



# Assessing Small Business Subcontracting Plans

**Sherry Freeman**  
**Defense Acquisition University**  
**Professor, Small Business**

2017 DoD Small Business Training Week | April 3-7, 2017 |  #SBTW17

# Subcontracting Implemented



## Subcontracting Plan Requirement

FAR 19.702(a) requires that all negotiated and sealed bid acquisitions that are expected to exceed \$700,000 (\$1.5 million for construction) and that has subcontracting possibilities, **shall require the apparently successful offeror/ bidder selected for award to submit an acceptable subcontracting plan** (see FAR 19.702(b) for exceptions).



# Mandate for Separation

## Small Business Subcontracting Plans and Evaluation of Small Business Participation (SBPCD)

**Assessment** of a Small Business Subcontracting Plan and **evaluation** of SBPCDs are two separate yet related areas. They are treated differently in solicitations, during source selection, and in awards



Divorce the Cousins!

**DFARS 215.304 (c)(i)(B)** states that proposals addressing the extent of small business performance ***shall be separate*** from Small Business 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



# Assessing Subcontracting Plans

## Sample Subcontracting Plan

*This sample subcontracting plan has been adapted from material in Appendix 9 of the Small Business Administrations's Standard Operating Procedure 60 03 5, "Subcontracting Assistance Program" (<http://www.sba.gov/library/soprooom.html>). It is furnished as an example only.*

### SMALL BUSINESS SUBCONTRACTING PLAN

Offeror: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Solicitation Number: \_\_\_\_\_

Supplies or services offered: \_\_\_\_\_

Estimated cost or price of contract (including options): \$ \_\_\_\_\_

Period of Performance From: \_\_\_\_\_ To: \_\_\_\_\_

1. Type of Plan [see definitions in paragraph (a) of the Small Business Subcontracting Plan clause.]

\_\_\_ Individual Plan

\_\_\_ Master Plan

\_\_\_ Commercial Plan



# Assessing Subcontracting Plans

## Subcontracting Plan Considerations

1. Requiring submission of the subcontracting plan with the bids or proposals (vice any other time before contract award) *Note: It is customary for the Contracting Officer to require offerors/bidders to submit a subcontracting plan with its offer/bid, though FAR permits its submission within the (any) time limit prescribed by the contracting officer before contract award.*
2. Determining (based on the market research), desired acceptable subcontracting goals (quantitative objective(s))
3. Determining (based on the market research), anticipated areas suitable for subcontracting (types of work)








# Total Contract Proposal Value \$1,000,000

## Planned Subcontracting \$\$ = \$100,000

SB		50%		\$50,000
SDB	5%		\$5,000	
WOSB	5%		\$5,000	
HUBZone	3%		\$3,000	
VOSB	7%		\$7,000	
SDVOSB	3%		\$3,000	
Other than SB		50%		\$50,000
<b>Total</b>		<b>100%</b>		<b>\$100,000</b>



# Planned Subcontracting \$\$ = \$100,000

SB			
SDB	5%		<b>5%</b>
WOSB	5%		<b>5%</b>
HUBZone	3%		<b>3%</b>
VOSB	7%		<b>No goal for VOSB, so not counted</b>
SDVOSB	3%		<b>3% (subset of VOSB)</b>
Other than SB			
<b>Total</b>			<b>16%</b>



## Planned Subcontracting \$ = \$100,000

SB		50%		\$50,000
SDB	5%		\$5000	
WOSB	5%		\$5000	
HUBZone	3%		\$3000	
VOSB	7%		\$7000	
SDVOSB	3%		\$3000	
Other SB	??%		\$??	
Other than SB		50%		\$50,000
<b>Total</b>		100%		\$100,000





## Thoughts

- Will the sum of the socioeconomic categories percentages = planned small business subcontracting percentages?
- Is what's being proposed sufficient?  
How will you know?
- What is the relationship of the proposed small business subcontracting to the total contract value?  
What does this relationship tell you?





**Does Atlas Engineering Company have an acceptable subcontracting plan?**



# Assessing a Small Business Subcontracting Plan

Lets go to Work!





# Summary

- Small Business Subcontracting Plans are:
  - assessed to determine acceptability
  - May require negotiation to achieve acceptability
  - Are separate from evaluating small business participation
    - Divorce the cousins!!
    - Though divorced they are still related
  - Not evaluated
  - To be consistent with evaluated small business participation requirements
  - Required from other than small businesses only
  - Incorporated into the contract

