



What is the 8(a) Business Development Program?

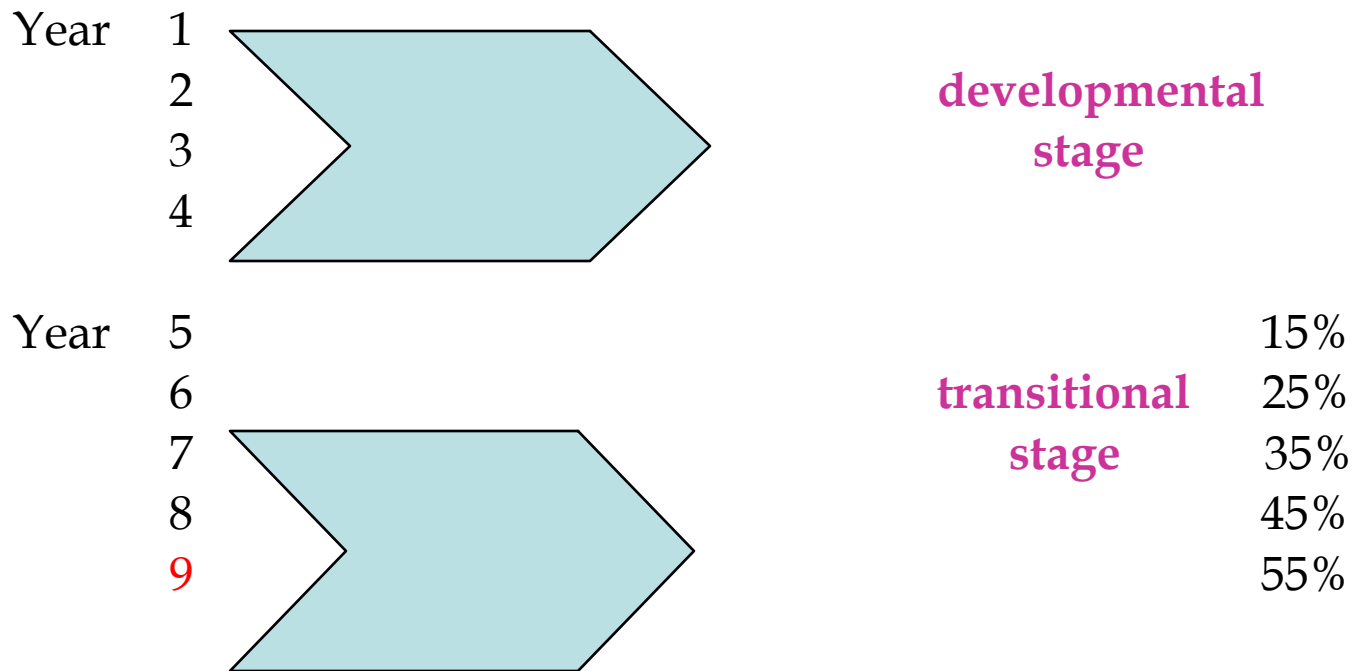
8(a)BD Program Objectives

(Sec. 204 of Public Law 100-656)

- ◆ “to promote the business development of small business concerns owned and controlled by socially and economically disadvantaged individuals...”
- ◆ “to promote the competitive viability of such concerns...”
- ◆ “to clarify and expand the program for procurement by the United States...”

Term of Participation

START = date of approval



Continuation in the program is dependent on the firm's continuing eligibility as a socially and economically disadvantaged owned/operated firm and continued compliance with the 8(a)BD participation agreement.



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Eligibility Criteria



1. Social Disadvantage 13 CFR 124.103

Presumption on the following groups

- ❖ African American
- ❖ Asian Pacific American
- ❖ Hispanic American (includes individuals of Spanish and Portuguese Descent)
- ❖ Native American
- ❖ Subcontinent Asian American

Proof of disadvantaged status for non-designated groups

Objective Features

- Color
- Ethnic Origin
- Gender
- Physical Handicap
- Geographical Environment

Personal Experiences only in America



2. Economic Disadvantage

Net worth criterion:

After excluding the individual's equity in the firm, primary residence, and unaccessible IRA, net worth may not exceed **\$250,000.00**



NET WORTH

less → equity in primary residence
less → equity in business
equals = adjusted net worth
(*must not exceed \$250,000*)

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Ownership

- At least 51% unconditional ownership by the disadvantaged person(s).
- Partnerships: Agreements must reflect unconditional ownership.
- Limited Liability Company:
Disadvantaged individuals must own at least 51% of each class of member interest.



3. Size Determination

Firms must be small based on their primary NAICS Code, including affiliates.

Size is determined either by:

- average 3 years revenues
- # of employees (manufacturers, dealers, wholesalers)

See 13 CFR 121 Size Regulations or visit our website: www.sba.gov.

How SBA determines affiliation has changed. For specific questions regarding affiliation, contact your local SBA Government Contracting Size Specialist.



SIZE STANDARDS

www.sba.gov/size/

North American Industry Classification System (NAICS)

(GENERAL EXAMPLES – MUST BE LOWER THAN)

Manufacturing	500 employees
Wholesale Trade	100 employees
Agriculture	\$750,000
Retail Trade	\$7 million
Construction	\$33.5 million
Dredging	\$20 million
Special Trade	\$14 million
Business/Personal Services	\$7 million
A&E	\$7 million

*Based on average over previous 12 months (Employees)

**Based on average over previous 3 years (Revenue)

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Potential for Success

Factors considered:

- Proof of two years operation in the firm's primary industry as verified by revenues reported in business tax returns.
- Financial capability: sufficient capitalization, financial performance, bonding capacity, manageable debts.
- Managerial and Technical capability: performance on previous contracts, firm has the necessary personnel, licenses, certifications, facilities, prior experience.



- Management capability: Education, experience and training of CEO and other managers, magnitude and complexity of past/current jobs, management systems.
- Qualifications for ability to perform on Federal contracts: relevant contracting experience, ability to meet Federal procurement policies.

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Good Character

What shows lack of good character?

- Adverse information regarding possible criminal conduct by the applicant or its principals.
- Violations of any SBA regulations.
- Debarred or suspended individuals or firms.
- Applicant firms and principals that lack business integrity as shown by an indictment, guilty plea or civil judgment.
- Any principal who is incarcerated or on parole or probation.
- Evidence that the firm knowingly submitted false information during the application process.
- Any firm or any of its principals that fail to pay financial obligations to the Federal Government.

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Online Application Processing

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Place of Filing



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8(a)BD

Contracting



- **Competitive threshold**: When the estimated value (including options) exceeds \$4.0 million for services and construction and \$6.5 million for manufacturing, requirement will be competed among 8(a)BD firms.
- **Federal Acquisition Regulations (FAR)**: Apply to and govern 8(a)BD contracts.

Sole Source

A requirement is offered to the 8(a)BD program by federal procuring agencies as a result of aggressive self marketing on the part of the 8(a)BD firm.

Very few open requirements are offered to the 8(a)BD program.

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