



MAR 21 2012

**PROCUREMENT MEMORANDUM 2012-03**

**ACTION**

**MEMORANDUM FOR: HEADS OF CONTRACTING OFFICES**

**Signed**

**FROM:** Barry E. Berkowitz  
Senior Procurement Executive and  
Director, Office of Acquisition Management

**SUBJECT:** Fiscal Year 2012 Small Business and Socio-Economic Goals

**Background**

In accordance with the Small Business Act, agencies are required to establish annual goals for contract awards to small businesses. The strength and viability of small businesses are of significant importance to our nation's economy. A successful and strong small business community is integral in job creation, community empowerment, and economic revitalization. The Department of Commerce (Department, DOC) strongly supports small business concerns and the commitment to increase contracting opportunities by achieving or exceeding the small business and socio-economic goals for fiscal year 2012.

**Purpose**

The purpose of this Procurement Memorandum is to provide the Department of Commerce small business and socio-economic goals for the current fiscal year.

**Fiscal Year 2012 Goals**

The Fiscal Year 2012 small business and socio-economic goals for the DOC listed below. In addition, to mitigate the impact of DOC contracts awarded by other agencies and ensure small business goals are met, Operating Unit goals have been established to reflect the actual percentage required to achieve the Department's goals.

<b>Business Category</b>	<b>Department Prime Goals</b>	<b>Operating Unit Prime Goals</b>	<b>Subcontracting Goals</b>
Small Business	39%	49%	30%
Small Disadvantaged Business	12%	12%	12%
8(a)	6%	6%	N/A
Women-Owned Small Business	10%	10%	10%
HubZone Small Business	3%	3%	3%
Veteran-Owned Small Business	4%	4%	3%
Service-Disabled Veteran Owned	3%	3%	3%

**Required Actions**

It is the policy of the Department to provide maximum practicable acquisition opportunities to small business concerns and strive to meet or exceed the small business and socio-economic goals set forth herein. To this end, Contracting Officers shall:

- Facilitate regular collaboration among the acquisition team including the Office of Small and Disadvantaged Business Utilization (OSDBU) and the Bureau Small Business Specialist to identify: (1) requirements that can be met effectively through small businesses, and (2) the most suitable small business contracting authority for the requirement that will aid in meeting or exceeding the Department's small business goals;
- Utilize the OSDBU, Bureau Small Business Specialist, Small Business Administration Procurement Center Representative, and the Minority Business Development Agency to assist with market research in order to identify qualified and capable small business concerns for prime and subcontracting opportunities;
- Participate in small business outreach events; and
- Conduct meaningful market research to make set-aside determinations.

Attachment A provides tactical tools that have been proven to help increase the percentage of contracts awarded to small businesses. Contracting Officers are strongly encouraged to utilize these tools as well as the Department's small business toolkit accessible at:

<https://max.omb.gov/community/display/test/DOC+Acquisition+Collaboration+-+Small+Business+Toolkit>.

Please direct any questions regarding this Procurement Memorandum to Sherry Dames at (202) 482-4721 or the Office of Small and Disadvantaged Business Utilization at (202) 482-1472.

**Attachment A - Small Business Tactical Tools**

Appendix A: Top 25 NAICS codes for Small Businesses

Appendix B: FPDS-NG Instructions

Appendix C: Dynamic Small Business Search Instructions

Appendix D: Maximizing Use of Existing Contracts

Appendix E: List of Industries Previously in Competitive Demonstration Program

cc: Acquisition Community

## **Attachment A Small Business Tactical Tools**

- **Small Business Set Asides in Multiple Award Contracts and Orders:** FAR Part 19 was recently revised to add section 19.502-4 authorizing the use of set-asides under multiple-award contracts including set-asides for small businesses participating in the small business programs identified in FAR 19.000(a)(3); and to allow reservation of one or more awards under multiple-award contracts for small business concerns, including any of the socio-economic groups.
- **Use Parity:** Through the Small Business Jobs Act of 2010, parity is now in place, allowing Contracting Officers to choose among a HUBZone, service-disabled veteran-owned, 8(a), or women-owned set-aside for contracts over the Simplified Acquisition Threshold (generally \$150,000). Contracting Officers should take advantage of this flexibility and consider not only overall small business goals, but also socio-economic goals.
- **Be Rigorous in Evaluating Opportunities:** Every contracting opportunity should be evaluated for possible small business utilization.
- **Focus on Industries Where Small Businesses Excel:** Small business set-asides are particularly effective and popular in certain fields and industries (see Appendix B for a list of top 25 NAICS codes for small businesses).
- **Robust Market Research:**
  - *Work with DOC's Procurement Center Representative (PCR) to identify small business opportunities.* A list of PCRs and their assigned agencies is available at: <http://www.sba.gov/content/government-contracting-field-staff-directory>. If your agency does not have an assigned PCR, please contact the Area Director (also listed on the website).
  - *Reach out to agencies who buy similar products/services to identify potential new vendors* (see Appendix C for instructions on how to conduct this search in the Federal Procurement Database System-New Generation (FPDS-NG) or reach out to Department of Defense (DOD) and/or General Services Administration (GSA) who have developed tools to conduct this analysis. DOD contact: Carol Brown, [Carol.A.Brown@osd.mil](mailto:Carol.A.Brown@osd.mil) or (703) 604-0157 ext. 147; GSA contact: Nadine McCoy, [nadine.mccoy@gsa.gov](mailto:nadine.mccoy@gsa.gov) or (202) 302-5120).
  - *Use the Dynamic Small Business Search to identify small businesses capable of performing a contract* (see Appendix D for instructions on how to use Dynamic Small Business Search).

- **Maximize Use of Existing Contracts:** GSA Schedules, Government-Wide Acquisition Contracts (GWACs), and agency-wide contracts hold huge potential to increase small business utilization. The Schedules alone provide access to more than 14,000 small businesses offering a wide range of commercial products and services, and agencies are authorized to consider socio-economic status to give preference to small businesses over large businesses in a competition (see Appendix E for instructions on how to use Schedules and a list of existing GWACs with small business contract holders).
- **Use the 8(a) Program:** Utilize the Department's 8(a) Partnership Agreement in place with SBA, which provides Contracting Officers a streamlined process to award contracts to small disadvantaged business concerns. Also be mindful that existing vehicles, such as the 8(a) STARS GWAC, offer an efficient way to make competitive 8(a) awards. Moreover, 8(a) firms that are also small disadvantaged, women-owned, service-disabled veteran-owned, or HUBZone small business concerns provide credit for multiple socio-economic categories.
- **Use the New Women-Owned Small-Business Program:** This new program implemented in FY11 allows set-asides in select NAICS codes (visit [www.sba.gov/wosb](http://www.sba.gov/wosb) for a list of eligible NAICS codes) and below a dollar threshold (\$6.5M for manufacturing contracts and \$4M for non-manufacturing contracts).
- **Take Advantage of the Repeal of the Competition Demonstration Program:** As a result of the Small Business Jobs Act, the repeal of the Competition Demonstration Program has opened up new opportunities in 11 industries where small businesses have traditionally excelled (see Appendix F for a list of industries).

**Appendix A**  
**Top 25 NAICS Codes for Small Businesses**

<b>Rank</b>	<b>NAICS Code</b>	<b>NAICS Description</b>
1	236220	Commercial And Institutional Building Construction
2	541519	Other Computer Related Services
3	541330	Engineering Services
4	541712	Research And Development In The Physical, Engineering, And Life Sciences (Except Biotechnology)
5	237990	Other Heavy And Civil Engineering Construction
6	541611	Administrative Management And General Management Consulting Services
7	561210	Facilities Support Services
8	541710	Research And Development In The Physical, Engineering, And Life Sciences
9	541511	Custom Computer Programming Services
10	541512	Computer Systems Design Services
11	562910	Remediation Services
12	336413	Other Aircraft Parts And Auxiliary Equipment Manufacturing
13	531120	Lessors Of Nonresidential Buildings (Except Mini Warehouses)
14	336611	Ship Building And Repairing
15	517110	Wired Telecommunications Carriers
16	237310	Highway, Street, And Bridge Construction
17	334111	Electronic Computer Manufacturing
18	424720	Petroleum And Petroleum Products Merchant Wholesalers (Except Bulk Stations And Terminals)
19	541513	Computer Facilities Management Services
20	236210	Industrial Building Construction
21	315999	Other Apparel Accessories And Other Apparel Manufacturing
22	334220	Radio And Television Broadcasting And Wireless Communications Equipment Manufacturing
23	561612	Security Guards And Patrol Services
24	541990	All Other Professional, Scientific, And Technical Services
25	541930	Translation And Interpretation Services



## Appendix B

### ***Instructions on how to search for agencies that procure similar products/services in the Federal Procurement Database System-New Generation (FPDS-NG)***

- Log into FPDS at: <https://www.fpds.gov>
- Click "Adhoc Reports", then click "New."
- "1 Select metrics" will be automatically highlighted, and in the left-hand side column you will see the Metrics folder opened.
- Click on the + sign next to "Award – IDV Information."
- Click on the "Dollar Values" folder.
- In the main pane look for Action Obligation, then click "Add" on the far right-hand side.
- To open the second section, click "2 Select attributes" at the top of the screen. In the left-hand side column, the Attributes folder will be open.
- Click the + sign next to the "Award – IDV Information" folder.
- Next, select "Product or Service Information." In the main pane, click the "Add" button next to "NAICS Code."
- Then, in the left-hand side column, select "Business Size Selection." In the main pane click the "Add" button next to "Contracting Officers Business Size Selection."
- Finally, in the left-hand side column, select "Department and Agency Information." In the main pane, click the "Add" button next to "Contracting Department Name."
- Now, click "3 Select time, filters, and rankings" towards the top of the screen.
- Under the Add Filter section, it will have a "Select an attribute" drop-down menu. Find and select "Contracting Officers Business Size Selection." For the adjacent drop-down menu keep the value at "Show Only." And in the third scroll down menu click the blue "Select attribute values..." link.
- A window titled "Choose Attribute Values" will appear. In the window, select "Small Business," then click "OK." The window will then close.
- Return to the Add Filter section on the original page, click "Add." This filter will then be added to your report, and the Add Filter section will once again be reset.
- You can add another filter based on the NAICS code you are searching for. Under the "Select an attribute" drop down menu, select "NAICS Code." Keep the next menu as "show only," and in the third menu click the "Manually enter a value..." link. A new window titled "Enter Attribute Value" will appear. Enter the 6-digit NAICS code you are searching for. Then click "OK." The window will close and you will be brought back to the main page.

- Then on the main page in the “Add Filter” section, click “Add.”
- To complete the fourth step of the process, click “4 Layout and setup.” Verify that the layout is what you desire. Then hit “Execute” in the top right-hand corner of the page.
- Next you will be asked to enter the dates you choose to see data from. Enter the dates where it says “For Date Signed only show values between”. We suggest entering from “10/01/2010” to “09/30/2011” to see the 2011 fiscal year data.
- Finally, in the top right-hand side corner, click “Display Report.”

Once you have gathered the names of other agencies/departments that purchase the same NAICS code goods or services from a small business, you may contact the agency’s Office of Small and Disadvantaged Business Utilization (OSDBU) for recommendations on small business vendors. You can find a list of OSDBU contacts at: [www.osdbu.gov](http://www.osdbu.gov).

## **Appendix C**

### **Instructions on how to use Dynamic Small Business Search**

- Go to the Dynamic Small Business Search website at: <http://dsbs.sba.gov>.
- Under "Location of Profile," you can select the state that you'd like to search for firms in or you can input an area code or zip code.
- To find certified 8(a) or HUBZone firms, in the "Government Certifications" section, select the radio button that says "Required (Active Certifications Only)" under "8(a) certified or 8(a) Joint Venture" or "HUBZone Certification."
- To find Service-Disabled Veteran-Owned or Women-Owned Small Businesses, in the "Ownership and Self-Certifications" section, select the box that says "Service Disabled Veteran Owned" or the appropriate box under "Any Women-Owned Small Business."
- In the next section called "Specific Nature of Business," you can enter a specific NAICS code(s) to find small businesses that operate in those industries.
- There are other criteria you may select throughout the page to tailor your search.
- When you are finished selecting criteria, go to the bottom of the page and press "Search Using These Criteria."
- A screen will appear with a list of all small businesses that meet the criteria.



## Appendix D

### Maximizing Use of Existing Contracts

#### Maximizing Opportunities for Small Businesses on Federal Supply Schedules

More than 14,000 small businesses participate in the Federal Supply Schedules Program managed by the General Services Administration (GSA), which is used by agencies to acquire close to \$47 billion in products and services each year, approximately 10 percent of overall Federal procurement spending. The proportion of dollars going to small businesses through schedule sales exceeds the Government-wide average, but additional capacity exists that is not currently being tapped.

To ensure small businesses have maximum practicable opportunity to receive work through their Schedule contracts, each agency should take steps to increase the percentage of dollars awarded to small businesses under the Schedules.

This appendix, prepared by GSA's Federal Acquisition Service, reviews tools currently available to agencies to increase opportunities for small business contractors under the Schedules and outlines several steps to help agencies take full and effective advantage of the capability and capacity of small businesses participating in the Schedules Program.

#### ***Background***

The Federal Supply Schedules Program serves as an important gateway to the Federal marketplace for small businesses, helping new entrants gain access to a wide range of agencies and experienced small businesses grow their customer base. Approximately 37 percent of these dollars are awarded to small businesses. While this participation rate is well above the Government-wide goal of 23 percent, there is additional capacity and capability that agencies should make concerted efforts to utilize.

Section 8.405-5(b) of the Federal Acquisition Regulation encourages all agencies to consider, "at a minimum," at least one small business, veteran-owned small business, service disabled veteran-owned small business, HUBZone small business, women-owned small business, or small disadvantaged business schedule contractor(s) when placing orders. As the express wording of the FAR provision reminds, this policy is intended to serve as a floor. With many thousands of small business contractors participating in the Schedules Program, agencies have ready access to a wide range of skills and expertise to meet their needs and should take full advantage of this capacity in planning and conducting their buys.

#### ***Tools for increasing small business participation***

Over the years, GSA has developed a suite of tools and resources to enhance procuring agencies' ability to target small business contractors on Schedule competitions. Agencies are encouraged to review these resources and take the following steps to increase opportunities for small business schedule contractors:

1. **Use the GSA Schedule and Small Business Utilization website to review the policies, procedures, and tools that may be used to conduct competitions focused on small businesses.** GSA has created a new section of its GSA Schedules website focused on small business contracting at <http://www.gsa.gov/portal/content/202261>. The new section includes information on practices to facilitate awards to small businesses as prime contractors or subcontractors and sample language from statements of work that have been used to successfully implement these practices. These practices include: (1) establishing evaluation criteria which give weight to socio-economic factors in a best value analysis and (2) giving meaningful consideration to small business subcontracting plans when placing task or delivery orders. These practices are described in greater detail below.
2. **Take advantage of GSA's market research tools to target small business contractors.** GSA Advantage, the Schedules' online shopping and ordering system, and the GSA e-Library at <http://www.gsa.gov/fss> contain information on the small business representations of Schedule contractors and allow customers to tailor their searches specifically for products and services provided by disadvantaged, service-disabled veteran, women-owned, HUBZone, and other small businesses.
3. **Consider using socioeconomic status as an evaluation factor.** FAR 8.405-5(b) authorizes agencies to consider socio-economic status when identifying contractors for consideration or competition for award of an order or blanket purchase agreement. These criteria may be used to give preference to small businesses over large businesses in a competition. Agencies have used language similar to the following to put interested vendors on notice that socio-economic status would be considered:

Socio-economic status of the vendor shall be considered as a primary evaluation factor for award with the goal of achieving one of the agency's socioeconomic goals to increase small business participation as prime contractors.

The following factors will be used by the Government to evaluate proposals in descending order of importance: (1) socio-economic, (2) past performance, (3) price, (4) technical approach, and (5) management work plan & key personnel.

GSA's electronic request for quote system, e-Buy, allows agencies to request invitations to bid specifically from disadvantaged, veteran-, service-disabled veteran, women-owned, and other small businesses. If a large business contractor expresses an interest in participating in the competition, it must be allowed to participate, but could receive a lower rating than a small business under the socio-economic status factor (e.g. "fair" vs. "excellent").

4. **Consider subcontracting goal promises and achievements.** Large businesses on Schedules that involve subcontracting are required to establish small business subcontracting plans as a condition of participation in the program and annually report their achievements in eSRS. An agency might consider giving a higher score to a contractor whose latest annual subcontracting report shows that it is exceeding the goals approved under its Schedule contract over one that has not exceeded its goals. Consideration should also be given to the dollar value of the small business goals offered. One agency used the following language to apply these concepts:

The Government will evaluate the contractor's achievement of their small business subcontracting goals as well as the dollar value of the small business goals offered. The Government will give an exceptional rating to small business entities. The next highest rating, satisfactory, will be given to other than small businesses whose subcontracting plans and latest annual subcontracting reports exceed goals approved under their contract. Large firms that have not exceeded their schedule subcontracting goals will receive a marginal rating.

#### Taking Advantage of GWACs with Small Business Contract Holders

Government-wide acquisition contracts provide a convenient way in which to access small business contractors offering a wide range of IT products and solutions. Several GWACs are set-aside for small businesses, including GSA's Alliant Small Business, 8(a) Streamlined Technology Acquisition Resources for Services (STARS), and Veterans Technology Services (VETS). For a list of currently available GWACs, see the table below.

#### **Government-wide Acquisition Contracts (GWACs)**

Executive Agent	GWAC/Program Name	Program Description	Contract Ceiling <sup>1</sup>	Expiration	FY 2009 Spending
GSA	Alliant	Provides integrated IT solutions	\$15B	April 2014	\$40M
GSA	Alliant Small Business	Small business set-aside offering integrated IT solutions	\$15B	Feb 2014	\$21M
GSA	Veterans Technology Services (VETS)	VETS is a small business set-aside GWAC for service-disabled veteran-owned (SDVO) small technology firms.	\$5B	Feb 2012	\$94M
HHS	Electronic Commodities Store III (ECS III)	Provides commercial IT supplies and related services, including hardware, software, networking and telecommunications equipment, scientific research stations, and warranties and maintenance services.	\$6B	Nov 2012	\$86M
NASA	Solutions for Enterprise Wide Procurement	Provides IT products and services	\$5.6B	May/June 2014	\$1.8M

<sup>1</sup>Contract ceiling is applicable over the life of the contract, which includes a base performance period, ranging from 4-7 years, and any option periods

## Appendix E

### List of Industries Previously in the Competitive Demonstration Program

NAICS Code	NAICS Description
<b>1. Construction (except dredging)</b>	
<b>Subsector 236—Construction of Buildings</b>	
236115	New Single-Family Housing Construction (except Operative Builders)
236116	New Multi-Family Housing Construction (except Operative Builders)
236117	New Housing Operative Builders
236118	Residential Remodelers
236210	Industrial Building Construction
236220	Commercial and Institutional Building Construction
<b>Subsector 237—Heavy and Civil Engineering Construction</b>	
237110	Water and Sewer Line and Related Structures Construction
237120	Oil and Gas Pipeline and Related Structures Construction
237130	Power and Communication Line and Related Structures Construction
237210	Land Subdivision
237310	Highway, Street, and Bridge Construction
237990	Other Heavy and Civil Engineering Construction (except dredging)
<b>Subsector 238—Specialty Trade Contractors</b>	
238110	Poured Concrete Foundation and Structure Contractors
238120	Structural Steel and Precast Concrete Contractors
238130	Framing Contractors
238140	Masonry Contractors
238150	Glass and Glazing Contractors
238160	Roofing Contractors
238170	Siding Contractors
238190	Other Foundation, Structure, and Building Exterior Contractors
238210	Electrical Contractors
238220	Plumbing, Heating, and Air-Conditioning Contractors
238290	Other Building Equipment Contractors
238310	Drywall and Insulation Contractors
238320	Painting and Wall Covering Contractors

238330	Flooring Contractors
238340	Tile and Terrazzo Contractors
238350	Finish Carpentry Contractors
238390	Other Building Finishing Contractors
238910	Site Preparation Contractors
238990	All Other Specialty Trade Contractors
<b>2. Non-nuclear Ship Repair</b>	
336611	Ship Building and Repairing
PSC J998	Non-nuclear Ship Repair (East) Ship Repair (including overhauls and conversions) performed on non-nuclear propelled and non-propelled ships east of the 108th meridian
PSC J999	Non-nuclear Ship Repair (West) Ship Repair (including overhauls and conversions) performed on non-nuclear propelled and non-propelled ships west of the 108th meridian
<b>3. Architectural and Engineering Services (including surveying and mapping)</b>	
541310	Architectural Services
541330	Engineering Services
PSC C111	Administrative and Service Buildings
PSC C112	Airfield, Communication and Missile Facilities
PSC C113	Educational Buildings
PSC C114	Hospital Buildings
PSC C115	Industrial Buildings
PSC C116	Residential Buildings
PSC C117	Warehouse Buildings
PSC C118	Research and Development Facilities
PSC C119	Other Buildings
PSC C121	Conservation and Development
PSC C122	Highways, Roads, Streets, Bridges and Railways
PSC C123	Electric Power Generation (EPG)
PSC C124	Utilities
PSC C129	Other Non-Building Structures
PSC C130	Restoration
PSC C211	Architect-Engineering Services (including landscaping, interior layout, and designing)
PSC C212	Engineering Drafting Services
PSC C213	A&E Inspection Services (non-construction)
PSC C214	A&E Management Engineering Services
PSC C215	A&E Production Engineering Services (including Design and Control, and Building Programming)
PSC C216	Marine Architect and Engineering Services
PSC C219	Other Architect and Engineering Services
541360	Geophysical Surveying and Mapping Services
541370	Surveying and Mapping (except Geophysical)

	Services
PSC T002	Cartography Services
PSC T004	Charting Services
PSC T008	Photogrammetry Services
PSC T009	Aerial Photographic Services
PSC T014	Topography Services
PSC R404	Land Surveys, Cadastral Services (non-construction)
<b>4. Refuse Systems and Related Services</b>	
562111	Solid Waste Collection or
562119	Other Waste Collection or
562219	Other Nonhazardous Waste Treatment and Disposal
PSC S205	Trash/Garbage Collection Services—including Portable Sanitation Services
<b>5. Landscaping and Pest Control Services</b>	
561710	Exterminating and Pest Control Services
561730	Landscaping Services