



Small Business In Focus

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Small Business GWAC Center

1500 E Bannister Rd
Room 1076
Kansas City, MO 64131
www.gsa.gov/sbgwac
(877) 327-8732

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Director's Corner



Mary Parks, Director, Small Business GWAC Center

This past quarter has been full of activity for the Small Business GWAC Center. Besides all the normal contracting activities that usually take up our time, we have been very busy with post-award activities for the VETS GWAC. The interest from federal agencies and contract specialists in the VETS GWAC has been phenomenal. VETS was a major feature at the GSA EXPO in Orlando in May, with a special exhibit area, training sessions and a VIP luncheon and tour.

Our post-award activities continued in Washington DC, with a post award celebration which included customers and industry. We were especially honored to have our Administrator, Lurita Doan, and the Dept of Veteran Affairs Deputy Secretary Gordon Mansfield in attendance. The quarter ended with the 3rd Annual National Veterans Conference in Las Vegas, where we were honored with Rolling Thunder's Veteran for Veterans Champion award and the VA's Center for Veterans Enterprise Team award for the VETS GWAC.

There have been many customer visits which included training sessions to provide agency awareness of the VETS GWAC, as well as our 8(a) STARS GWAC. 8(a) STARS reached a major milestone with the exercise of the first option with 219 contract holders. 8(a) STARS has over \$800 million in obligated dollars in the base period.

Please accept our sincere thanks to all who have contributed to the support of VETS and our 8(a) STARS contracts. I look forward to the future and the opportunities in store for our small business partners.

"We are all inventors, each sailing out on a voyage of discovery, guided each by a private chart, of which there is no duplicate. The world is all gates, all opportunities." – Ralph Waldo Emerson

GWAC Customer Training

Dept of State and Dept of Agriculture

On June 14th, Lewis Jones and Janna Babcock visited the Department of State and the US Department of Agriculture (USDA) to conduct VETS Overview and Delegation of Ordering Authority training to the Information Technology Acquisitions staffs. The Department of State was very eager to learn more about the VETS GWAC and to obtain delegation of ordering authority so that this contract vehicle can be available as a procurement option. The USDA has set a goal of five percent of procurement dollars to service-disabled veteran-owned small businesses and requested this training that will assist them in meeting that goal. There were 20 government procurement professionals who attended the training from the Department of State and 30 from the USDA.

EPA

On June 12, the Center staff briefed members of the Environmental Protection Agency (EPA) via teleconference on the 8(a) STARS GWAC. Participating from the Center were Matt Verhulst, Contracts Division Director, Howard Innis, Procuring Contracting Officer for 8(a) STARS, Jean Oyler, and Lewis Jones and Lori Hanavan, Business Development Specialists. EPA teleconference participants were given an opportunity to ask questions of the Small Business GWAC staff on the 8(a)STARS contract such as the exit strategy, 8(a)STARS option period, re-certification process for vendors, subcontractor reporting by vendors and achieving their socio-economic goals through using 8(a)STARS.

National Institute of Standards and Technology

On May 30 Lewis Jones visited the National Institute of Standards and Technology (NIST) Campus in Gaithersburg, MD to conduct VETS Overview and Delegation of Ordering Authority training to the Information Technology Acquisition staff. Janna Babcock was available via teleconference to provide delegations of ordering authority. NIST has a record of meeting their socioeconomic goals and had requested training to use the VETS GWAC to help them meet their service-disabled veteran-owned small

business goals.

Executive Office of the President

Jihyun Huyck, Business Development Specialist, Mimi Bruce, Enterprise GWAC Center (West), and Shan Clark, Enterprise GWAC Center (Southwest), provided GWAC overview training on May 23 for personnel at the Office of Administration, Executive Office of the President, Washington, DC. The training in the morning was targeted at contracting personnel covering the GWACs features, ordering procedures, GSA GWAC portfolio, and example case studies on select GWACs. The afternoon session provided an overview on the GSA GWACs including ordering options and GWAC Program office assistance for federal customers.

Department of Defense Education Activity (DoDEA)

On May 17, 2007, Matt Verhulst and Janna Babcock conducted delegation of authority training on the VETS GWAC for DoDEA, with a special emphasis on information assurance. The training included: an overview of VETS; its legislative background; contract scope; ordering information; website demo, and available resources for customers. The training was attended by over 20 program, contracting, and small business specialists. The invitation to train DoDEA came at the behest of a DoDEA employee who had attended a previous presentation on the VETS GWAC at FOSE this year, demonstrating the return on attending key information technology conferences when promoting IT contracts.

Dept of Veterans Affairs

On May 9, 2007, Matt Verhulst and Janna Babcock conducted training on the VETS GWAC at the One VA Program Manager Conference in Pittsburgh, PA. The training included: an overview of VETS; its legislative background; contract scope; ordering information, website information and available resources for customers. The VETS GWAC has been chosen as a preferred source for IT Services for the Department of Veterans Affairs in a March 26, 2007 Memorandum from Robert Howard, Assistant Secretary for Information Technology.

Social Security Administration

Mary Parks, Director, visited the Office of Acquisition and Grants of the Social Security

Administration (SSA) in Baltimore, Maryland, May 1, 2007, on the Veterans Technology Services (VETS) GWAC. The Office of Acquisition and Grants is responsible for the procurement of information technology for the SSA nationwide. The SSA indicated that they were very interested in increasing its Service Disabled Veteran Owned Small Business numbers, and is hoping to use the VETS GWAC this year in order to do so.

VETS GWAC Training Conference & Celebration

The Center held a training conference and celebration on June 21st, 2007 for the Veterans Technology Services Governmentwide Acquisition Contract (VETS GWAC). GSA's Office of Customer Accounts and Research (CAR) assisted in planning the event held at the Washington D.C. Renaissance Hotel. Approximately 250 individuals attended the event including 135 VETS GWAC contract holders and their business partners as well as 100 attendees representing 23 federal agencies.

Conference attendees were provided with instruction on the use of the VETS GWAC as well as informational panel sessions on the "Top 10 Ways to Improve IT Requirements Definition and Preparation of Task Orders" and "How to Manage IT Investments through Partnerships with Small Business." Keynote speakers were GSA's Administrator Lurita Doan, GSA's Chief of Staff John Phelps and VA's Deputy Secretary Gordon Mansfield. The conference presentation slides are available for review and download at the VETS website, www.gsa.gov/vetsgwac.



Lurita Doan, GSA Administrator

SB GWAC Center Promotes VETS at 3rd Annual National Veteran Conference & Expo

At the 3rd Annual National Veteran Small Business Conference & Expo held in Las Vegas, June 25-28, the Center promoted its VETS GWAC. Mary Parks, Director, Jean Oyler, Business Operations Manager and Janna Babcock from the Center, and Jim Ghiloni, Acting Director, GSA Office of GWAC Programs discussed, as panelists, "Providing Service-Disabled Veteran Opportunities for Industry and Government through the Veterans Technology Services (VETS) GWAC". The discussion was facilitated by Tom Brown, GSA Heartland Regional Marketing Manager. During the conference, Mary Parks received the Rolling Thunder Veterans Champion Award for helping to create the VETS GWAC. Mary also accepted the Center for Veterans Enterprise (CVE) Team Award for her leadership and direction for the VETS GWAC efforts. Jihyun Huyck, Business Development Specialist, along with the GSA Office of Small Business Utilization, answered questions regarding VETS at the GSA exhibit during the event.



From left to right, Mary Parks, Scott Denniston (Director, Office of Small and Disadvantaged Business Utilization, Dept of Veterans Affairs), Janna Babcock and Jean Oyler (Picture taken after the CVE Team Award)

DOD Small Business Training Conference

Mary Parks led a workshop on the VETS GWAC at the Department of Defense Small Business Training

Conference in Alexandria, VA on May 22nd. The small business training conference is an annual event that brings together all the DOD small business utilization officers from around the country, including officials from DOD, Army, Navy and Air Force. Mary's co-presenters at this event was LTC Jim Blanco, Department of Army's Service Disabled Veteran Owned Small Business Advocate and Charles Cervantes, DOD Service Disabled Veteran Owned Small Business Advocate. DOD has been a strong advocate of the VETS GWAC and questions centered around DOD's waiver process for utilizing contracts other than their own.

Agency Memorandums Support VETS

There have been a couple of good memos issued in July that strongly support the VETS GWAC. On July 10, Paul Denett, Administrator, Office of Procurement Policy (OFPP) published a memo asking Chief Acquisition Officers and Senior Procurement Executives to review their IT requirements and to determine if VETS can meet their agency's needs. On July 12, Shay Assad, Director, Defense Procurement and Acquisition Policy issued a memo regarding VETS. This memo, as a follow-up to the previous memos, dated April 12th and May 18th, provides additional guidance on the use of the VETS GWAC. These memos are posted on the VETS website, www.gsa.gov/vetsgwac.

Center Welcomes New Associates



Lori Hanavan

Lori Hanavan joined the Center on June 10th as a Business Development Specialist. Lori has been with GSA since 2002 and previously worked for GSA Federal Acquisition Service's Customer

Accounts and Research team here in the Heartland Region. Ms. Hanavan holds a Bachelor's Degree in Criminal Justice from the University of Central Missouri, as well as a Masters in Management from Webster University. In her free time, Ms. Hanavan enjoys attending sporting events and spending time with family. Welcome Lori to the GWAC Team!



Jaime Habersat

Jaime Habersat, Spencer Reed Contract associate, joined the Center on May 7th. Ms. Habersat brings to the Center 7 ½ years of experience in private industry. She holds her BSBA in Marketing from Missouri Western State University, and an MBA from Webster University. In her spare time, her interests range from reading to canoeing to her dog Jake as well as bowling with her mom. We welcome Jaime aboard!

8(a) STARS 1st Option Exercised

8(a) STARS exercised the first option period of performance of June 1, 2007-May 31, 2009. A total of 218 contract actions were taken for this option exercise. The total number of industry partners on 8(a) STARS has, therefore, been reduced to 219 from 409*.

*A complete list of the industry partners who received the option can be found on the 8(a) STARS website, www.gsa.gov/8astars.

Small Business GWAC \$ales Update

Total order value as of June 30, 2007:

- ★ **8(a) STARS \$804,875,735**
- ★ **HUBZone \$30,698,727**
- ★ **VETS \$742,393**

For a listing of customer agencies visit www.gsa.gov/sbgwac and click "Sales Update".

Selling to the Federal Government 101



GSA Office of Small Business Utilization (OSBU)

In an interview contained in this issue, Pat Brown-Dixon, OSBU Director of the GSA Heartland Region provided information about her office and the GSA OSBU network.



Q: Tell us about the GSA Office of Small Business Utilization and your office in the Heartland Region.

A: GSA's OSBU advocates for small, minority, veteran, HUBZone, and women business owners. Its mission is to promote increased access to GSA's procurement opportunities. As part of the 11 Regional Offices, my office covers the geographic region of Missouri, Iowa, Nebraska, and Kansas and provides information and counseling on how to do business with GSA and conducts networking/outreach events. My office has been hosting Kansas City's Networking Business Breakfasts since 1991, which offers the opportunity for local entrepreneurs to introduce their business to small and large businesses as well as various government agencies. We helped get 3 other events started throughout the region, as well.

Q: What should a small business do first when they get a federal contract?

Answers
1. a
2. c (One 5-year base plus one 5-year option)

A: Market the contract. We tell them to use sources such as FedBizOpps and FPDS-NG to identify their market. Also, GSA's OSBU website, www.gsa.gov/sbu, publishes GSA procurement forecasts and subcontracting directories as well as small business publications and local/regional procurement directories.

Q: How can a GWAC contractor utilize the services available from OSBU?

A: They can get information on how to obtain IT, as well as other GSA contracts and Schedule contracts. For GSA opportunities, we can refer them to GSA Assisted Acquisition Offices, or other appropriate program offices.

Q: What is your relationship with local SBA offices?

A: We work very closely with SBA PCRs (Procurement Center Representatives) in ensuring the greatest possible participation of small businesses in our procurements, and in referring businesses, as appropriate, to each other. Their directory is listed on our website.

Q: Closing remarks?

A: Research your market, and then work to build relationships with the people who represent that market. Remember, they are people, not "the government", so don't be intimidated. Just as you would, they respond best to knowledgeable, high quality business presentations, and companies with a proven track record of quality products and services that will add value to the accomplishment of their missions.

SB GWAC Quiz

1. What is the dollar threshold for directed orders under 8(a) STARS?
 - a. \$3.5 M
 - b. \$5.5 M
 - c. \$550,000
 - d. \$100,000

2. What is the VETS contract performance period including options?
 - a. 7 years
 - b. 5 years
 - c. 10 years
 - d. 20 years

Acquisition Corner



The Limitations on Subcontracting Clause (FAR 52.219-14)

A small business with an award on a governmentwide acquisition contract (GWAC) from the Small Business GWAC Center (the Center) has opportunities to propose on task orders that sometimes require technical specialties that the company does not possess, or already has committed. What to do? One of the first things to come to mind is to subcontract. But there is that Limitation on Subcontracting (LoS) clause in the contract. What does this mean, exactly?

Since each order on the Center's GWACs must primarily consist of services, the following applies. The clause says, in part, "(a) Services (Except Construction). At least 50 percent of the cost of subcontract performance incurred for personnel shall be expended for employees of the Seller." In other words, not more than 50 percent of the employee costs can be subcontracted. That is pretty clear and it would be nice to stop here, but we can't.

There are various subcategories of small businesses and some have additional subcontracting advantages when work is set-aside to their socioeconomic group. For most socioeconomic groups, the rule above can be read as it is written. That is, no more than half the services work can be subcontracted—to anyone. There are two exceptions. Under set-asides for their respective socioeconomic group, Historically Underutilized Business Zone (HUBZone) certified prime contractors and Service-Disabled Veteran-Owned Small Business (SDVOSB) prime contractors are allowed to count subcontracts with kindred HUBZone or SDVOSB firms as if they had accomplished the work with their own employees. This latitude can be found by reviewing Parts 19 and 52 of the FAR, and are further articulated in Title 13 of the Code of Federal Regulations.

Another facet of the LoS occurs in distinguishing between the contract itself and tasks under the contract. Under indefinite-delivery indefinite-quantity contracts (all of the Center's GWACs are that type) the LoS applies at the contract level and not the task order level. So, theoretically, a GWAC contract holder could subcontract a significant amount of work on a task order. There are two problems with this, however:

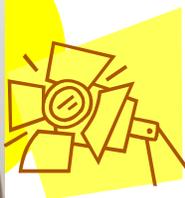
First, subcontracting an entire task or only performing a nominal amount means that there was no "value added" by the prime contractor. This is not a good thing, is commonly dubbed a "pass through" and has been the recent subject of interest by various investigative bodies. We don't condone pass-throughs. Contracting officers are encouraged to use risk mitigation strategies to avoid pass-throughs. They can require disclosure of the amount of work a small business prime intends to perform with its own resources for a given order as part of the overall competitive evaluation process for awarding the work. Ordering contracting officers may on any task order require consent to subcontract. We instituted contract level subcontracting reports that tell us how much work is being subcontracted on each task order. We consider the results as an award term criterion for exercising contract level options, record subcontracting information in our past performance reports and have contractual remedies to address any persistent abuse of the LoS requirements.

Second, by subcontracting large percentages of work, particularly on a high dollar value task order, a contractor can work itself into a difficult situation. What to do? We recognize that larger task orders may require a small business prime contractor to subcontract, to build capacity and manage the scale of the work, especially in earlier phases as it ramps up performance. In those cases, we encourage ordering contracting officers to require a subcontracting plan for the entire project from each competitor. The plan should show definitive milestones at which the workload will be rebalanced from subcontractors to the prime contractor and be considered in its evaluation process. This way such tasks are managed with an overall life cycle perspective.

What actions does the Center take when indicators of noncompliance with the LoS are in evidence? If the GWAC contracting officer sees an imbalance developing, he/she may elect to contact the GWAC contract holder and require them to propose a corrective action plan, or move directly into other contractual remedies. If the results from that intermediate step are not satisfactory, additional contractual remedies could be applied. The best advice is to actively manage the amount of work performed as a prime and don't get into pass through relationships. Getting out is like getting out of debt—a long, hard—and sometimes impossible process.



Aletha Pelham
Contract Specialist



Spotlight

Aletha Pelham started with GSA in June 1999 as a contractor associate and joined the Center in Nov 2005 as a contract specialist intern. Aletha performs contract administration for 8(a) STARS working with the two STARS PCOs, Howard Innis and Misty Claypole and is responsible for contractor address changes, POC Changes, modifications etc. Additionally, she assists with option modifications. She is married and has two kids. Though there is not much time for hobbies with kids, she does enjoy playing with them and her recently adopted puppy. She also likes spending time with family and friends and working out. Aletha holds a Bachelor's degree in Construction Management from John Brown University in Siloam Springs, Arkansas. Aletha was a member of the VETS evaluation team, which was nominated for their teamwork for the 2007 Kansas City Public Employee Recognition Award.

Upcoming Events



The Small Business GWAC Center participates in a variety of events throughout the year. Many events offer training on GSA's GWACs as well as networking opportunities for small business. Please monitor our website for updates.

August 6-9	GSA Network Services Conference	Denver, CO
August 13-16	Air Force IT Conference	Montgomery, AL
August 27-29	GSA Opening Doors Small Business Conference and Business Exposition	Phoenix, AZ
September 13-14	National Minority Enterprise Development Week Conference	Washington, DC
October 23-25	AFCEA InfoTech Conference & Expo	Dayton, OH

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