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Foundational Learning



Workflow Learning



Performance Learning

Lesson 4

Date:

Presented by:



# Requirements for Assessing Small Business Subcontracting Plans and Evaluating Small Business Participation



# Terminal Learning Objective

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

Individual	Master	Commercial	Comprehensive (Applicable to DoD only)
Applies to single contract	Established on a plant, division, or company-wide basis	Applies to company or portion of company. Commercial products only.	Established on a plant, division, or company-wide basis. Select participants only.
Contains 11 required elements	Contains 10 of the 11 required elements. Goals are submitted for each contract.	Contains 11 required elements	Contains 11 required elements
Lasts duration of contract	Lasts 3 years	Covers company's fiscal year	Covers company's fiscal year

# 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.

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



# Planned Small Business Subcontracting % = 50%

SB	
SDB	5%
WOSB	5%
HUBZone	3%
VOSB	7%
SDVOSB	3%
Other than SB	
<b>Total</b>	

5%

5%

3%

No goal for VOSB, so not counted

3% (subset of VOSB)

16% ??



# Small Business Subcontracting Plan with Other Small Businesses Added

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




- Is what's being proposed sufficient?
- How will you know?



## Activity Context:


To be familiar with the different types of small business subcontracting plans.

A stack of three light gray rectangular cards, slightly offset to the left and top. The text 'Individual Subcontracting Plan' is centered on the top card in a black, sans-serif font.

Individual  
Subcontracting  
Plan

A stack of three light gray rectangular cards, slightly offset to the right and top. The text 'Master Subcontracting Plan' is centered on the top card in a black, sans-serif font.

Master  
Subcontracting  
Plan

A stack of three light gray rectangular cards, positioned in the center and slightly offset downwards. The text 'Commercial Subcontracting Plan' is centered on the top card in a black, sans-serif font.

Commercial  
Subcontracting  
Plan



# 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.

Required Element from FAR 19.704(a)	Location in Document
(1) Separate percentage goals for each category for using small business as subcontractors	
(2) A statement of the total dollars planned to be subcontracted and a statement of the total dollars planned to be subcontracted to each category of small businesses	
(3) A description of the principal types of supplies and services to be subcontracted	
(4) A description of the method used to develop the subcontracting goals;	
(5) A description of the method used to identify potential sources for solicitation purposes;	
(6) A statement as to whether or not the offeror included indirect costs in establishing subcontracting goals, and a description of the method used to determine the proportionate share of indirect costs to be incurred with small business	
(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;	
(8) A description of the efforts the offeror will make to ensure that small businesses have an equitable opportunity to compete for subcontracts;	
(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 offerors will require all subcontractors (except small businesses that receive contracts in excess of \$700K (\$1.5M for construction) to adopt a plan that complies with the requirements of the clauses at 52.219-9	
(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) ( <a href="http://www.esrs.gov">http://www.esrs.gov</a> ), following the instructions in the eSRS; (iv) Ensure that its subcontractors with subcontracting plans agree to submit the ISR and/or the SSR using the eSRS; (v) Provide its prime contract number, its DUNS number, and the e-mail address of the offeror's official responsible for acknowledging receipt of or rejecting the ISRs to all first-tier subcontractors with subcontracting plans so they can enter this information into the eSRS when submitting their ISRs; and (vi) Require that each subcontractor with a subcontracting plan provide the prime contract number, its own DUNS number, and the e-mail address of the subcontractor's official responsible for acknowledging receipt of or rejecting the ISRs, to its subcontractors with subcontracting plans.	

- 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.

Learning Objective:

- Differentiate between different types of subcontracting plans.

### Directions:

As you complete this activity, rate yourself on how effectively you demonstrated the desired behaviors. Add comments to clarify your self-assessment, especially in areas in which you feel you need further development. You can refer to these notes as you complete your Action Plan at the end of the lesson to help you identify the things you might do differently.

Desired Behaviors	Rating					Comments
	Rate how effectively you demonstrated each behavior:					
	1 - Poor	2 - Fair	3 - Neutral	4 - Good	5 - Excellent	
Carefully analyze each type of subcontracting plan.	1	2	3	4	5	
Identify the 11 elements in each plan (if Present).	1	2	3	4	5	
Identify similarities among the three types of plans.	1	2	3	4	5	
Identify differences between the three types of plans.	1	2	3	4	5	

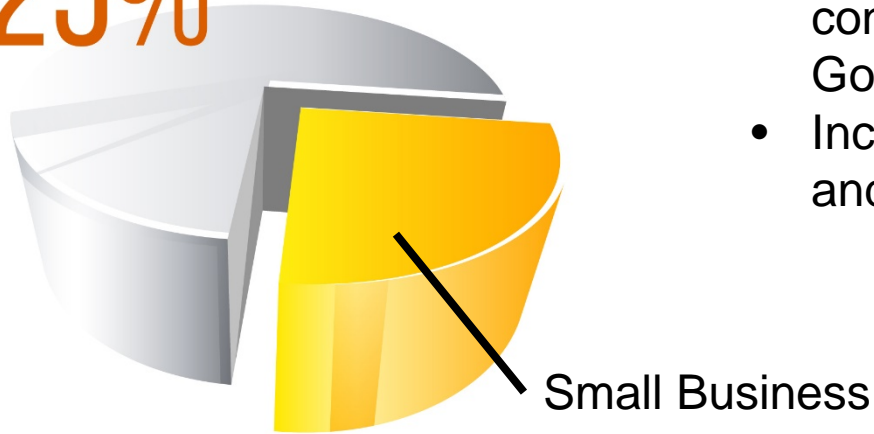
## Activity 4.1 Key Points

- **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

25%



Total Contract Value (TCV)

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



# 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

DFARS PGI 215\_3

- PGI 215.3 SOURCE SELECTION
  - PGI 215.303 Responsibilities
  - PGI 215.304 Evaluation factors and significant subfactors

PGI 215.3 SOURCE SELECTION

PGI 215.303 Responsibilities

(b)(2) The source selection authority shall:

- (A) Shall authority
- (B) Shall the sour
- (C) Shall

(1)

(2) the

(3) tec


(4) de

sel

PGI 215.304 Evaluation Factors

(c)(A) Evaluation factors shall be:

- (1) The
- (2) The
- (3) The
- (4) The
- (5) Part 52.219-1 Subcontract



**DEPARTMENT OF DEFENSE**

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**SOURCE SELECTION PROCEDURES**

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.



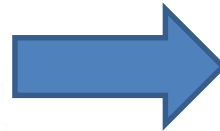
## Activity 4.2 Key Points

- 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



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.”

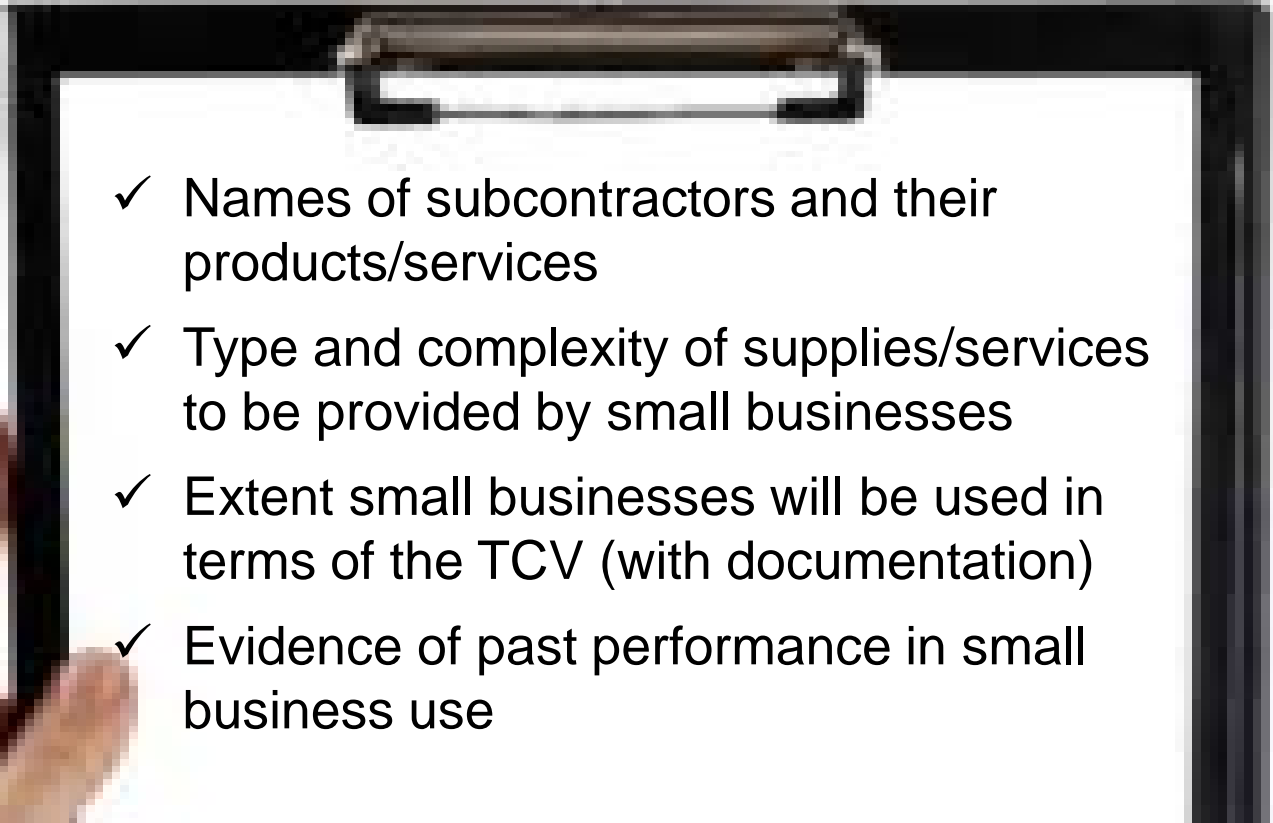
# Benefits of an SBPCD

- 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

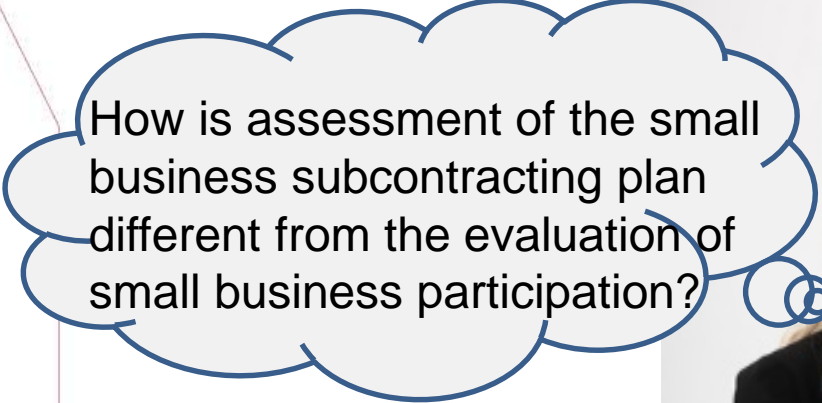


# Contents of an SBPCD

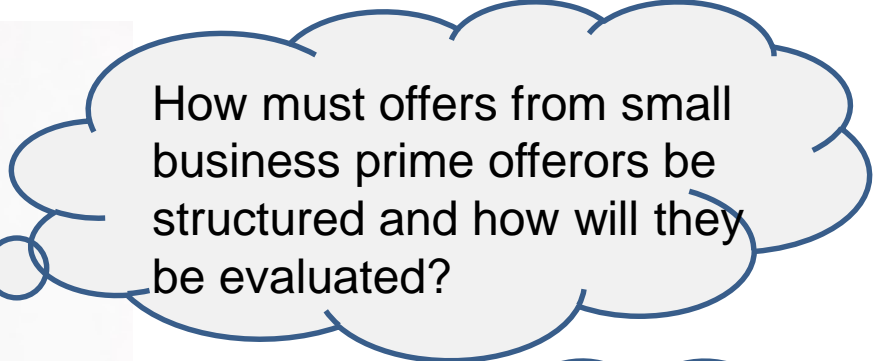
## Example Criteria

- 
- A hand is holding a black clipboard with a silver clip at the top. The clipboard contains a white sheet of paper with a list of four criteria, each preceded by a checkmark. The background is a light, slightly blurred image of a hand holding the clipboard.
- ✓ 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

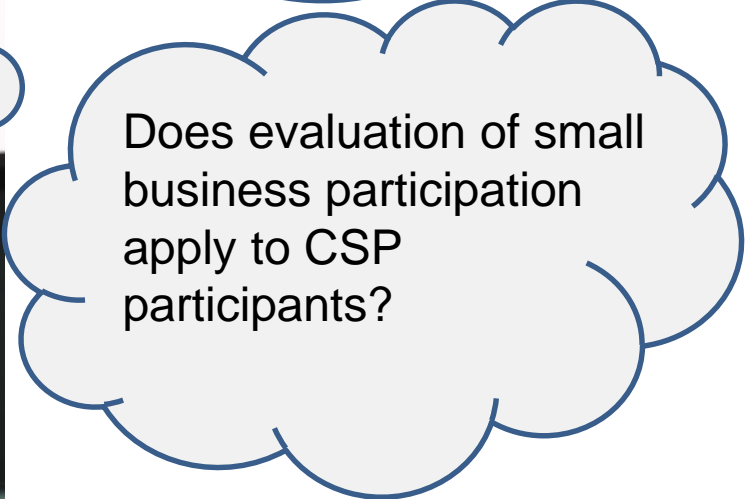
## Best Practice #2: Make the Solicitation Clear

A blue-outlined thought bubble containing text.

How is assessment of the small business subcontracting plan different from the evaluation of small business participation?

A blue-outlined thought bubble containing text.

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

A blue-outlined thought bubble containing text.

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

	Offeror 1	Offeror 2
TCV	\$10 M	\$10 M
Total Planned Subcontracting Dollars	\$1 M	\$5 M
Percent Small Business Based on Subcontracting Dollars	50% <i>Appears Better</i>	20%
Amount of Small Business Subcontracting	\$500 K	\$1 M
Percent Small Business based on TCV	5%	10% <i>Better Participation</i>



# 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 294 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







# Activity 4.3: SB Subcontracting Plans and Evaluation of SB Participation Summary Review

## Subcontracting Plans & Evaluation of Small Business Participation Summary

Although a set-aside is the preferred means of maximizing contracting opportunities for small businesses as prime contractors, when market research does not support this approach, consideration must be given to providing maximum opportunity to small businesses through subcontracting. This document summarizes considerations Small Business Professionals should take into account to advise acquisition teams/contracting officers in developing a subcontracting strategy that maximizes opportunities for small businesses for an acquisition.

**Scenario -** For an acquisition valued at \$110.5M, the acquisition approach as documented on the DD form 2579 recommends Full and Open Competition (F&OC) and is supported by a Market Research Report. [What can you recommend that the Contracting Officer consider to develop an aggressive subcontracting strategy?](#)

### A. Subcontracting Plan

#### Subcontracting Plan Requirement

FAR 19.702 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.

*Recommend that the contracting officer consider:*

- 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.

## 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.

### Activity 4.3 Rubric: Review Activity

Your Name: \_\_\_\_\_ Date: \_\_\_\_\_

**Learning Objective:**

- Compare and contrast requirements for subcontracting plans and evaluating small business participation.

**Directions:**

As you complete this activity, rate yourself on how effectively you demonstrated the desired behaviors. Add comments to clarify your self-assessment, especially in areas in which you feel you need further development. You can refer to these notes as you complete your Action Plan at the end of the lesson to help you identify the things you might do differently.

Desired Behaviors	Rating					Comments
	Rate how effectively you demonstrated each behavior:					
	1 - Poor	2 - Fair	3 - Neutral	4 - Good	5 - Excellent	
<ul style="list-style-type: none"> <li>Identify important points that you will need to remember and apply on the job.</li> </ul>	1	2	3	4	5	
<ul style="list-style-type: none"> <li>Get clarification on any questions you have.</li> </ul>	1	2	3	4	5	

Include additional comments regarding your performance in the notes area below:

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# 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:

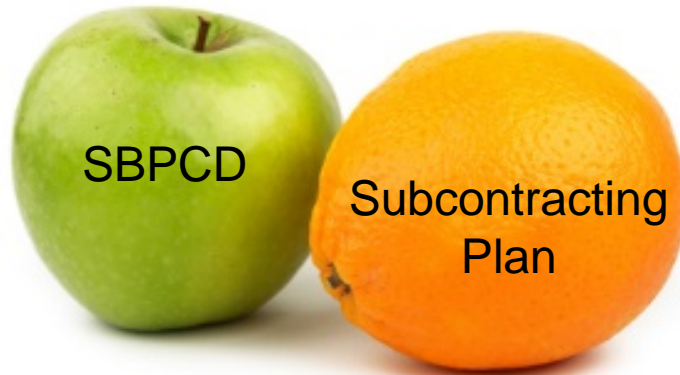
- Include language in the Special Contract Requirements (section H) that states the subcontracting requirements.
- Include language in the Instructions (section L) giving offerors specific guidance on what to submit and how to submit it. At a minimum offerors should be required to submit a small business participation commitment document with its proposal.
- Include language in the Evaluation Factors for Award (section M) that specifies the criteria (factors and subfactors) that will be used to evaluate an offerors proposed small business participation.
- Determine how an offerors proposed small business participation will be captured contractually.
  - Incorporate the Small Business Participation Commitment Document (SBPCD) into the contract or
  - 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 on 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 offerors 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

Question	Subcontracting Plan	SBPCD
What is the regulatory authority?		
What type of solicitations does it apply to?		
What type of offerors does it apply to?		
How are numerical objectives expressed?		
How is performance monitored?		
What is outcome of review?		

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

- Subcontracting Plan
- SBPCD

Identify similarities between subcontracting plans and SBPCDs

- Dollar Values
- Products and Services
- Evaluation Factors
- ????



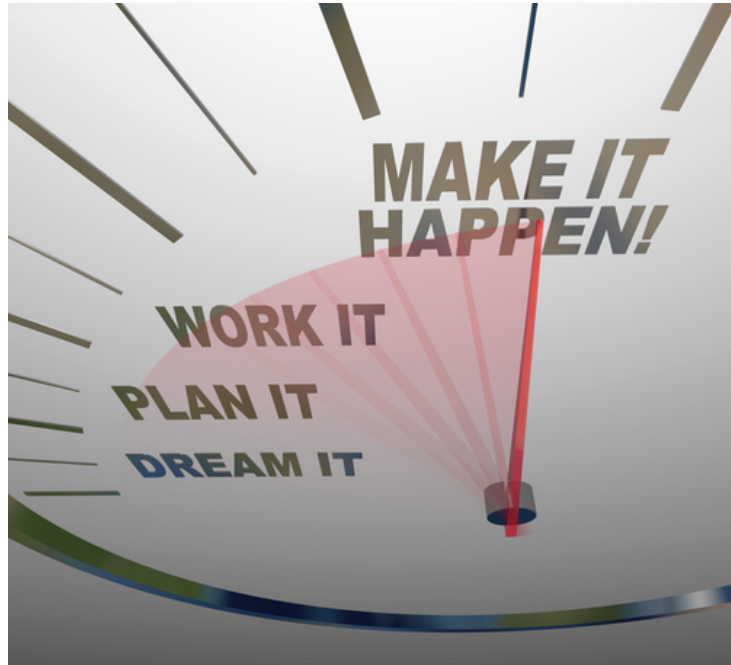


# Lesson Summary

Individual      Master      Commercial  
                         Comprehensive

Evaluating Small Business Particip





- Identify one key insight from this lesson.
- Identify one thing you will do differently on the job.
- Discuss with your accountability partner.