



**Alexandria Small Business
Development Center (ASBDC)
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**Which is Best for Your Business –
8(a) Certification or the GSA Schedule?**

August 4, 2015



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Objectives

- For 8(a) Certification and/or the General Services Administration (GSA) Schedule:
 - Help determine if your firm is qualified and ready to pursue
 - Learn what to expect when preparing and submitting an application/offer
 - Obtain an understanding of how they work and what is required to maintain them
 - Analyze benefits and restrictions
 - Dispel common myths



Overview

8(a) Certification

<http://www.sba.gov/>

- The 8(a) Program offers a broad scope of assistance to firms that are at least 51% owned and controlled by socially and economically disadvantaged individuals
- A 9-year program divided into two phases: (1) a 4-year developmental phase and (2) a 5-year transitional phase
- A preference program that facilitates a level playing field through set-asides (8(a) competitive procurements and sole source contracting opportunities)
- Access to the economic mainstream of American society by getting a foothold in government contracting

GSA Schedule Contracts

<http://www.gsa.gov/>

- Known as GSA Schedules or Federal Supply Schedules
- Indefinite delivery, indefinite quantity (IDIQ), long-term (20-year) contracts issued and administered by GSA
- Multiple-award Government Wide Acquisition Contracts (GWACs) used by Federal, state, and local government
- Largest government contract (\$50B+ annually; 18,000+ vendors; and 11M+ products and services)
- Schedules cover virtually all product/service areas (Special Item Numbers [SINs]) with the exception of Architect-Engineering



Myths

8(a) Certification

- Once certified, the government will give you contracts
- Admission into the program is automatic as long as the company is owned by a minority
- Your SBA Business Opportunity Specialist (BOS) will market your company
- 8(a) Certification is a permanent designation
- Getting your 8(a) Certification is just about completing forms
- Brokers, non-profits, and franchises are eligible for certification

GSA Schedule Contracts

- A GSA Schedule is required to sell to the government
- A GSA Schedule guarantees you government contracts
- Former GSA employees can expedite the evaluation and award process
- GSA markets for your company
- GSA Schedules represent a “wishlist” of what your company desires to sell
- Contractors are required to accept any orders placed against their GSA Schedule contract



8(a) Certification Benefits

- Forges a close relationship with SBA through an assigned SBA Business Opportunity Specialist (BOS)
- Offers counseling in the areas of business development, credit, contracting, and other
- Levels the playing field through 8(a) set-aside contracts
- Provides a vehicle for sole source contracts (limits: \$4M for products and services and \$6.5M for manufacturing)
- Provides eligibility for SBA's 8(a) Mentor Protégé Program and Joint Venture arrangements
- Attracts large primes and other teaming partners
- Attracts government organizations needing to meet preference program quotas or shorten the procurement cycle



8(a) Certification Eligibility Requirements

- Disadvantaged individual(s) MUST be “socially” disadvantaged
 - Must have at least one distinguishing feature such as race, ethnic origin, gender, physical handicap, long-term residence in an environment isolated from mainstream America
 - Presumed groups include Black American, Hispanic, Native American, Asian Pacific, and Subcontinent Asian
- Disadvantaged individual(s) MUST be “economically” disadvantaged
 - Assets cannot exceed \$4M
 - Personal income cannot exceed an average of \$250K over 3 years
 - Adjusted net worth must be less than \$250K
- Disadvantaged individual(s) MUST be U.S. citizens and be of good character
- Disadvantaged individual(s) MUST own at least 51% of the concern, directly and unconditionally



8(a) Certification Eligibility Requirements

- Disadvantaged individual(s) MUST control the firm
 - Control the board, be the highest officer, run day-to-day operations and make long-term decisions, receive highest compensation, and possess licenses and experience required to run the firm
- Disadvantaged individual(s) MUST manage the business on a full-time basis
- Disadvantaged individual(s) MUST satisfy ALL Federal financial obligations
- Business MUST be small, as defined by SBA
- Business MUST have a 2-year business history, as evidenced by tax returns
- Business MUST meet “potential for success factors”
- One-time-only eligibility: firms can only participate in the 8(a) Program once



8(a) Certification Application Timeline

- Start to Certification
 - Application Preparation: 30-60 days
 - Government's Evaluation: 90 days after receipt of complete application
- When Should You Start the Process?
 - After establishing solid capabilities and an infrastructure to support Federal business (e.g., delivery plan, management processes, accounting system, standard operating procedures)
 - Once you have a solid strategic marketing plan focused on the Federal government
 - Confirmation that the Federal government has a demand for your products and services
 - Vetted 8(a) contract leads
 - After you have met all 8(a) eligibility requirements



8(a) Certification Application Content

| Forms | Supporting Documents (vary depending on type of business and not a direct correlation with Forms) |
|---|--|
| Application: Form 1010 | Business formation documents (Articles of Incorporation/Organization, trade name registration, certificates of good standing, 2 years of Board of Directors'/ shareholders'/ members' meeting minutes, and stock certificates/ledger) |
| Personal Financial Statement: Form 413 | Documentation showing all values of assets entered into Form 413 Business agreements (bylaws, Operating Agreements, partnership agreements, loan/credit agreements, copies of bank signature cards, and business account and credit card/loan statements) |
| Report of Compensation for Procurement of Contracts: Form: 1790 | Proof of U.S. citizenship, resumes of disadvantaged individuals, copies of licenses required to conduct business, and proof of heritage |
| Certification Regarding Business Standing: Form 1623 | 3 years of personal and business tax returns, 3 years of year-end financial statements, copies of contracts, and invoices and proof of payments |
| Form 912: Statement of personal history | Mortgages on real estate, copies of deeds, proof of current value, home owners insurance. Copies of lease of business location |
| Request for Tax Transcript: Form 4506T | Proof of payment of any tax liability |



8(a) Certification Application Process

- Applicant registers in System for Award Management (SAM) (www.sam.gov)
- Applicant registers in SBA's General Login System (GLS) (<https://eweb.sba.gov/gls>)
- Applicant completes all forms in GLS and submits application electronically
- Applicant prints and signs forms
- Applicant compiles package with hard-copy forms and supporting documents
- Applicant sends entire package to Processing Center
- SBA requests clarifications and/or correction of deficiencies
- Applicant provides clarification, corrects deficiencies, and resubmits to SBA (may occur multiple times)
- Application is certified as complete and moved to processing
- SBA makes a decision within 90 days



8(a) Application Common Challenges

- Inconsistencies with application instructions
- Time wasted waiting for applicant's supporting vendors (e.g. accountants, attorneys)
- Complexity of application process
- Proving minority and/or disadvantaged status
- Separating spouse financials from individual financials



8(a) Certification - Playing by the Rules

- Maintain socially and economically disadvantaged status
- Meet business activity targets: required mix of 8(a) and non-8(a) work
- Complete annual review
- Comply with salary/withdrawal caps based on revenue of company
- Comply with workshare regulations: 8(a) prime **MUST** do at least 50% of the work for contracts in most industries
- Keep SBA informed of all potential contractual issues



8(a) Certification Maintenance Activities

- Participate in Annual Review (includes Business Plan requirement)
- Update SAM information with new information
- Maintain business activity targets; have the required mix of 8(a) and non-8(a) work
- Comply with site visits, if requested by SBA District Office



GSA Schedule Benefits

- Provide a vehicle for an existing and pre-negotiated contract
- Shorten and simplify the procurement process (can be <10 days)
- Give more contracting flexibility—easier to limit competition to preferred vendor
 - Competition can be informal
 - Direct buy vs. sole source
 - Limited release solicitations
- Use less bid & proposal (B&P) expense
- Result in virtually non-protestable awards
- Result in less administrative burden for GSA client agencies
- Provide client agencies socio-economic (e.g. 8(a), Service Disabled Veteran Owned Small Business) credit
- Give client agencies the option of self-service or full-service contracting



GSA Schedule Eligibility Requirements (vary per Schedule)

- System for Award Management (SAM) (www.sam.gov) registration
- Data Universal Numbering System (DUNS) number (www.dnb.com)
- Taxpayer Identification Number (TIN)
- 2 years in business
- 2 years of audited (if available) financial statements (balance sheets and income statements)
- 2-3 relevant projects per Schedule/Special Item Number (SIN), similar in size and scope (each project must have been completed within the last 2 years, be at least \$25,000 in total value, and have at least the base year completed)
- Invoices or awarded contract(s) to support proposed labor categories/products offered (invoices or awarded contracts must specify labor categories and hourly rates)
- Section 508-compliant products or services (self-certification)
- Compliance with the Trade Agreements Act (TAA) (restrictions on where products can be manufactured)
- Acceptance of credit cards for purchases equal to or lower than the micro-purchase level – generally \$3,000 or less
- Compliance with Service Contract Act (SCA) Wage Determination
- Level 3 Digital Authentication Certificate



GSA Schedule Offer: Timeline

- Start to Award
 - Offer Preparation: On average 45-60 days
 - Government's Evaluation (based on GSA evaluator's workload): 3 - 4 months after offer submission based on experience/GSA publishes 6 - 12 months
- When Should You Start the Process?
 - Once you have an infrastructure to support Federal contracts (e.g. delivery approach, accounting system, management processes, standard operating procedures)
 - After prospects show a real interest in your products/services and repeatedly ask if you are on Schedule
 - Once you have a solid government marketing plan and resources to support it



GSA Schedule Offer: Content (varies per Schedule)

- Administrative/Contract Data
 - Agent Authorization Letter
 - GSA's Readiness Assessment
 - GSA's Pathways to Success Training
 - SAM Registration
 - Schedule Cancellation Letters, Rejection Notices, Notices of Pending GSA Offers, and Information Regarding Current Schedules
 - Financial Statements (income statements and balance sheets for last 2 fiscal years)
 - Small Business Subcontracting Plan (for large businesses only)
- Technical Proposal
 - Corporate Experience (2-page narrative description)
 - Past Performance Evaluation Report by Open Ratings (negative feedback must be addressed in a narrative)
 - Past Performance References (2-3 references per Schedule/SIN including contract information, description of services, and Statements of Work [SOWs])
 - Description of Products/Services Offered (per SIN)
 - Quality Control Plan (2-page narrative description)
 - Professional Compensation Plan (salaries and fringe benefits)



GSA Schedule Offer: Content (varies per Schedule) (continued)

- Price Proposal
 - Designation of Most Favored Customer (MFC) and Basis of Award (BOA) Customer
 - Price Proposal Template (includes pricing from Commercial Price List, market prices, proposed rates with and without Industrial Funding Fee [IFF], and discounting practices)
 - Discount Information (basic and/or quantity/volume discount)
 - Supporting Documentation (invoice, contract, and/or publicly available price list/commercial pricelist)
 - Commercial Sales Practices (CSP-1)
 - Economic Price Adjustment (EPA) Method (economic indicator or fixed annual escalation)
 - Authorized Price List (to be uploaded on *GSA Advantage*, GSA electronic catalog)
 - Letter of Commitment/Supply (required if you are not the manufacturer of the offered products)
 - Price Narrative (addresses “fair and reasonableness”)



GSA Schedule Offer: Process

- Offer submission via GSA eOffer/no hard copies (Offeror must have a Digital Authentication Certificate)
- GSA assigns an evaluator
- GSA conducts review and evaluation of the Offer
- GSA issues requests for clarification and deficiencies to be addressed
- Offeror responds to requests for clarification and deficiencies
- GSA negotiates (conference call focused on terms and conditions, rates, and discounting)
- GSA requests a Final Proposal Revision (FPR)
- Offeror provides FPR
- GSA accepts FPR and requests an electronic signature
- Offeror signs contract electronically
- GSA issues an award and GSA Schedule contract number



GSA Schedule Offer: Most Common Challenges

- Dealing with a lack of standardization throughout GSA (solicitation requirements and evaluation practices)
- Working within evaluator's workload
- Validating rates (preferred supporting documentation invoices)
- Negotiating discounts with GSA
- Providing past performance within scope (most schedules require SOWs to validate scope)
- Demonstrating financial stability and creditability (at GSA's discretion Offerors may be required to undergo GSA's financial assessment based on Form 527)



GSA Schedule - Playing by the Rules

- Confirm that all GSA Schedule task orders (TOs) are within scope
- Ensure that GSA clients receive the lowest rates and greatest discounts for products/services offered to BOA customer
- Restrict GSA TO bids to pre-approved items and rates (Exceptions: Open market items and discounting on the TO level)
- Document any deviations from pricing and discounting practices referenced in the Offer
- Report sales and pay IFF quarterly
- Increase rates using approved EPA
 - Annual economic indicator
 - Pre-negotiated fixed rate
 - Adjustment based on changes in commercial practices
- Comply with wage determination, if applicable
- Stay up-to-date with all maintenance activities



GSA Schedule Maintenance Activities

- <90 Days After Schedule Award
 - Register on Vendor Support Center: <http://vsc.gsa.gov/>
 - Post your Authorized Pricelist on GSA Advantage (including item descriptions, rates, and terms and conditions)
- Monthly
 - Invoice client agencies every 30 days unless otherwise stated by the TO
- Quarterly
 - Report sales via <http://72a.fss.gsa.gov>
 - Pay IFF using a SF 72A



GSA Schedule Maintenance Activities (continued)

- Annually
 - Achieve sales quota – \$25K total for the first 2 years and \$25K every year after
 - EPA – similar to escalation
 - Annual application of an agreed-upon economic indicator (Bureau of Labor Statistics)
 - Requested annually by contractor via an official modification
 - Update System for Award Management (<https://www.sam.gov>)
 - Participate in GSA Audit (typically GSA conducts an audit annually)
- Ongoing/Periodically
 - Maintain Digital Authentication Certificate for electronic signature and eMod processing
 - Assess need for Schedule contract modifications (e.g., SINs, items, novation, administrative changes)
 - Review and accept mass modifications



Summary Comparison

| Criteria | 8(a) Certification | GSA Schedule |
|--------------------------------------|---|---|
| Sponsoring Organization | Small Business Administration | General Services Administration |
| Scope of Services | Unrestricted | Products/services must align with contract scope |
| Application/Offer Preparation | 30-60 days | 45-60 days |
| Government Evaluation and Processing | 90 days | 90-120 days based on experience (GSA publishes 6-12 months) |
| Term | 9 years (one-time participation) | One 5-year base + three 5-year extensions (TOs can extend beyond the contract term) |
| Eligibility for Business Type | Small, economically and socially disadvantaged | Unrestricted /all business types |
| Contracting Threshold | <ul style="list-style-type: none"> 8(a) sole source awards: \$100M in total sole source contracts or 5 times your primary NAICS Code size standard (or whichever is lower) Competitive 8(a) awards: No contract limit | No dollar maximums |
| Workshare Restrictions | 8(a) prime must do at least 50% of the workshare | No restrictions |
| Sales Quota | No sales quota | \$25K in the first 2 years and then \$25K every year after |
| Administrative Fee | None | .75% of sales (IFF) |