

The 8(a) Certification and Business Development Program



**U. S. Small Business Administration
Washington Metropolitan Area District Office**

8(a) Business Development Program

A 9 year program created to assist socially and economically disadvantaged small businesses with growing and developing a business that can be competitive and sustainable in the federal government contracting environment.



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8(a) Business Development Program

- ◆ 9 years go VERY fast
- ◆ There are no extensions
- ◆ A individual can only qualify for the program once



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8(a) Business Development Program

- ◆ Self-marketing
- ◆ Contracts are NOT handed out
- ◆ Awarded contracts belong to SBA
- ◆ Relationship building/partnerships/business development efforts
- ◆ Execute a targeted business plan

"If you fail to plan, you are planning to fail!"
— Benjamin Franklin



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8(a) Business Development Program

- ◆ Assigned a Business Opportunity Specialist
- ◆ 9 year program – broken into 2 parts
 - ❖ Developmental – year 1 – 4
 - ❖ Transitional – year 5 – 9,
 - ◆ Business Activity Targets (BATs)



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8(a) Business Development Program

◆ Annual Review

- ❖ Mandated by law
- ❖ Based upon program acceptance date
- ❖ Documentation to remain eligible to participate in the 8(a) BD program
 - ◆ (Update business information, changes of ownership, financial statements, tax returns, etc.)



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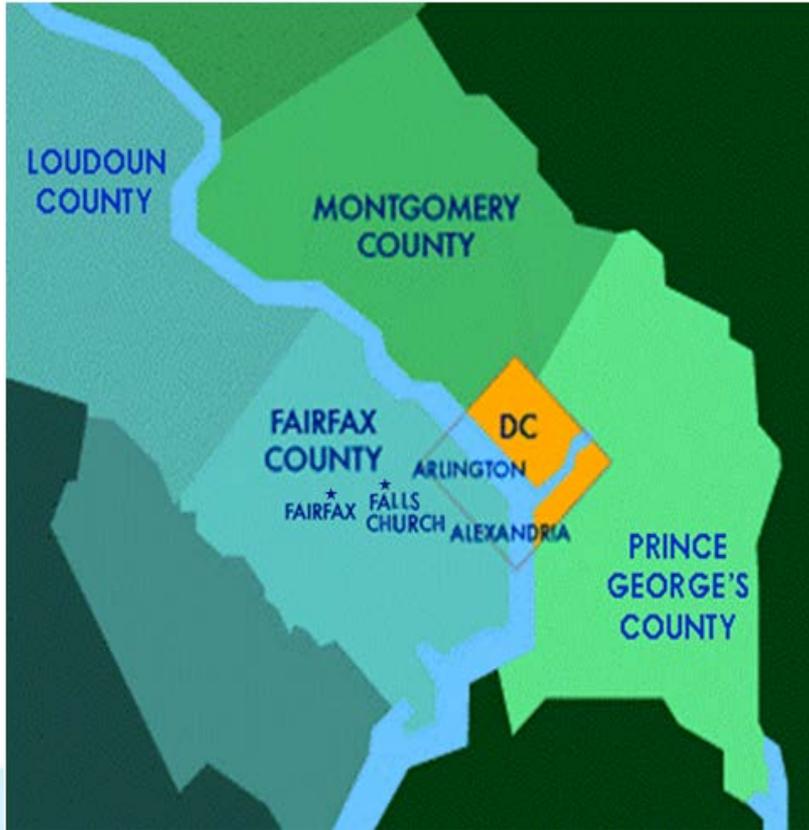
8(a) Business Development Program

- ◆ Business Opportunity Specialist
 - ❖ Program compliance throughout 9 years
 - ❖ Guidance in business development & marketing strategies
 - ❖ Support for teaming with other companies
 - ❖ Access to set-aside contracting opportunities



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SBA Washington Metropolitan Area District



- District of Columbia
- Montgomery County, MD
- Prince George's County, MD
- Fairfax County, VA
- Loudoun County, VA
- Arlington County, VA
- Cities of Alexandria & Fairfax



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Who can qualify?



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8(a) Eligibility

- ✓ United States citizen
- ✓ Socially & economically disadvantaged
- ✓ Own unconditionally at least 51% of concern
- ✓ Control & manage concern on full-time basis
- ✓ Good character - not debarred, suspended, parole or probation
- ✓ Two (2) years business history in primary industry classification, as shown with tax returns (may sometimes be waived)
- ✓ Business must be small per SBA's size standards



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Determining Economic Disadvantage

◆ SBA will examine:

- ❖ Personal **income** for the past three years
- ❖ Personal **net worth**
- ❖ Fair market value of all **assets**
- ❖ Spouse's financial condition, in certain circumstances



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8(a) Eligibility

- ◆ Owner's income \leq \$250,000
 - ◆ (which must not exceed an 3 year average of \$350,000 once certified)
- ◆ Owner's net worth may not exceed \$250,000
 - ◆ (which must not exceed \$750,000 once certified)

	Personal Net Worth
Less	Equity in primary residence
Less	<u>Equity in business</u>
Equals	Adjusted Net Worth

(all assets must not exceed \$4M at application and must not exceed \$6M afterwards)

**when married, separate statements from each spouse to show each individual's joint or community property shares and separate property.*



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Why become 8(a) certified?



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Why become 8(a) certified?

**U.S.
Government:
The World's
Largest
Customer**

**Federal
Contracts =
over
\$500 Billion +
per year
(FY2013)**



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Why become 8(a) certified?

PROCUREMENT TARGETS:

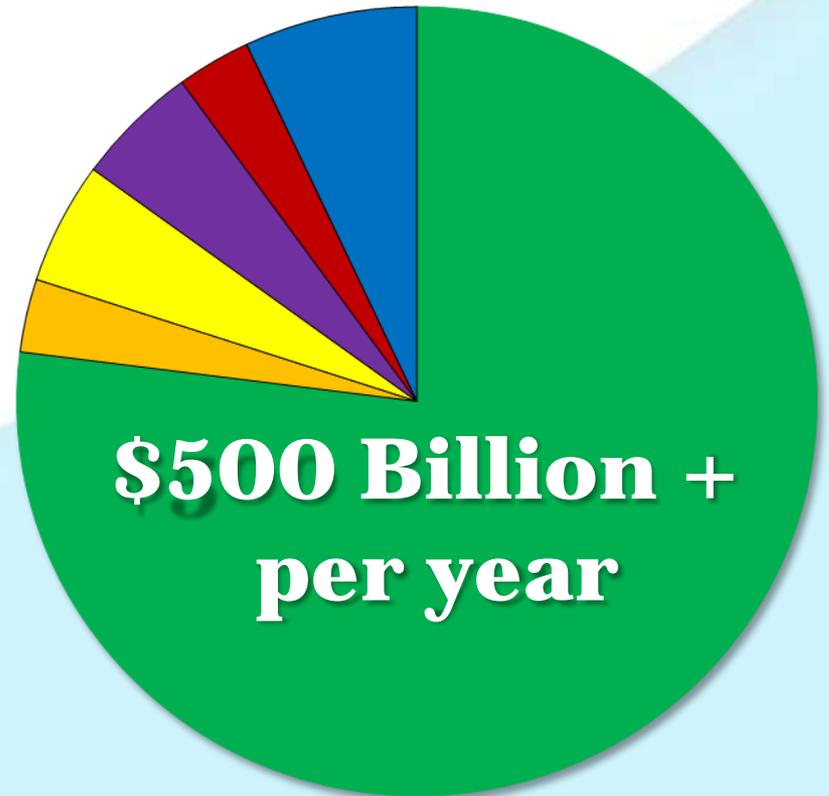
Small Businesses: 23%

Service-Disabled Vets: 3%

SDB: 5%

Women-owned: 5%

HUBZone: 3%



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Why become 8(a) certified?

◆ Federal Contracts

- ❖ Direct Awards/Sole Source – **up to \$4M**
- ❖ Competitive (smaller pool of competition)
 - ◆ (Note: Construction contracts tend to be limited further by geography)



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Why become 8(a) certified?

- ◆ Attractive to other companies
 - ❖ Teaming (Prime/Subcontractor)
 - ❖ Joint Ventures
 - ❖ Mentor Protégé (SBA's 8(a) M/P is unique and unlike other agencies)



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Ways 8(a) can help generate business

- ◆ Marketing strategy
- ◆ Used on marketing and outreach materials
- ◆ Sales pitches/presentations to agencies incorporating the ability for them to direct award



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When NOT to apply for the 8(a) BD Program



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When NOT to apply for the 8(a) BD Program

- ◆ No federal contracting experience – Knowledge of the procurement process can be daunting but not impossible. Knowing your resources helps you better understand the process to protect and sustain your business.
 - ❖ Examples:
 - ◆ Long lag time between award and actual start of contracts
 - ◆ Lag time in payments – sometimes 45 to 60 days
 - ◆ Responding to solicitations - Proposal writing
 - ◆ Know when and how to protest

Are you ready to work ON your business not IN your business?



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When NOT to apply for the 8(a) BD Program

- ◆ Lessons Learned from 8(a) graduates:
 - ❖ Wish they had a few more years to leverage the program
 - ❖ Didn't get things going until the transitional stage
 - ❖ Wish they waited before applying for the program
- ◆ Less than 2 year experience
- ◆ Huge learning curve
- ◆ Program is only 9 year and it goes FAST!!



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After 8(a) certification

- ◆ Importance of planning/exit strategy
- ◆ Term of 9 year program – no official graduation
- ◆ Firm is automatically made SDB status
- ◆ Sell the company
- ◆ Utilize other certifications



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Small Disadvantaged Business (SDB) Program

- ◆ Self-certifying program as of October 2008
- ◆ Subcontracting opportunities
- ◆ SDBs are eligible for special bidding benefits
- ◆ Prime contractors get credit towards small business goals for using SDBs as subs



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Other Types of Contracting Certifications

◆ Self-Certified

- ❖ Small Disadvantaged Business
- ❖ Service Disabled Veteran-Owned Business
- ❖ Women-Owned Small Business

◆ SBA-Certified

- ❖ HUBZone Empowerment Contracting Program



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Business & Technical Assistance

- ◆ SCORE
- ◆ Small Business Development Centers
- ◆ Women's Business Centers
- ◆ Online Small Business Training Network
- ◆ Procurement Technical Assistance Centers (PTAC)



Low-cost classes in basic and advanced business skills

FREE one-on-one counseling



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**For more information and to keep
informed of events go to:**

www.sba.gov/dc



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