Lesson 4
Date:
Presented by:

Requirements for Assessing Small Business Subcontracting Plans and Evaluating Small Business Participation
Differentiate between assessing small business subcontracting plans and evaluating small business participation.
Enabling Learning Objective

- Differentiate between different types of small business subcontracting plans.
- Analyze proposed subcontracting goals.
- Identify requirements for evaluating small business participation.
- Compare and contrast requirements for assessing small business subcontracting plans and evaluating small business participation.
# Types of Small Business Subcontracting Plans

<table>
<thead>
<tr>
<th>Individual</th>
<th>Master</th>
<th>Commercial</th>
<th>Comprehensive (Applicable to DoD only)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Applies to single contract</td>
<td>Established on a plant, division, or company-wide basis</td>
<td>Applies to company or portion of company. Commercial products only.</td>
<td>Established on a plant, division, or company-wide basis. Select participants only.</td>
</tr>
<tr>
<td>Contains 11 required elements</td>
<td>Contains 10 of the 11 required elements. Goals are submitted for each contract.</td>
<td>Contains 11 required elements</td>
<td>Contains 11 required elements</td>
</tr>
<tr>
<td>Lasts duration of contract</td>
<td>Lasts 3 years</td>
<td>Covers company’s fiscal year</td>
<td>Covers company’s fiscal year</td>
</tr>
</tbody>
</table>
Analyzing Proposed Subcontracting Goals: Example

- Full and open solicitation
- Requirement for a small business subcontracting plan
Proposed Small Business Subcontracting Plan

Total contract proposal value is $1,000,000. Total planned subcontracting is $100,000.

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
<th>Contract Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>SB</td>
<td>50%</td>
<td>$50,000</td>
</tr>
<tr>
<td>SDB</td>
<td>5%</td>
<td>$5000</td>
</tr>
<tr>
<td>WOSB</td>
<td>5%</td>
<td>$5000</td>
</tr>
<tr>
<td>HUBZone</td>
<td>3%</td>
<td>$3000</td>
</tr>
<tr>
<td>VOSB</td>
<td>7%</td>
<td>$7000</td>
</tr>
<tr>
<td>SDVOSB</td>
<td>3%</td>
<td>$3000</td>
</tr>
<tr>
<td>Other than SB</td>
<td>50%</td>
<td>$50,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
<td><strong>$100,000</strong></td>
</tr>
</tbody>
</table>
Planned Small Business Subcontracting % = 50%

<table>
<thead>
<tr>
<th>Category</th>
<th>subcontracting %</th>
</tr>
</thead>
<tbody>
<tr>
<td>SB</td>
<td></td>
</tr>
<tr>
<td>SDB</td>
<td>5%</td>
</tr>
<tr>
<td>WOSB</td>
<td>5%</td>
</tr>
<tr>
<td>HUBZone</td>
<td>3%</td>
</tr>
<tr>
<td>VOSB</td>
<td>7%</td>
</tr>
<tr>
<td>SDVOSB</td>
<td>3% (subset of VOSB)</td>
</tr>
<tr>
<td>Other than SB</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>16% ??</td>
</tr>
</tbody>
</table>

No goal for VOSB, so not counted
## Small Business Subcontracting Plan with Other Small Businesses Added

<table>
<thead>
<tr>
<th>SB</th>
<th>Percentage</th>
<th>Goal</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>SDB</td>
<td>5%</td>
<td></td>
<td>$5000</td>
</tr>
<tr>
<td>WOSB</td>
<td>5%</td>
<td></td>
<td>$5000</td>
</tr>
<tr>
<td>HUBZone</td>
<td>3%</td>
<td></td>
<td>$3000</td>
</tr>
<tr>
<td>VOSB</td>
<td>7%</td>
<td></td>
<td>$7000</td>
</tr>
<tr>
<td>SDVOSB</td>
<td>3%</td>
<td></td>
<td>$3000</td>
</tr>
<tr>
<td><strong>Other SB</strong></td>
<td><strong>??%</strong></td>
<td></td>
<td><strong>??</strong></td>
</tr>
<tr>
<td>Other than SB</td>
<td></td>
<td>50%</td>
<td>$50,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>100%</td>
<td>$100,000</td>
</tr>
</tbody>
</table>

Subcontracting Lesson 4: Requirements for Assessing SB Subcontracting Plans and Evaluating SB Participation
Considerations

- Is what’s being proposed sufficient?
- How will you know?
Activity 4.1: Examine Each Type of Small Business Subcontracting Plan

Activity Context:
To be familiar with the different types of small business subcontracting plans.
Activity 4.1: Examine Each Type of Small Business Subcontracting Plan

Activity 4.1 Part A: Individual Subcontracting Plan Worksheet

Instructions: Fill in the following information based on the provided Individual subcontracting plan.

- Identify the section where each required element is located.
- Fill in the other information requested in the worksheet.
Activity 4.1 Rubric

• You will use the activity rubric, which identifies desired behaviors, to rate your performance.

**Desired Behaviors**

• Carefully analyze each type of small business subcontracting plan.
• Identify the 11 elements in each plan (if present).
• Identify similarities among the three types of plans.
• Identify differences between the three types of plans.
Activity 4.1 Key Points

• **Individual subcontracting plan.** Contains all 11 required elements and applies to a specific contract.

• **Master subcontracting plan.** Contains all the required elements of an individual contract plan, except goals. It is generally good for 3 years. Then, whenever a contractor proposes on a solicitation, they submit the approved and signed master plan along with a supplement identifying their goals for that specific contract.

• **Commercial subcontracting plan.** Contains all 11 required elements. Covers the company’s fiscal year and applies to the entire production of commercial items sold by either the entire company or a portion thereof. This is the preferred plan when a contractor furnishes commercial items to the Government.
Small Business Participation

• The degree to which small businesses contribute to and are involved in fulfilling Government requirements
• Includes small businesses both as primes and subcontractors

Total Contract Value (TCV)

Small Business

25%
When is Evaluation of Small Business Participation Required?

- When the acquisition involves bundling (FAR 15.304(c)(4))
- In other than LPTA source selections, whenever a subcontracting plan is required (DFARS 215.304(c))

Note: Permissible for LPTA’s
Activity 4.2: Evaluation of Small Business Participation Considerations

Understand the requirements for how to evaluate small business participation.
Activity 4.2: Evaluation of Small Business Participation Considerations

Using DFARS 15.304(c) and the DoD Source Selection Procedures, answer the three questions on the worksheet.
Activity 4.2 Key Points

• Though it is permissible to evaluate small business participation at a subfactor or lower level, small business participation should be evaluated at the factor level to maximize small business participation.

• Using five adjectival ratings from Outstanding to Unacceptable gives more information than a judgement of acceptable/unacceptable.

• As a point of reference, it is good to know the level of small business participation relative to TCV rather than just as a percent of planned subcontracting dollars.
Activity 4.2 Key Points

• Evaluating small business participation provides more information than the small business subcontracting plan, such as commitment letters to individual small businesses and information on past performance.

• Small businesses are not required to submit subcontracting plans, but they will be required to address the extent of small business performance (participation) in their proposals when the solicitation requires evaluation of small business participation.

• DFARS 215.304(c)(i)(a) specifically says “Proposals addressing the extent of small business performance shall be separate from subcontracting plans submitted pursuant to the clause at FAR 52.219-9 and shall be structured to allow for consideration of offers from small businesses.”
Best Practice #1: Require an SBPCD from all Offerors

Small Business Participation Commitment Document

Capture information required to accomplish evaluation of small business participation, in accordance with DFARS 215.304.

NOTE: SBPCDs were previously referred to as “small business participation plans.”
Benefits of an SBPCD

- Clearly distinguishable from the small business subcontracting plan
- Takes small business utilization beyond intent (plan) to actual, more enforceable commitment
- Can obtain meaningful information that is not obtainable elsewhere
Contents of an SBPCD

Example Criteria

- Names of subcontractors and their products/services
- Type and complexity of supplies/services to be provided by small businesses
- Extent small businesses will be used in terms of the TCV (with documentation)
- Evidence of past performance in small business use
How is assessment of the small business subcontracting plan different from the evaluation of small business participation?

How must offers from small business prime offerors be structured and how will they be evaluated?

Does evaluation of small business participation apply to CSP participants?
Best Practice #3: State MQR, if appropriate

Minimum Quantitative Requirement (MQR) = Minimum Amount of Small Business Participation Considered Acceptable
Best Practice #4: Use TCV in SBPCD, if appropriate

<table>
<thead>
<tr>
<th></th>
<th>Offeror 1</th>
<th>Offeror 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>TCV</td>
<td>$10 M</td>
<td>$10 M</td>
</tr>
<tr>
<td>Total Planned Subcontracting Dollars</td>
<td>$1 M</td>
<td>$5 M</td>
</tr>
<tr>
<td>Percent Small Business Based on Subcontracting Dollars</td>
<td>50%</td>
<td>20%</td>
</tr>
<tr>
<td>Amount of Small Business Subcontracting</td>
<td>$500 K</td>
<td>$1 M</td>
</tr>
<tr>
<td>Percent Small Business based on TCV</td>
<td>5%</td>
<td>10%</td>
</tr>
</tbody>
</table>
Best Practice #5: Make the Small Business Participation Contractual

- Incorporate the SBPCD as an attachment in the contract minus:
  - Supporting explanations or documentation
  - Evidence of their level of commitment
  - Evidence of their past performance in small business use
- Include the small business participation in the PWS/SOW and the QASP.
Best Practice #6: Establish Other than eSRS/SF Reporting Requirements

- Require all offerors to submit periodic reports on small business use
- Include in the solicitation as a special contract requirement
- Tailor to what is appropriate for the acquisition
- Stipulate reporting content and method
  - Template
  - Contractor format
  - CDRL
By re-reading the summary and identifying key points and questions, you will validate your understanding of the content.
Activity 4.3: SB Subcontracting Plans and Evaluation of SB Participation Summary Review

Part A: Individual Activity

• Read the document.
• Identify three important points.
• Write down any questions you have.

Part B: Team Activity

• Identify the top six points.
• Identify any remaining questions.

Part C: Class Discussion
Activity 4.3 Rubric

• You will use the activity rubric, which identify desired behaviors, to rate your performance.

Desired Behaviors

• Identify important points that you will remember and apply on the job.
• Get clarification on any questions you have.
FAQ Document

- Answers questions about how to implement subcontracting strategies during the Solicitation and Award phase
- Available in the References section of the course

FAQs about Subcontracting and Evaluation of Small Business Participation.

Q: How is a requirement for small business participation established in a DoD acquisition?
A: The most effective and comprehensive way is as follows:
   - Include language in the Special Contract Requirements (section H) that states the subcontracting requirements.
   - Include language in the Instructions (section L) giving offers specific guidance on what to submit and how to submit it. At a minimum, offers should be required to submit a small business participation commitment document with their proposal.
   - Include language in the Evaluation Factors for Award (section M) that specifies the criteria (factors and subfactors) that will be used to evaluate offers proposed small business participation.
   - Determine how offers proposed small business participation will be captured contractually:
     - Incorporate the Small Business Participation Commitment Document (SBPCD) into the contract.
     - Establish small business utilization as a statement of work (SOW)/Performance Work Statement (PWS) and Quality Assurance Surveillance Plan (QASP) requirement with Contract Data Requirements List (CDRL) reporting specific small business utilization objectives.
   - Establish how small business performance will be monitored:
     - Use information obtained from the CDRL reporting.
     - Specify a separate reporting requirement when a SBPCD is used.

Q: Is the requirement to include small business participation in the SOW or PWS and QASP a new requirement?
A: There is no requirement to have small business participation in the SOW or PWS and QASP, but there is a requirement to maximize small business participation in DoD acquisitions. Including small business participation requirements language in the SOW or PWS and QASP is one way to ensure that acquisition processes, with respect to small business, are consistent with the provisions in the FAR, DFARS, and OSD AT&L’s expectation that we provide maximum practicable opportunities for small business entities to participate in DoD procurement activities. Including the small business participation requirements language in the SOW or PWS and QASP makes it clear that small business participation is a performance requirement like any other contract performance requirement. However, incorporating an offers SBPCD into the contract accomplishes this too.
Activity 4.4: Small Business Subcontracting Plans and SBPCD Similarities and Differences

You need to be able to explain the similarities and differences between small business subcontracting plans and SBPCDs.
Activity 4.4: Small Business Subcontracting Plans and SBPCD Similarities and Differences

Place the cards in the appropriate column to indicate whether the characteristic belongs to:

- Subcontracting Plan
- SBPCD
Similarities

Identify similarities between subcontracting plans and SBPCDs

• Dollar Values
• Products and Services
• Evaluation Factors
• ????
Lesson Summary

Small Business Subcontracting Plan

Master Comprehensive

Individual

Evaluating Small Business Participation

Small Business Participation Commitment Document
• Identify one key insight from this lesson.
• Identify one thing you will do differently on the job.
• Discuss with your accountability partner.