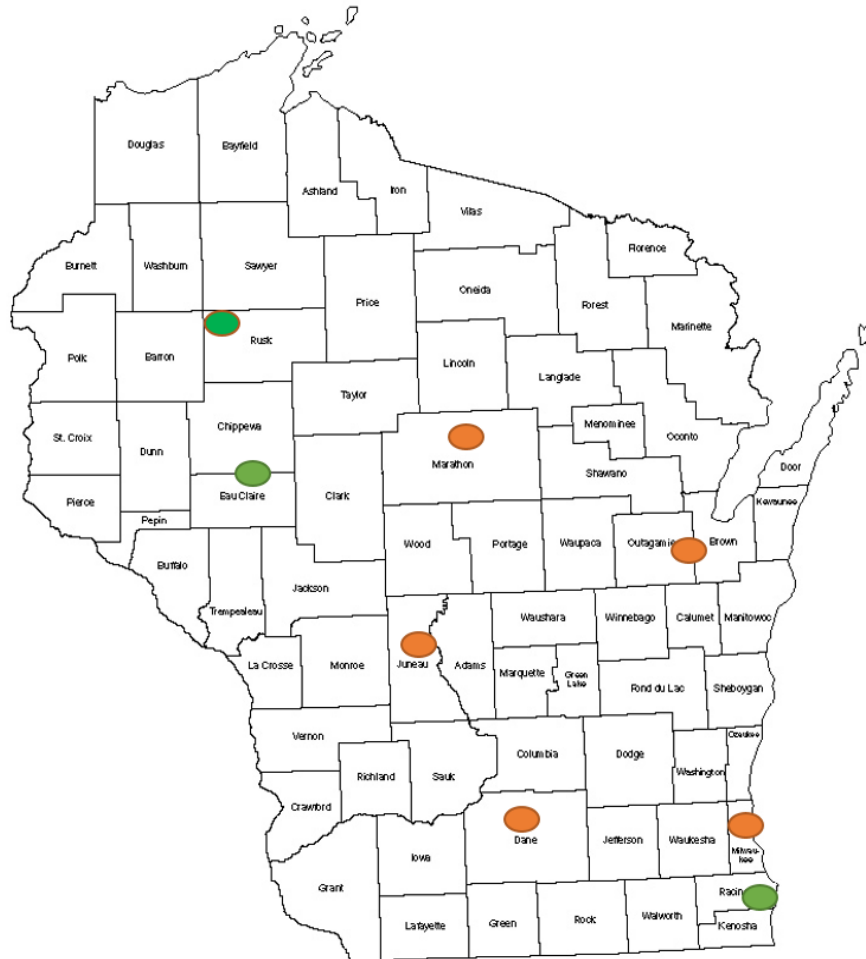
- Please
 - When logging into go-to-meeting, enter the name that you have registered with
 - Put your phone or computer on mute
 - Use the Chat option to ask your question(s): We will read them and our guest speaker will provide an answer to the group
- Thank you!



ABOUT WPI

Supporting the Mission

Assist businesses in creating, development and growing their sales, revenue and jobs through Federal, state and local government contracts.



LOCATIONS:

- **Primary office – Milwaukee** - Technology Innovation Center
- **Staffed Satellite offices**
 - Madison** (FEED – Food Enterprise & Economic Development / MEC – Madison Enterprise Center)
 - Camp Douglas** (Juneau County Economic Development Corporation)
 - Wausau** (Wausau Region Chamber of Commerce)
 - Appleton** (Fox Valley Technical College)
- **Active Partnerships**
 - Racine** – LaunchBox
 - Eau Claire** - Western Dairyland
 - Ladysmith** – Indianhead Community Action

MY ACCOUNT

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1. [SBA Seeks Funding Proposals from Non-Profits and Local Institutions to Provide Entrepreneurship Training for Service Members, Military Spouses and Veterans - January 18, 2017](#)
WASHINGTON – The U.S. Small Business Administration (SBA) is inviting funding proposals from non-profit organizations, state, local and tribal government agencies, and institutions of higher learning to provide “Boots to Business” entrepreneurship training to service members, military spouses, and veterans.

2. [Chicago Secures \\$1 Billion in Federal Grant Funding for Rail Upgrades - January 10, 2017](#)
Chicago’s Transit Authority will receive nearly \$1.1 billion in federal grant funding to help pay for upgrades meant to expand rail capacity on the north side of the city, officials said Monday.

The money will go toward roughly \$2.1 billion of planned work on the city’s Red and Purple “L” lines. This will include improvements to track, stations, power and signal systems, and the purchase of 32 new railcars, according to the Federal Transit Administration.

3. [Secure That Smart Toaster and Win \\$3,000- January 4, 2017](#) The Federal Trade Commission is offering up to \$25,000 in prize money for applications or tools that help people protect their smart home devices from hackers, according to a Federal Register notice.

The competition, which will announce winners in July, comes as the internet is creeping into more and more household devices ranging from baby monitors to toasters.

These internet-of-things devices are often less secure than traditional internet-connected devices such as laptops and smartphones. It’s also often more difficult to update the software in these devices to patch vulnerabilities, making



ACQUISITION HOUR: BASICS OF WRITING AND IMPLEMENTING A SMALL BUSINESS SUBCONTRACTING PLAN

May 3, 2017

Presented by the Wisconsin Procurement Institute



What will we cover today

- When is a subcontracting plan required
- What kinds of subcontracting plans are acceptable
- What should a subcontracting plan include
- What clauses apply to subcontracting
- Implementation & updates
- Sample Subcontracting Plan & SBLO Handbook

When is a Subcontracting Plan required

- It is required for unrestricted solicitations where the contract value is over \$700,000 or \$1,500,000 for construction. Reference FAR 19.702 (a)
- When the contract holder is classified as an “other than small business”.
- It is NOT required:
 1. If the contract is less than \$700,000 or \$1,500,000 for construction;
 2. When the contract is a personal services contract;
 3. For contracts performed outside the U.S; or
 4. A determination has been made 1 level above the Contracting Officer that there are no subcontracting opportunities.

What kinds of subcontracting plans are acceptable

There are 4 types of subcontracting plans:

- 1.** Individual subcontracting plans. The contractor submits a plan with all 11 elements for a specific contract either with their proposal or prior to contract award.
- 2.** Master subcontracting plans. The contractor submits a plan with all elements except for the goals. The plan can be approved by any contracting officer from any federal agency and is generally good for 3 years. Then, whenever a contractor proposes on a solicitation, they submit the approved, signed master plan along with a supplement that identifies their goals for that specific contract.

What kinds of subcontracting plans are acceptable

subcontracting plans continued:

3. Commercial subcontracting plans. Such a plan is company-wide or division-wide and relates to the company's production for both commercial and non-commercial products or services, rather than solely of the Government contract. It must be approved by the first Federal agency awarding the company a contract requiring a subcontracting plan during the fiscal year. Once approved, the plan remains in effect during the company's fiscal year and covers all of its commercial products or services. The plan includes ALL subcontracting that a contractor plans to do on ALL contracts, including commercial contracts outside of the government. The company is only required to submit one annual Summary Subcontract Report (SSR) in eSRS.
4. Comprehensive Plan. This is a DoD Test Program. It is limited to a few contractors and authorizes the negotiation, administration, and reporting of subcontracting plans on a plant, division, or company-wide basis for all defense contracts, rather than Individual Subcontracting Plans for every contract over \$700K or \$1.5M for construction. It waives the requirement for ISRs. The purpose of the test is to determine whether Comprehensive Subcontracting Plans will increase subcontracting opportunities for small businesses while reducing the administrative burden of subcontracting reporting. Reference: DFARS 219-702(1).

Plan Type Comparison

	Commercial Plans (Division & Company-wide)	Individual Plans
Plans (goals)	Submitted annually	Submitted for the entire performance period
	Goals can be adjusted annually based upon your company's current climate	Separate goals are set for the base and each option period in a single, approved plan
	Includes all company spend	Includes only dollars spent in support of the VA contract
	One signed plan can be used for all government contracts	Must have a separate individual plan for each government contract
eSRS Reports (actual results)	Submit annual SSR (due by October 30 th)	Submit annual SSR (due by October 30 th)
		Also submit biannual ISR (due by March 30 th and October 30 th)

What should a subcontracting plan contain?

It must contain the following 11 mandatory elements.

Reference FAR 19.704

- 1.** Separate percentage goals for using small business (including ANCs and Indian tribes), veteran owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business (including ANCs and Indian tribes) and women-owned small business concerns as subcontractors;
 - The calculated % in each category is based on the total available subcontracting \$ that are listed. Example – HubZ \$ of \$400K/ Total Subcontracting \$ of \$2,500K = 16%

What should a subcontracting plan contain?

continued

2. A statement of the total dollars planned to be subcontracted and a statement of the total dollars planned to be subcontracted to small business (including ANCs and Indian tribes), veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business (including ANCs and Indian tribes) and women-owned small business concerns;
 - All small business \$ count once in the SB category and can count multiple times in the subcategories.

What should a subcontracting plan contain?

continued

3. A description of the principal types of supplies and services to be subcontracted and an identification of types planned for subcontracting to all the small business categories;
4. A description of the method used to develop the subcontracting goals;
 - Historical data, previous spend
 - Projected forecast based upon current year & goals
5. A description of the method used to identify potential sources for solicitation purposes;
 - DSBS
 - VetBiz
 - WBENC – 3rd party certifier
 - Midwest SBLO group
 - PTAC's - WPI

What should a subcontracting plan contain?

continued

6. A statement as to whether or not the offeror included indirect costs in establishing subcontracting goals and the method used;
 - If you have a commercial plan type and choose “have been” you do not need to determine a proportionate share. Commercial plans that choose to include indirect costs apply them at 100%.
7. The name of an individual employed by the offeror who will administer the offeror’s subcontracting program, and a description of the duties of the individual;
 - This person will receive instructions, reminders, delinquency notices, etc.

What should a subcontracting plan contain?

continued

8. A description of the efforts the offeror will make to ensure that small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns have an equitable opportunity to compete for subcontracts;
 - This goes a long way toward “Good Faith Effort”! Examples include: Contacts w/SB, minority, WO etc., trade associations; SB Development organizations; SB conferences, trade shows, workshops, seminars, training programs, etc. that you attend or sponsor.
9. Assurances that the offeror will include the clause at 52.219-8, Utilization of Small Business Concerns (see 19.708(a)), in all subcontracts that offer further subcontracting opportunities, and that the offeror will require all subcontractors (except small business concerns) that receive subcontracts in excess of \$700,000 (\$1.5 million for construction) to adopt a plan that complies with the requirements of the clause at 52.219-9, Small Business Subcontracting Plan (see 19.708(b));

What should a subcontracting plan contain?

continued

10. Assurances that the offeror will—

- (i) Cooperate in any studies or surveys as may be required;
- (ii) Submit periodic reports so that the Government can determine the extent of compliance by the offeror with the subcontracting plan;
- (iii) Submit the Individual Subcontract Report (ISR), and the Summary Subcontract Report (SSR) using the Electronic Subcontracting Reporting System (eSRS) (<http://www.esrs.gov>), following the instructions in the eSRS;

11. A description of the types of records that will be maintained concerning procedures adopted to comply with the requirements and goals in the plan, including establishing source lists; and a description of the offeror's efforts to locate small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns¹⁸ and to award subcontracts to them.

Items to Note:

- If you utilize any of the templates provided by the agencies, keep in mind by signing the plan, you are agreeing to the text of the sections. The text in the templates have been taken directly from FAR 52-219-9(d) so that the template would be in compliance with the FAR required components of an acceptable subcontracting plan. You may add to the language; however you may not paraphrase or deviate from it such that it changes the intent of the FAR.
- Signature: You must provide a signed copy of the plan. Most do not need an original copy. A scanned copy sent via e-mail is sufficient.
- Feel free to attach any documentation that you feel will support your plan and show your company's "good faith effort" in complying with plan requirements.

Tips

What clauses apply to subcontracting

FAR 52.219-9, Subcontracting Plan;

FAR 52.219-8, Utilization of Small Business Concerns; (if SAT);

FAR 52.219-16, Liquidated Damages, Subcontracting Plan;

DFARS 252.219.7003, Small Business Subcontracting Plan,

52.219-10, Incentive Subcontracting Program; (can be used when a subcontracting plan is required and the Contracting Officer judges it necessary to increase subcontracting opportunities for small business, VOSB, SDVOSB, HUBZone SB and WOSB but cannot be used if the vendor is utilizing a Comprehensive Subcontracting Plan or when socio-economic achievement is included in the calculation of the award fee for a CPAF contract). Reference: DFARS 219.708(c)(1).

Subcontracting Plan Period

- Per FAR 52.219-9(b), the plan period for commercial plans must coincide with your company's fiscal year.
- Prior to the approval of an initial plan, the dollars will be pro-rated and the start date adjusted so that the initial plan starts with the contract award date and ends with the company's fiscal year-end.

Implementing your plan - Is it realistic?

- Establish % goals that are reasonable and realistic for your company to reach Maximum Practicable Opportunity (MPO)
- Have you included key departments in preparing your plan?
 - ✓ Accounting
 - ✓ Purchasing
 - ✓ Sales
 - ✓ Engineering
- Offer objective steps to measure your good faith efforts to comply with the plan

What is Maximum Practicable Opportunity

As described in the SBLO Handbook – page 8.

- MPO means that an OTSB contractor or subcontractor must offer **real** opportunities, to the maximum extent possible, to SB, SDB, WOSB, VOSB, SD/VOSB, and HUBZone SB concerns to participate as subcontractors. If maximum opportunities are extended, then subcontracts to these concerns usually result.
- MPO does not mean that an OTSB contractor or subcontractor should give away subcontracts to SB, SDB, WOSB, VOSB, SD/VOSB, and HUBZone SB concerns. MPO does mean that an OTSB contractor or subcontractor should extend maximum opportunities to SB, SDB, WOSB, VOSB, SD/VOSB, and HUBZone SB concerns to bid on subcontracts, and, if appropriate, to award subcontracts to them. Meeting a numerical goal does not, by itself, mean that an OTSB contractor or subcontractor has provided MPO. Likewise, not meeting a goal does not necessarily mean that an OTSB contractor or subcontractor has not provided MPO.


Preparing your SB Subcontracting Internal Policy

Written/Electronic subcontracting program manual is essential to maintain your program and to pass an audit – SHOW YOUR BEST PRACTICES! Your manual should address:

- ✓ Covered supplies/services
- ✓ Program administration and SBLO responsibilities
- ✓ Periodic evaluation of program performance
- ✓ Recordkeeping procedures
- ✓ Maintenance of vendor list
- ✓ Flow-down
- ✓ Vendor self-certifications
- ✓ Independent verification of vendor self-certifications
- ✓ Preparation of subcontracting plans
- ✓ Reporting (internal/external)
- ✓ CEO/senior leadership buy-in and involvement
- ✓ Outreach (internal/external)
- ✓ Employee training

Management Commitment

- Policy and Procedures
 - ✓ Issued by senior management
 - ✓ Distributed throughout the company
 - ✓ Indicate that Small Business subcontracting is a company policy and is the responsibility of each person in the company having procurement or requirements responsibilities
 - ✓ Outlines authority for implementing SB program
- SBLO Appointment
- Awareness of Small Business Program
- Technology Support – Supplier Diversity website, SB record verification, etc.



To help you keep track Keep a spreadsheet with data:

- Data universal numbering system (DUNS) number – are they current in SAM
- Commercial and government entity (CAGE) code
- Government prime contract number
- Dollar value of your contract
- Type of subcontracting plan required (i.e., commercial plan, individual contract plan, or master plan + individual goals)
- Who is administering your contract/s – POC names, email and number
- Outreach events attended
- Small Business Certification review date and sources used to verify

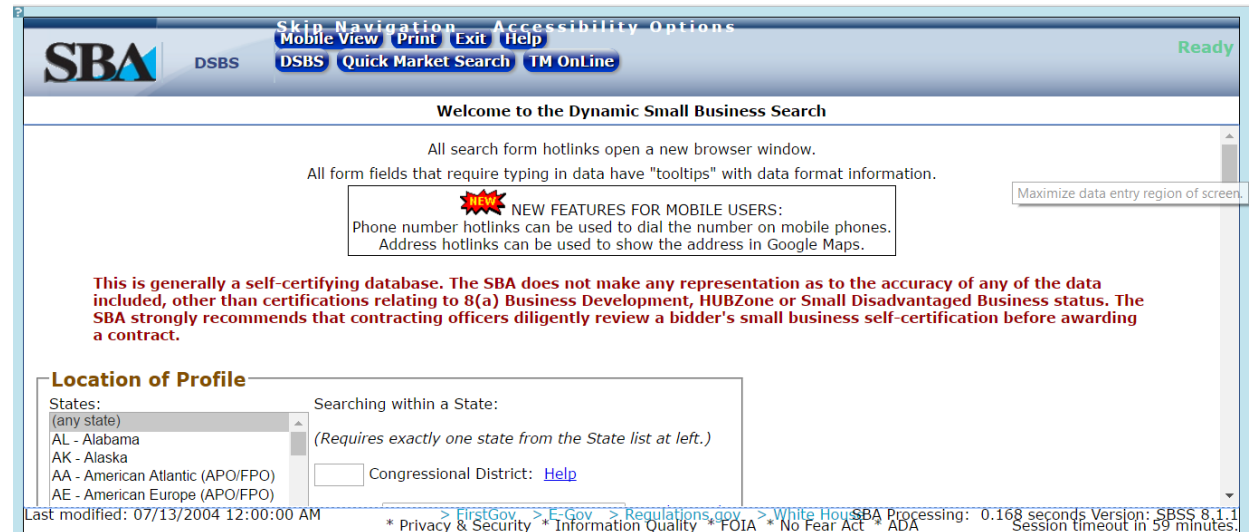
What If's!

- If your plan does not propose subcontracting goals that meet or exceed the negotiated subcontracting goals? Address why your company is not able to attain those subcontracting goals
 - ✓ Inability to reach negotiated goals should be documented with market research, communicated to contracting officer, and possibly re-negotiated

Locating Small Businesses

- Dynamic Small Business Search – from SAM
- Interested Vendor from FBO solicitation
- VetBiz - www.vip.vetbiz.gov/Public/Search/Default.aspx
- PTAC's
- Sub-Net
- WWBIC
- WBENC
- Hoovers
- ThomasNet

State Procurement Databases - <http://openbook.wi.gov/>



OUTREACH - "Good Faith Effort"

- Who in the company does outreach
- Number of trade shows/procurement fairs attended in the last year
- Matchmaking events
- Number of new SB added to the supplier base in the last year
- New small business goal, company goal to add x% per year
- Assist SB's in SAM registration process - remind them it is free advertising. Host an internal SB forum.
- Check attendance lists from events
- Provide debriefings to unsuccessful SB bidders.
- Do you have a SB that should be recognized by SBA – if so, nominate them!

Local Outreach Events


Many more National

- WPI
 - ✓ VA Business Conference – Volk Field – Marketplace – SAME – Prime Contractors Group, etc.
- NCMA
- NDIA
- SBA
- Midwest SBLO group
- National Veterans conference

Is Your Company Information Up-to-Date on the SBA Subcontracting Opportunities Directory?



Are you utilizing SBA Sub-Net to provide opportunities?



Third Party Software (not all inclusive) Can be extremely expensive!

- CVM Solutions
- SAP
- Oracle
- CMiC
- Gatekeeper
- R3 Business Solutions

Common Issues Causing Low Rating

- No documentation showing assistance being provided to Small Business
- Size certifications not being updated – must be done annually on all
- Policy and procedures not updated to show new Federal mandated changes
- Backup of where dollars are spent that are reported in eSRS
- Internal and External training

Next steps to improve your program

- If and when you are audited, take notes during review of any concerns the reviewers or you may have to improve the program.
- Provide a briefing to executive management outlining suggestions or weaknesses made by the reviewers or the team.
- Augment or implement processes to improve the program. Share your experience to benefit others. Present at a Prime Contractors meeting??

Next steps to improve your program cont.

- Incentives/Recognition
 - ✓ Internal Programs to recognize buyers/engineers that accept and promote the plan to a successful review
- Company wide Supplier Diversity support – website for registering to do business. Promote small business development – link to WPI.
- Business cards for buyers to include:
 - ✓ Company Supplier registration website
 - ✓ SAM.gov
 - ✓ SBA.gov
 - ✓ Wispro.org
- Consider offering a Mentor –Protégé Program
 - ✓ It is designed to provide incentives for Prime Contractors to assist SDB and WOSB to enhance their business and technical capabilities and to increase their participation as subcontractors and suppliers.

Compliance Review Checklist

640 Review Form

- SBA's compliance review checklists requires you to answer numerous questions about your subcontracting program, goal performance, historical trends, outreach efforts, etc
- May request several supporting documents, including:
 - ✓ Letter of support from CEO
 - ✓ Policy and procedures for your subcontracting program
 - ✓ Sample subcontractor self-certification form – example in Handbook
 - ✓ Contract terms and conditions containing flow-down language
 - ✓ Organizational chart depicting where SBLO sits in your organization

Compliance Review Checklist

640 Review Form cont.

- Usually lasts 1-2 days
- Reviewer may want to meet with key stakeholders, SBLO, managers, and buyers
- Looking for good faith efforts to comply with plan through assessments of:
 - ✓ Methodology used in developing and reporting goals and performance
 - ✓ Recordkeeping, in particular whether you have written representations from your SB vendors that are tied to and timely for your subcontracts
 - ✓ How you flow-down requirements to and monitor subcontractors
 - ✓ Overall commitment to the program, including management support
- Prepare in advance

Regulation Updates

<https://www.federalregister.gov/documents/2016/07/14/2016-16245/federal-acquisition-regulation-small-business-subcontracting-improvements>

(1) Requiring prime contractors to make good faith efforts to utilize their proposed small business subcontractors during performance of a contract to the same degree the prime contractor relied on the small business in preparing and submitting its bid or proposal. To the extent a prime contractor is unable to make a good faith effort to utilize its small business subcontractors as described above, the prime contractor is required to explain, in writing, within 30 days of contract completion, to the contracting officer the reasons why it is unable to do so. (2) Authorizing contracting officers to calculate subcontracting goals in terms of total contract dollars in addition to the required goals in terms of total subcontracted dollars. (3) Providing contracting officers with the discretion to require a subcontracting plan in instances where a small business re-represents its size as an other than small business. (4) Requiring subcontracting plans even for modifications under the subcontracting plan threshold if said modifications would cause the contract to exceed the plan threshold.

Regulation Updates

<https://www.federalregister.gov/documents/2016/07/14/2016-16245/federal-acquisition-regulation-small-business-subcontracting-improvements>

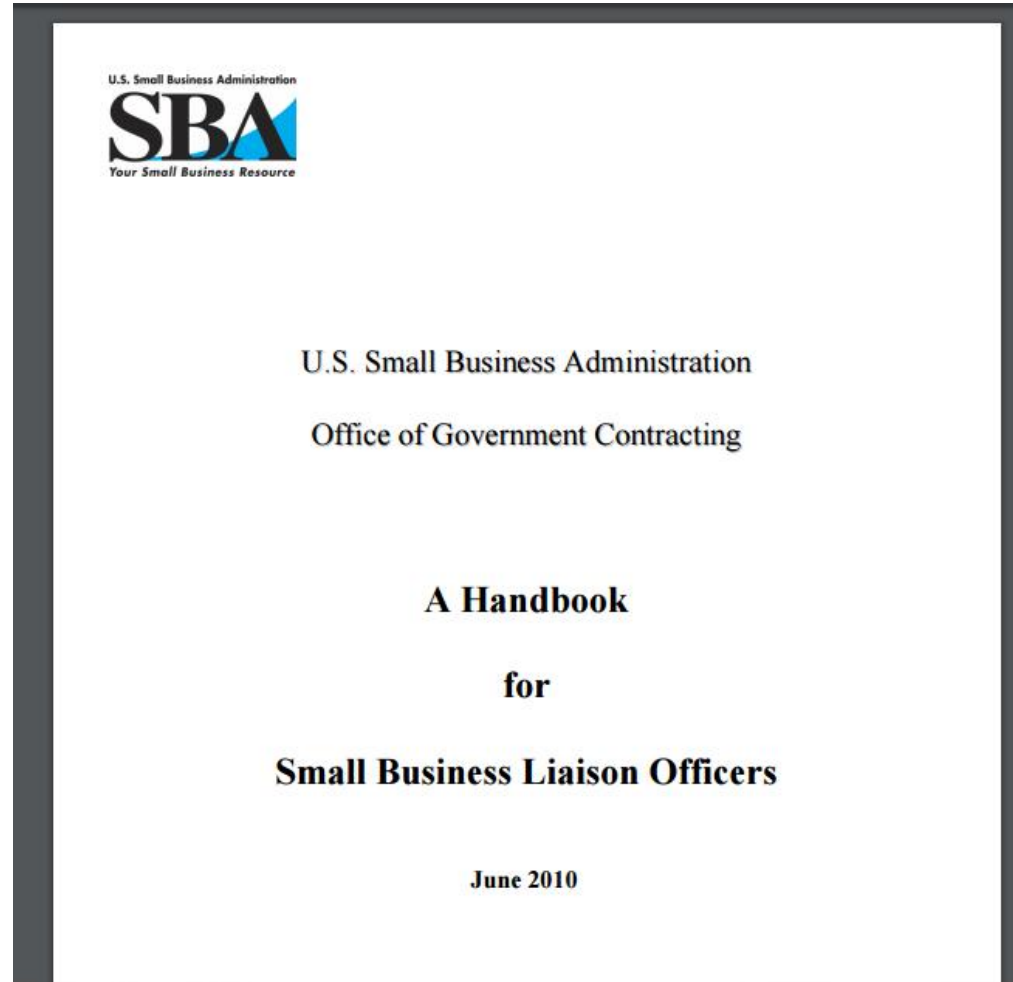
(5) Requiring prime contractors to assign North American Industry Classification System (NAICS) codes to subcontracts. (6) Restricting prime contractors from prohibiting a subcontractor from discussing payment or utilization matters with the contracting officer. (7) Requiring prime contractors to resubmit a corrected subcontracting report within 30 days of receiving the contracting officer's notice of report rejection. (8) Requiring prime contractors to provide the socioeconomic status of the subcontractor in the notification to unsuccessful offerors for subcontracts. (9) Requiring prime contracts with subcontracting plans on task and delivery order contracts to report order level subcontracting information after November 2017. (10) Funding agencies receiving small business subcontracting credit. (11) On indefinite-delivery, indefinite-quantity contracts, the contracting officer may establish subcontracting goals at the order level (but not a new subcontracting plan).

GSA Model Subcontracting Plan Example & Spreadsheet Goal Calculation Examples

- [04-13-16 GSA SubkPlan_Model_Template.doc](#)
- https://www.gsa.gov/graphics/pbs/Exhibit_13_Model_Small_Business_Subcontracting_Plan.pdf
- [subcontracting plan excel example.xls](#)
- [USAID small business example.xlsx](#)

Small Business Liaison Officer's Handbook

[https://www.sba.gov/sites/default/files/Small_Business_Liaison_Officer_\(SBLO\)_Handbook_6_2010.pdf](https://www.sba.gov/sites/default/files/Small_Business_Liaison_Officer_(SBLO)_Handbook_6_2010.pdf)



Federal Acquisition Regulations (FAR)

- A series of webinars on Wednesdays from 6.00pm to 7.00pm.
 - This introductory session of the FAR REVIEW series is geared towards those interested in becoming CFCM certified. Sessions of this FAR REVIEW series will cover all parts of the FAR and will be beneficial to current Federal contractors and subcontractors even if not intending to participate in the NCMA certification exam.
- Schedule listed below:
 - <https://www.wispro.org/wp-content/uploads/2017/02/FAR-Training-Webinar-Schedule.pdf>

Acquisition Hour Webinars

- May 16, 2017 – [Understanding your Obligations when Quoting and Receiving Awards from Defense Logistics Agency \(DLA\) DIBBS](#) – presented by WPI
- May 17, 2017 – [The SBA 8\(a\) Certification Program](#) – Presented by US-SBA
- May 17, 2017 – [Federal Certifications For Veteran And Service Disabled Veteran Owned Businesses](#) – Presented by WPI
- May 30, 2017 - [4 Issues Affecting Federal Construction Projects](#) – Presented by WPI

Upcoming WPI Events

- [5th ANNUAL U.S. DEPARTMENT OF VETERANS AFFAIRS BUSINESS CONFERENCE](#) – May 10, 2017 – Brown Deer – WI
- [MIDWEST SBLO GROUP MEETING](#) – May 11, 2017 – Brown Deer – WI
- [DOD CONTRACTOR BUSINESS SYSTEM REQUIREMENTS CRITICAL TO CONTRACTOR SUCCESS](#) – May 17, 2017 – Wauwatosa, WI
- [DOING BUSINESS WITH THE NATIONAL PARK SERVICE](#) – June 14, 2017 – Ashland, WI
- [11TH ANNUAL VOLK FIELD SMALL BUSINESS CONFERENCE](#) – June 27 – 28, 2017 – Camp Douglas, WI



QUESTIONS?

SURVEY



Continuing Professional Education



CPE Certificate available, please contact:

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