

Small Business Workshop

U.S. Small Business Administration



Your Small Business Resource

Columbus District Office – Columbus, Ohio

U.S. Small Business Administration



8(a) Business Development



Enter your program or office name here

Office of 8(a) Business Development Mission

- ◆ What is the 8(a) Business Development Program?
- ◆ Ref. Code of Federal Regulations
 - ❖ 13 Part 124



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Office of 8(a) BD Program Objectives

(Sec. 204 of Public Law 100-656)

- ◆ 9 year program
- ◆ “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...”



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Assistance Available to 8(a) Program Participants

- ◆ Subcontracts with federal government - (SBA serves as the prime contractor).
- ◆ Introduction and search letters and follow-up on specific requirements identified by firm.
- ◆ Assistance in identifying Government Procurement agencies and their Procurement Forecasts.



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Assistance Available to 8(a) Program Participants

- ◆ Training by SBA resource partners in all areas of business--SCORE/SBDC/MBDC.
- ◆ Training for CEO's Provided at District Office
- ◆ Information on various contracting opportunities with state and local agencies and prime contractors.
- ◆ Information on SBA loans and other programs.



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8(a) BD Individual Eligibility Criteria

- ◆ **Socially Disadvantaged**
- ◆ **Economically Disadvantaged**
- ◆ **Preponderance of Evidence**



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Know the Federal Contract Certifications

- ◆ Self-Certifications
 - ❖ Small Business – NAICS Codes
 - ❖ Woman-owned Business
 - ❖ Veteran-owned Business
 - ❖ Service Disabled Veteran-owned Business
 - ❖ Small Disadvantaged Business (SDB)
- ◆ Formal Certification Programs
 - ❖ 8(a) Business Development
 - ❖ HUBZone



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Formal Certifications

- ◆ Requires SBA Approval
 - ❖ 8(a) - Socially and economically disadvantaged firms enrolled in a 9-year business development program.
 - ❖ HUBZone - Small businesses located in areas identified as historically underutilized business zones, and with 35% of its employees living in HUBZones.
 - ❖ SDB - Three-year certification for small, socially and economically disadvantaged firms eligible to receive prime and subcontract preferences.



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8(a) and SDB

SBA 8(a) program

- ◆ Applies to all purchases
- ◆ Must be certified by the SBA
- ◆ Non-competitive and competitive program
- ◆ 9-year term - no renewals
- ◆ All 8(a) firms are SDBs
- ◆ Award must be made at fair market price
- ◆ FAR 19.8

SDB program

- Applies over \$100,000
- Self Certification
- Competitive program
- 3-year term with renewals
- Not all SDBs are in 8(a) program
- 10% price evaluation credit (limited to select agencies)
- FAR 19.11 and 19.12



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Know the Rules

- ◆ Federal Acquisition Regulations (FAR)

www.arnet.gov/far

- ◆ Subpart 8.4 – Federal Supply Schedules
- ◆ Part 13 – Simplified Acquisitions
- ◆ Part 14 – Sealed Bidding
- ◆ Part 15 – Contracting by Negotiation
- ◆ Part 19 – Small Business Programs



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Seek Additional Assistance

- ◆ Procurement Technical Assistance Center
 - ❖ (PTACs) www.dla.mil/db/procurem.htm
- ◆ Small Business Specialists
 - ❖ www.acq.osd.mil/sadbu
- ◆ Local District Offices and Resource Partners
 - ❖ www.sba.gov
- ◆ Local Small Business Development Centers
 - ❖ SCORE www.score.org
- ◆ Women's Business Development Centers
 - ❖ <http://www.onlinewbc.gov/>



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Helpful Web Sites

- ◆ DOD Small & Disadvantaged Business Utilization Office
 - ❖ www.acq.osd.mil/sadbu/
- ◆ Procurement and Technical Assistance Centers
 - ❖ www.sellingtothegovernment.net
- ◆ Small Business Development Centers
 - ❖ www.sba.gov/sdbc/



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8(a) Mentor-Protégé Program

The SBA Mentor-Protégé Program is designed to encourage approved Mentors to provide various forms of assistance to eligible 8(a) Participants as Protégés. The purpose of the Mentor-Protégé relationship is to enhance the capabilities of the protégé and to improve its ability to successfully compete for Federal contracts.

- ◆ The various assistance that a Mentor may provide to a Protégé include:
- ◆ Technical and/or management assistance;
- ◆ Financial assistance in the form of equity investment, and/or loans;
- ◆ Offerings of subcontracts;
- ◆ Assistance in the performance of prime contracts with the Federal government in the form of Joint Venture arrangements.



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American's Recovery Capital

- ◆ How is SBA defining “viable”:
Established for profit business with evidence of profitability or positive cash flow in at least one of the past two years.
- ◆ Borrower is to certify that term debt is not beyond 60 days past due.
- ◆ ARC loans are not for start ups or change of ownership.

SBA will be credit scoring the personal/business information as part of the approval process.



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American's Recovery Capital

- ◆ ARC loans are up to \$35,000.
- ◆ Loan is made by participating 7(a) lenders with 100% SBA guarantee.
- ◆ SBA does not have direct lending authority with this program.
- ◆ Use of proceeds is restricted for payment on monthly debt service or payment on line of credit.



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American's Recovery Capital

- ◆ There is no interest charges to the borrower as SBA will pay the interest rate to the lender at prime (presently 3.25%) plus 2% adjustable monthly for life of the loan.
- ◆ Disbursement period of up to 6 months followed by:
- ◆ 12 months of no payments on the ARC loan then:
- ◆ Five year amortization of the principal balance (60 equal payments to repay the principal amount of the loan.)



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American's Recovery Capital or ARC

- ◆ Examples of qualified small business loans which can be:
 - ❖ Secured or unsecured conventional loans.
 - ❖ Credit card debt (used exclusively for the business)
 - ❖ Capital Leases
 - ❖ Notes Payable (A/P converted to note payable)
 - ❖ SBA guaranteed notes can not be paid if approved prior to Feb 17, 2009.



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Dealer Floorplan Loans

- ◆ This is a new pilot loan program.
 - ❖ Loans will be made through participant lenders only for inventory that has a titled and is registered with the state.
 - ❖ This is a line of credit with minimum loan amount of \$500,000 and up to \$2 million.
 - ❖ The borrower is responsible for paying the interest associated with this loan.
 - ❖ Applications will be not accepted until July 01 ,2009.
 - ❖ There will be no upfront SBA fee.
 - ❖ Additional guidance will be posted on our web page www.sba.gov as it is forthcoming.



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Micro Loans

- ◆ The stimulus bill provided SBA with \$30 million to expand Micro Lending.
 - ❖ Micro loans are made through local intermediaries with a maximum amount of \$35,000.
 - ❖ This is a non-traditional source of capital which underwrites each application, but can be more flexible than a traditional lender.
 - ❖ A local micro lender is:
 - ◆ ECDI (Economic and Community Development) in Columbus, OH.
 - ◆ Their phone number is (614) 559-0115
 - ◆ They only make loans in specific Ohio counties.



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Surety Bonding

- ◆ The stimulus bill provided SBA with \$15 million to increase access to surety bonding.
- ◆ Bonding guaranty amount increased from \$2 to 5 million to help small businesses compete for federal construction and service contracts.



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