

Guam Industry Forum II Teaming for Success

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OVERVIEW



- **Small Business Utilization Policy**
- **Consolidation of Requirements**
- **Teaming**
- **Types of Team Arrangements**
- **Small Business Affiliation Rules**
- **Summary**

SMALL BUSINESS UTILIZATION POLICY



“It is the policy of the Government to provide maximum practicable opportunities in its acquisitions to small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns. Such concerns must also have maximum practicable opportunity to participate as subcontractors in the contracts awarded by any executive agency, consistent with efficient contract performance.”

FAR 19.201(a)

THE CHALLENGE

CONSOLIDATION OF REQUIREMENTS



- DOD issued first consolidation policy letter of 1982
- Contract consolidation is a practice that combines two or more requirements into a single new solicitation
- Bundling Means –

Consolidating two or more requirements previously provided or performed under separate smaller contracts into a solicitation for a single contract that is likely to be unsuitable for award to a small business concern
- Consolidation is a trend within the federal government

TEAMING



GENERAL:

- Desirable from both Government and industry standpoint.
- Complement each other's unique capabilities.
- Offer the best combination of performance, cost and delivery.

TEAMING



POLICY:

“The government will recognize the integrity and validity of contractor team arrangements, provided, the arrangements are identified and company relationships are fully disclosed in an offer or, for arrangements entered into after submission of an offer, before the arrangement becomes effective.”

FAR 9.603

TEAMING



- **DEFINITIONS OF A “TEAM ARRANGEMENT”**

- A “Contractor team arrangement,” means an arrangement in which:

- Two or more companies form a partnership or joint venture to act as a potential prime contractor; or
- A potential prime contractor agrees with one or more other companies to have them act as its subcontractors under a specified government contract or acquisition program

FAR 9.601

TEAMING



- **BENEFITS TO DOD:**
 - Consolidates requirements with a single contractor
 - Reduces the administrative burden
 - Provides single point of contact
 - Reduces program management
 - Supports small business contractor development
 - Increases competition and expands opportunities for small business
 - Increases innovation
 - Reduces risks

TEAMING



- **BENEFITS TO SMALL BUSINESSES:**

- Takes advantage of relaxed SBA affiliation rules
- Maximizes complementary skills, resources, and capabilities
- Minimizes risks
- Develops a direct relationship with DOD
- Fills gaps in past performance
- Eliminates barriers (for example, supporting requirements that are geographically dispersed)
- Increases competitiveness

TEAMING



- **LIMITATIONS:**

Teaming policy does not authorize contractor team arrangements in violation of antitrust statutes or limits the government's rights to:

- Require consent to subcontracts
- Determine, on the basis of the stated contractor team arrangement, the responsibility of the prime contractor
- Pursue its policies on competitive contracting and subcontracting
- Hold the prime contractor fully responsible for contract performance, regardless of any team arrangement between the prime contractor and its subcontractors

FAR 9.604

TRADITIONAL TEAMING RELATIONSHIP



- Large businesses have always practiced teaming among each other
- For small businesses, the prevailing teaming model is one in which small business is a member of a large business team

TRADITIONAL TEAMING RELATIONSHIP



(continued)

MANY SMALL FIRMS OFTEN PRACTICE A GO-IT-ALONE STRATEGY:

- Some small business owners do not want to give up control
- Others avoid teaming because they want to have a direct relationship with the federal customer)
- Some avoid teaming because they have insufficient resources
- Others prefer to be subcontractors

13CFR 124-513

TEAMING



TYPES OF TEAMING ARRANGEMENTS:

- **Teaming Agreements**
- **Subcontracting**
- **Partnerships**
- **General Partnerships**
- **Limited Partnerships**
- **Joint Ventures**

TEAMING - Teaming Agreements



ELEMENTS OF TEAMING AGREEMENTS:

- Proposal preparation responsibilities of all team members are clearly defined
- Team members are required to submit a proposal to the prime contractor covering the team members' portion of the effort
- Statement-of-work tasks are clearly divided among team members in the event of contract award
- Provision for protection of the competition-sensitive proprietary information of all team members

13CFR 124-513

TEAMING - Subcontracting



KEY ELEMENTS OF THE *PRIME* CONTRACTOR'S RELATIONSHIP WITH THE SUBCONTRACTOR:

- Has a direct relationship with DOD
- Has privity of contract with DOD
- Is responsible for adhering to contract terms and conditions
- Conveys appropriate terms and conditions to the subcontractor
- Manages the subcontractor's performance and adherence to the subcontract

TEAMING - Subcontracting



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KEY ELEMENTS OF THE *SUBCONTRACTOR'S* SUBCONTRACTING RELATIONSHIP WITH THE PRIME:

- Has a direct relationship with the prime contractor and not DOD
- Is responsible for adhering to subcontract terms and conditions
- Conveys appropriate terms and conditions to second-tier subcontractors
- Manages the second-tier subcontractors' performance and adherence to the subcontract

TEAMING - Joint Ventures



DEFINITION: A joint venture is an association of two or more individuals or concerns formed to undertake a particular business transaction or project, rather than one intended to continue indefinitely

- **Members of the joint venture share in the profits and risk of loss**
- **The entity, and its members, are in privity of contract with the government**

13 CFR 121.103(h)



TEAMING - Joint Ventures

(continued)

SIZE EXCEPTIONS:

- **Small business concerns can benefit from forming a joint venture to pursue large procurement opportunities**
- **The FAR relaxes the standard size requirements to enable small businesses to form joint ventures without fear of losing their status as small businesses and of forfeiting other small business opportunities**

TEAMING - Joint Ventures

AFFILIATION RULES



SIZE EXCEPTIONS:

- For bundled procurements, the small business size standard must be applied to the individual small business concerns, and not to the combined assets of the joint venture
- For other than bundled procurements, the small business size standard shall be applied to the individual members of the joint venture rather than to the combined assets of the joint venture for procurements that are not bundled requirements if:
 - for a revenue-based size standard, the estimated contract value (including options) exceeds one-half of the applicable size standard, or
 - for an employee-based size standard, the estimated contract value exceeds \$10 million

FAR 19.101(7)

TEAMING - Joint Ventures AFFILIATION RULES



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8(a) SMALL BUSINESS JOINT-VENTURE WITH MENTOR:

“Two firms approved by SBA to be a mentor and protégé under 13 CFR 124.520 may joint venture as a small business for any Federal Government procurement, provided the protégé qualifies as small for the size standard corresponding to the NAICS code assigned to the procurement.”

13 CFR 121.103 (h)(3)

TEAMING - Joint Ventures AFFILIATION RULES



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8(a) SMALL BUSINESS JOINT-VENTURE:

- JV of at least one 8(a) participant
- Each JV partners is small under the size standard corresponding to the NAICS code assigned to the procurement. (exception for 8(a) Protégé Joint Venture with its mentor)
- The solicited contract value exceeds half the size standard (revenue based) or \$10M (employee-based) of the solicited contract
- The 8(a) partner's size is less than $\frac{1}{2}$ the size standard of the NAICS assigned to the solicited contract

13CFR 124-513

TEAMING - Joint Ventures AFFILIATION RULES



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HUBZone JOINT-VENTURE:

- Qualified HUBZone SBC may enter into JV with another qualified HUBZone SBC if each is small under the size standard corresponding to the solicited contract
- Qualified HUBZone SBC may not Joint-Venture with its mentor unless the member is also a qualified HUBZone

CFR 126-616

TEAMING - Joint Ventures AFFILIATION RULES



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SERVICE DISABLED VETERAN-OWNED SMALL BUSINESS (SD-VOSB):

- **At least one member of the JV is an SD-VOSB**
- **Each other concern of the JV is small under the size standard corresponding to the NAICS Code assigned to the procurement**

FAR 19.1403

SUMMARY



- **Small Business Concerns can form numerous types of teaming arrangements.**
- **Small Business Concerns can pursue consolidated procurements by teaming.**
- **Teaming arrangements enable small business concerns to marshal complementary capabilities and increase competitiveness.**