



U.S. Small Business  
Administration



# **Module 1 – Setting Expectations**

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# Introduction

8(a) Business Development Program is designed to assist “Certified” socially and economically disadvantaged small businesses

Four-module education series designed to inform and educate eligible small firms about the 8(a) Business Development Program (BDP)

# Course Content

1. Program Purpose & Summary
2. How the Program Works
3. Eligibility Requirements
4. Application Process
5. Key Questions & Answers
6. Resources and Assistance

# Program Purpose

Help small disadvantaged businesses compete in the marketplace

Provide business development support

Prepare small disadvantaged firms for procurement and other business opportunities

# Regulatory Perspective

The 8(a) Business Development Program:

Established by: – Section 8(a) of the Small Business Act of 1953 (Section 204 of Public Law 100-656)

Governed by: – 13 CFR 124.100–124.704  
(Subpart A) – FAR Part 19.800–19.812

# Key Program Objectives

“Promote the business development of small business concerns owned and controlled by socially and economically disadvantaged individuals...”

“Promote the competitive viability of such concerns...”

“Clarify and expand the program for procurement by the United States...”

# Program Clarification

- Not a contracting program (per se)
- 8(a) program participants are not in any way guaranteed or entitled to receive federal contracts
- Program supports small disadvantaged firms with management and technical assistance to help them compete for contracts and other business opportunities



# Program Benefits

- Features business development assistance
- Certified firms can potentially receive sole-source contracts – up to \$4.5 million/contract for goods and services – up to \$7 million for manufacturing
- Legal review of 8(a) Sole Source Joint Ventures Agreements and SBA Mentor-Protégé Agreements

Reference: FAR 19.8

# Term and Participation

- Maximum 9-year participation in the program, beginning from the date of SBA approval
- First 4 years are considered the developmental stage
- Last 5 years are considered the transitional stage
- Continuation in the program is dependent on:
  - Remaining eligible as an economically disadvantaged firm
  - Staying in compliance with the 8(a) BD participation agreement

Reference: 13 CFR 124.2

# Conditions to Leave the Program

- Expiration of the 9-year program term
- Graduation of the program
- Voluntary withdrawal or voluntary early graduation
- Termination

Reference: 13 CFR 124.2 and 124.301

# Summary

Overall goal for 8(a) firms is to grow, hire employees, and thrive in a competitive business environment after the 9-year term

## Highlights:

- Maintain a balance between commercial and government business
- Total dollar value of sole-source contracts an 8(a) firm can receive while in the program is limited
- SBA district offices monitor and measure the progress of participating firms
  - Annual review submissions & reporting
  - Business planning

# Key Components

## SBA's Role

- Business Development Assistance
- Business Development Support
- Oversee continuing eligibility

## Role of the 8a program participant

- Capitalize on available business development assistance and support
- Learn about government buying processes
- Submit information annually to the SBA to prove continuing eligibility
- Self promotion - Market to the government

# SBA's Role

- Program policy guidance
- Review and certify eligible clients
- Assign SBA personnel, Business Opportunity Specialists, to 8(a) participating firms
- Provide business development assistance
- Review progress of 8(a) certified businesses

# Business Development Assistance

- Business counseling and mentoring
- Online and traditional training
- Surety bond guarantees
- Contract marketing guidance

Reference: 13 CFR 124.401 - 124.405

# Business Development Support

- Helping firms:
  - register in the System for Award Management (SAM) & Dynamic Small Business Search (DSBS)
  - find contract opportunities
  - maintain a current business plan with a procurement strategy
  - and other support
- Assigning Business Opportunity Specialists (BOS)s to work individually with participating 8(a) firms



# Contract Opportunities

- SBA staff and Procurement Center Representatives (PCRs) work closely with government agencies to identify and set-aside procurement opportunities for small firms
- Government-wide procurement goals that benefit small businesses
  - 23% -- Overall small business goal
  - 5% -- Small disadvantaged businesses
  - 5% -- Women owned small businesses
  - 3% -- Certified HUBZone firms
  - 3% -- Service-disabled veteran-owned small businesses

# Role of Participating 8a Firms

- 8(a) firms must open the doors.... Firm's must self-market
- 8(a) firms must be competitive and market themselves competitively
- Successful 8(a) firms capitalize on available business development resources, educate themselves on government needs, and market themselves based on skills and ability to meet such needs

# Basic Eligibility Requirements

- Ability of the firm's owners and managers to meet individual eligibility requirements
- Ability of the firm to meet business eligibility requirements
- Nature and structure of the business
- Potential for the business to perform successfully

Reference: 13 CFR 124.101 - 124.112

# **Socially Disadvantaged**

People presumed to be socially disadvantaged are individuals who have been subjected to racial or ethnic prejudice or cultural bias because of their identification as a member of certain groups without regard to their individual qualities

Reference: 13 CFR 124.103

# Presumed Groups

- Individuals are presumed to be socially disadvantaged if they are a U.S. citizen and a member of one of the following groups:
  - Black American
  - Asian Pacific American
  - Hispanic American (includes individuals of Spanish & Portuguese decent)
  - Native American
  - Subcontinent Asian American
- Individuals outside the noted presumed groups can be admitted to the program, but must demonstrate social disadvantage based on “preponderance of the evidence”

# Preponderance of Evidence

Generally, preponderance is evidence of a quality and quantity which leads the decision maker to objectively conclude that the existence or truth of facts asserted is more probable than not...

# Economically Disadvantaged

- The 8(a) Program is not intended to benefit individuals who have accumulated significant wealth
- Individuals with an “adjusted” personal net worth of \$750,000 or greater are not considered economically disadvantaged

Reference: 13 CFR 124.104

# Net Worth Criterion

To meet economic eligibility requirements for the program, the disadvantaged individual's "adjusted" net worth must be less than \$750,000

Adjustments (exclusions) are:

1. The individual's equity in the firm
2. Individual's unavailable pension and retirement funds
3. Equity in the Individual's primary residence

Reference: 13 CFR 124.104



# Other Factors

- Individuals may not have excessive personal income or personal assets
- Individuals with an average three-year income over \$350,000 are not considered economically disadvantaged
- Individuals with total personal assets over \$6.0 million (regardless of exclusions) are not considered economically disadvantaged

Reference: 13 CFR 124.104

# Ownership and Control

- Disadvantaged Individual(s) must be the direct and unconditional majority owners (at least 51%) of the applicant business
- Disadvantaged Individual(s) must be engaged full time in the daily management and operation of the business
- Disadvantaged Individual(s) must be in control of the business

Reference: 13 CFR 124.105 – 124.106

# Disadvantaged Individual

- Hold the highest position of President or Chief Executive Officer, Managing Partner, or LLC Managing Member
- Be the highest compensated individual
- Have the ability to hire and fire employees
- Set policies
- Have the ability to commit the firm to contracts
- Have the ability to control the budget and financial disbursements

Reference: 13 CFR 124.105 – 124.106

# Citizen, Size, Management & Time

- 8(a) participants must be citizens of the United States
- Meet small business size standards
- Demonstrate management and technical experience
- In business for at least two years (may request a waiver)

# Small Business Size Standards

- Eligible 8(a) firm must be classified as a small business based on its primary NAICS code , including affiliates
- Firm's size is determined either by:
  - average 5 years of revenues, or
  - average number of employees (if manufacturer or wholesaler)

Learn more about Size Standards:

<https://www.sba.gov/contracting/getting-started-contractor/make-sure-you-meet-sba-size-standards/table-small-business-size-standards>

Reference: 13 CFR 121

# Sound Management

- Evidence of financial capability
- Managerial and technical experience of the firm's owner(s)
- Performance on previous contracts
- Firm has the necessary personnel, licenses, certifications, facilities, equipment, etc. to perform on contracts

Reference: 13 CFR 124.107

# Waiver of the Two-Year Rule

- Reasons that may justify a waiver of the two-year rule...
  - Individual or individuals upon whom eligibility is to be based have substantial and demonstrated business management experience
  - Applicant has demonstrated technical expertise to carry out its business plan with a substantial likelihood for success if admitted to the 8(a) BDP
  - Client applicant has adequate capital to carry out its business plan as a participant
  - Applicant has a record of successful performance on contracts from governmental and nongovernmental sources in the primary industry
  - Applicant can demonstrate its ability to timely obtain the personnel, facilities, equipment, and any other requirements needed to perform contracts as an 8(a) participant

Reference: 13 CFR 124.107(b)(i)

# Deciding Factors – Good Character

What shows lack of good character...?

- Adverse information regarding civil judgments or criminal conduct by the applicant(s)
- Debarred or suspended individuals or firms
- Any principal who is incarcerated or on parole or probation
- Evidence that the firm knowingly submitted false information during the application process
- Any firm or any of its principals that fail to pay financial obligations to the federal government
- Violations of any SBA regulations

Reference: 13 CFR 124.108



# Applying to the 8a BD Program

STEP 1. Verify eligibility compliance

STEP 2. Gather what you need (supporting documentation)

STEP 3. Get a DUNS Number (Dun & Bradstreet)

STEP 4. Register in the System for Award Management ([www.sam.gov](http://www.sam.gov))

STEP 5. Complete and submit the online 8(a) program application at [www.certify.sba.gov](http://www.certify.sba.gov)

# FAQs

Learn More...

- 13 CFR 124
- 8a Program Certification
- Acquire Surplus Property

# Resources and Assistance

## Federal Acquisition Regulations

– <https://www.acquisition.gov/far>

- FAR Part 19

– Small Business Programs – <http://www.acquisition.gov/far>

- Code of Federal Regulations (13CFR)

– <http://www.gpoaccess.gov/cfr/index.html>

- Procurement Technical Assistance Centers (Monterey Bay, Sacramento, and NORCAL PTAC)

# Resources and Tools

Learn more about Federal Certifications:

- Economically and Socially Disadvantaged Business Development Program 8(a) BDP
- Women-Owned Small Business (WOSB) Program
- Historically Under-utilized Business zone Program (HUBZone)
- Service-Disabled Veteran-Owned Small Business (SDVOSB)

Local (client) resources:

- SBA district office (Business Opportunity Specialist)
- Procurement Technical Assistance Centers
- SCORE chapter (SBA Building)
- Small Business Development Centers
- Women's Business Centers

# Contact Us

- Thank you for taking the time to learn about the 8(a) Business Development Program
- Please contact us with any questions you may have
- This is the first module in a four-part Pre-8(a) Business Development Program training series

U.S. Small Business Administration  
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Development Division of Program Certification & Eligibility  
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# Continue with the series!

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