



GOVCON Fundamentals: Tips for Making It in the Federal Marketplace

Host: Jody O'Connor, Tri-Cities PTAC

Guest Speaker: Matthew Schoonover, Managing Member
Schoonover & Moriarty Law Firm



Agenda

- Opening and Introductions
- Review of PTAC program
- Upcoming Events/Save the Dates
- GovCon Presentation
- Q & A Session
- Closing

Content

- Why small business size is such a big deal
- How to increase your business competitiveness in the market
- How to increase your performance success

About PTAC

- Congress established the Procurement Technical Assistance Cooperative Agreement Program in 1985 as part of the Department of Defense (DoD) Authorization Act
- PTAC was designed to assist businesses (focusing on small businesses) with **federal, state and local government contracting**
- The program is funded by the federal government through the United States Department of Defense's (DoD) Office of Small Business Programs and locally by the Tri-Cities Regional Chamber of Commerce

Services

We assist small businesses who wish to sell to federal, state, and local governments.

- Certifications & registrations
 - Finding opportunities to bid
 - Interpreting solicitations and regulations
 - Marketing to government buyers
 - ...and much more
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- We provide these services through:
 - Workshops
 - One-on-one Counseling Sessions
 - Matchmaking events
 - Optional Bid Match service (fee-for service)



Events and PTAC YouTube

- **Washington PTAC Events Calendar:** <https://washingtonptac.ecenterdirect.com/events>
 - **Monthly PTAC/SBDC Roundtables:** 3rd Thursday of the month, 9:00 to 10:00 a.m.
 - **Meet The Buyer: Doing Business with Army Corps of Engineers:** May 10th at 9:30 a.m.
 - **Meet The Buyer: Doing Business with Local Transit Systems:** July 14th at 9:00 a.m.
 - **Annual networking events:**
 - **Alliance Northwest (March 2023)**
 - **Meet The Bigs (October 25, 2023 in Spokane)**
 - **Bridging Partnerships Small Business Symposium (April 12-13, 2023)**
- **Past Presentation Recordings:** [Washington PTAC – YouTube](#)

Welcome and Bio: Matthew Schoonover

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GOVCON FUNDAMENTALS

TIPS FOR MAKING IT IN THE
FEDERAL MARKETPLACE

April 20, 2022



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Matthew Schoonover

Managing Member



**This presentation is not intended to be
legal advice. If you have specific
questions, please contact a government
contracts attorney.**

Discussion Summary

- **Why small business size is a big deal**
- **Increasing competitiveness**
 - **Socioeconomic eligibility**
 - **Teaming/Joint Ventures**
 - **Mentor/Protégé**
- **Increasing performance success**



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Why Business Size Matters

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12



Size Matters

- Small businesses play a vital role in federal contracting
 - Federal contract spending approaching \$1T annually
- Small Business Act
 - Sets goals for small business participation
 - $\geq 23\%$ of all prime contract awards to small businesses
 - FY20: \$145.7B to small businesses

Importance of a Business's Size

Prime Contracting Achievement:			59.99%
	2019 Achievement	2020 Goal	2020 Achievement ^{1, 2}
Small Business	26.50%	23.00%	26.02% (\$145.7 B)
Women Owned Small Business	5.19%	5.00%	4.85% (\$27.1 B)
Small Disadvantaged Business	10.29%	5.00%	10.54% (\$59.0 B)
Service Disabled Veteran Owned Small Business	4.39%	3.00%	4.28% (\$23.9 B)
HUBZone	2.28%	3.00%	2.44% (\$13.6 B)

Importance of a Business's Size

Subcontracting Achievement:			19.78%
	2019 Achievement	2020 Goal	2020 Achievement¹
Small Business	33.27%	29.43%	32.46% (\$82.8 B)
Women Owned Small Business	5.25%	5.00%	5.62% (\$14.3 B)
Small Disadvantaged Business	4.17%	5.00%	4.40% (\$11.2 B)
Service Disabled Veteran Owned Small Business	1.95%	3.00%	2.14% (\$5.5 B)
HUBZone	1.37%	3.00%	1.65% (\$4.2 B)

Small Business Benefits

- Admission into SBA Programs
 - Firm must be small its primary NAICS code to qualify for 8(a), SDVOSB, WOSB, and HUBZone eligibility
 - Continuing size requirements
- Set-aside/sole source contracts
 - Must be small under Solicitation's NAICS code
 - *General* rule: if small at the time of bid submission, remains small for duration of contract



Increasing Competitiveness

17

Increasing Competitiveness

- Competitive analysis of federal contracts
 - Technical capabilities
 - Past Performance
 - Price
- Best value procurement: technical benefits may outweigh lower price
 - FAR now restricts ability to use LPTA procurements

TIP 1: LIMIT COMPETITION

- Obtaining socioeconomic program designations can help a small business limit its competition
 - Sole source awards
 - Set-aside competitions
- Socioeconomic designations help for subcontracting, too



8(a) Program

- 51% owned and controlled by a socially- and economically-disadvantaged person who is a United States citizen and is of good character
 - Social: discrimination based on race, gender, or other characteristics
 - Economic: ability to compete has been impaired
- Must demonstrate ability to succeed
- 5% prime contract goal
 - FY2020: 10.54% (~\$59B)



- 51% owned and unconditionally controlled by SDV
 - Controls management and day-to-day operations
 - Highest officer position
- Different programs: SBA and VA
 - End 2022/Early 2023: consolidation
- 3% prime contract goal
 - FY2020: 4.28% (~\$24B)



- Woman (U.S. citizen) owns at least 51% and unconditionally controls small business
 - Works at business full-time during normal business hours
 - Highest officer position
- No more self-certification
- 5% prime contract goal
 - FY2020: 4.85% (~\$27B)



- At least 51% owned by U.S. citizen(s)
- Principal office in a HUBZone
 - Check SBA's HUBZone maps
 - Maps currently "frozen," until June 2023
- At least 35% of employees live in a HUBZone
 - Goal of program is to assist underdeveloped communities
- 3% prime contract goal
 - FY2020: 2.44% (~\$14B)

Principal Office

Location where the greatest number of employees work

- Must conduct business at the location
- If employee works in more than one location, consider where she works the most
 - If split equal, she works in a non-HUBZone location
- For construction, this excludes the employees who perform 50% or more of work on a job site
 - If all employees work more than 50% of time at job site, cannot meet the requirement

Long-term investment

- If company buys/leases (10-years or more) a location that later loses HUBZone designation, it will be considered part of a HUBZone
 - Does not apply to redesignated area or qualified disaster area

At least 35 % of employees must reside in a HUBZone

- Round to nearest whole number
 - 25 employees: 8.75 employees → 9 employees
- Reside: live full-time, for at least 180 days
- Once admitted, must attempt to maintain residency requirement
 - If less than 20%, firm has not attempted to maintain

Employee: full-time, part-time, or other basis

- Must work at least 40 hours during month prior to application/recertification
 - Must perform legitimate work for the company
- Does not include bona fide independent contractors or subcontractors

35% Employee Residency

Legacy Employees

- SBA allows companies to claim credit for employees who have moved
 - Must live in a HUBZone for at least 180 days after (re)certification
 - Employment must be continued and uninterrupted
 - Not eligible
 - Employees living in a redesignated area or qualified disaster area
 - Companies with principal office in a redesignated area or qualified disaster area
- Be careful: SBA will require additional documentation if company meets requirement through legacy employees

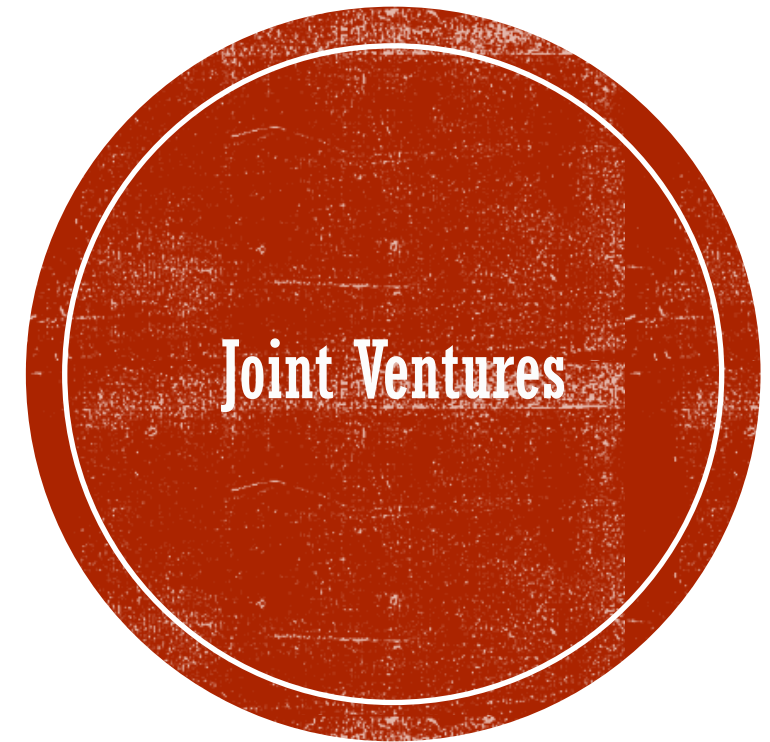
TIP 2: MAKE FRIENDS

- Small businesses can augment their capabilities by working with other companies
 - Teaming
 - Joint Ventures

- Quintessential relationship
- Prime contractor: privity of contract with client
 - Contracts a portion of work to third-party companies
 - Prime remains responsible for performance
- Governed by state law
 - Federal implications
 - Limitation on subcontracting
 - “Flow down” provisions
- Prime can ordinarily use sub’s past performance . . . but not always



- 2+ entities form a new entity
 - JV bids on work, and awarded K in its own name
 - Performs through venturers
- Eligibility
 - Venturers are small business (unless M/P)
 - Compliant JVA for each contract
- Must follow SBA's rules
 - JV management
 - Limitation on subcontracting and performance of work requirement
 - Reporting requirements
- JV can rely on venturers' respective past performance



TIP 3: MAKE A FRIEND . . . WITH BENEFITS

- Obtaining socioeconomic program designations can help a small business limit its competition
 - Sole source awards
 - Set-aside competitions
- Socioeconomic designations help for subcontracting, too



- Mentor agrees to provide business development assistance to protégé
 - Assistance: really, anything a protégé might need to grow business
 - SBA reviews to ensure assistance is being provided
- Benefits
 - Business development assistance
 - May form a small business JV, even if mentor is large
 - Capital infusions/equity
 - Affiliation exemption



Ensuring Successful Performance

32

TIP 1: KNOW WHAT YOU'RE GETTING INTO

- Understand contract requirements before bidding
 - If unclear/too restrictive, ask CO!
 - Consider a pre-bid protest

TIP 2: DON'T BE A STRANGER

- Understand lines of communication
- Maintain open communication with CO
 - Communicate in writing
 - Confirm scope/schedule/cost changes
- Keep detailed performance records



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Thank You! Any Questions?

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