

SWIMMING UPSTREAM: A SMALL BUSINESS'S FUTURE

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Imagine you're a small business

and you've won your first government contract. You see a bright future on the horizon as a prime contractor.

Then, within a year or two, you decide to apply for the Small Business Administration (SBA) 8(a) program. After waiting months for the official approval, it finally it arrives. As a small business, you now have prime contract(s) for your past performance and an 8(a) set aside to increase your chances of direct awards.

Throughout the 8(a) program, you are successful at getting sole-source and competitive contracts; however, you are beyond the peak of the program and suddenly see the light at the end of the 8(a) tunnel. You start to wonder if you've done enough to survive after the 8(a) program—after all, you've heard stories of many firms who have not.

Sitting at your desk, you begin to ponder the next moves. You begin to think through solutions and the best possible outcomes. The first strategy that comes to mind is to start pursuing indefinite delivery/indefinite quantity (IDIQ) and governmentwide acquisition contracts (GWACs). With both contract vehicles, your value add is generally your socioeconomic status and direct past performance.

Now, throughout the 8(a) program, your team has presented IDIQs and GWACs and you may or may not have competed previously—but time, like, your 8(a) status, is of the essence. You focus your business development team on finding IDIQs and GWACs that will have an on-ramp in the next 9–12 months. Now, you're off to the races looking at opportunities to prime and subcontract on these contract vehicles.

HOW TO GET STARTED ON THE IDIQ AND GWAC PROCESS

STEP 1: ACKNOWLEDGE THE ISSUE

The government is consolidating requirements to make more GWACs, reduce redundancy, and save money. However, as a result of these strategic sourcing initiatives, there is an increase in larger contract vehicles, which makes it harder for a small business under a \$7.5 million size standard to compete with contract vehicles that have size standards of \$25–\$38.5 million. It can be argued that a size standard so big essentially functions as a small business set-aside for large businesses to have a field day. Even at \$7.5 million and \$11 million, it can be hard for small businesses to compete with each other. After all, \$3.5 million is sizable difference! It is also worth noting that a firm can most likely price more competitively at \$11 million than at the \$7.5 million size standard.

This is seen with vehicles such as the Federal Aviation Administration eFast, General Services Administration (GSA) OASIS, and Defense Health Agency (DHA) Medical Q Code contract vehicles.

» CASE IN POINT: THE DHA MEDICAL Q CODE

For the Department of Defense (DOD), the need to consolidate medical contract vehicles has been an ongoing problem since at least the early 2000s.¹ For example, 54 task orders were issued for medical professionals at one treatment facility in fiscal year 2011. The recommendation has been to shift away from fragmentation, duplication, and overlap to a broader and more consolidated procurement approach.

DHA exercises management responsibility for identified shared services and supports effective execution of the DOD medical mission.² On January 15, 2014, the DHA director and the three Service Surgeons General signed a coordinated concept of operations that established an acquisition function within the DHA to “[a]ward strategic contract vehicles to meet professional and clinical requirements for the DHA....” Under this concept, DHA serves as the lead agency for developing the acquisition strategy, with Service representation on each strategic sourcing team. One of the first DHA strategic sourcing initiatives focuses on Product Service Code “Q” services (“Medical Services”), which include health care professional staffing services of the type required by military treatment facilities.³

The DHA Medical Q Code⁴ (Solicitation Number: HT0050-16-R-0001) includes market segments and a self-technical scoring worksheet. Essentially, the scoring works such that the more nurses or physicians you've staffed across the United States (including territories), the more points your firm would earn. Further, this vehicle has a \$38.5 million size standard, which makes it difficult for a small business to prime.⁵

Next, we look at the issue in competing for task orders on the ordering level (and we can assume that price is the deciding factor since all the firms that were awarded are capable of performing the work). Now, DOD is considering reinvention of this vehicle and, specifically, development of an 8(a) Medical Q Code contract vehicle⁶ (Solicitation Number: HT0050EMCORFI06282018). This features a similar requirement to the existing Medical Q Code, minus a few items such as the Joint Commission Certification; however, it's important to note that, within the draft documentation released:

- There are a limited number of awards per market segment;
- In the released Q&As, the government has stated it will not prohibit any awardees on the Medical Q Code contract from subcontracting on this contract vehicle; and
- The prime contractor must have past performance in each market segment in order to present proposals.

Therefore, an 8(a) company in the medical and healthcare staffing arena would *still* find itself potentially unable to prime the 8(a) Medical Q Code. Further, if your small business has a current medical and healthcare staffing services contract, it is a good possibility that, upon option renewal or recompetes, that the recompetes will be through the potential 8(a) Medical Q Code or the existing Medical Q Code contract vehicle.

So, now you're probably thinking, "Am I doomed?" Well, not quite, because proper planning can help your team be better positioned to win.

STEP 2: PLAN A STRATEGY FOR SURVIVAL

Small businesses must take more time to plan out their pipelines. Pipelines should include IDIQs/GWACs and forecast opportunities. This process should also not take away from your team's ability to pursue active standalone contracts.

To be successful in federal procurement, a company must have the ability to:

- Look "big" when it is in fact "small";
- Utilize its team to its maximum capability with proper delegation; and
- Use that delegation to consistently seek prime and sub opportunities, teaming partners, and perform direct marketing to the government.

Small businesses should always be searching for and finding new teaming partners. This can be done via email, phone calls, and even going to networking events. There should be a strategy attached to each opportunity in the pipeline with several ways to potentially win a bid. Plan to find a mentor and potentially form a joint venture while you have an active 8(a) and HUBZone certification. This is key to sustainability and growth!

STEP 3: EXECUTE FOR THE WIN

Designate a team member who will check on all forecasted IDIQ or GWACs every 60-90 days when the onramp is 12 months and beyond from being released. As the potential release date gets close (6-9 months), then proceed to check every 45 days.

Task this same team member with performing searches on acquisition forecasts for your company's targeted agencies. While acquisition forecasts are generally released toward the end of the fiscal year, it's a good practice to check on the status of identified opportunities throughout the year as acquisition timelines change quite frequently.

CONCLUSION: FIGHT FOR SUSTAINABILITY AND GROWTH

Small businesses must:

- Spend more time on capture management and business development;
- Develop a capture plan for opportunities now and in the future;
- Dedicate a team member to specifically search for forecast opportunities, which is a consistent practice of large businesses; and
- Use the slow times of the federal buying season to plan and hold your team accountable for quarterly "check-ups" on progress.

With the government changing major requirements for small businesses that impact their ability to compete, small businesses must develop methods of survival. This could include planning like large businesses, consistently seeking out strategic partners, and going to events in which the government will be predominantly present (such as NCMA's World Congress). 

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ENDNOTES

1. See https://www.gao.gov/modules/ereport/handler.php?1=1&path=/ereport/GAO-14-343SP/data_center/Defense/2_Contracting_for_Defense_Health_Care_Professionals#_ftn1_1.
2. In accordance with DOD Directive 5136.13, paragraphs 3.d. and 3.f.
3. See <https://health.mil/Reference-Center/Reports/2018/01/11/Acquisition-Strategy-for-Health-Care-Professional-Staffing-Services>.
4. https://www.fbo.gov/index.php?s=opportunity&mode=form&id=29dbc271795de6ede5e884652ce7bef2&tab=core&_cview=1.
5. Per a notice dated January 18, 2019, "There is no future [DHA] Medical Q-Coded Services (MQS) - 8(a) requirement at this time." The referenced RFI was used for market research. The solicitation is available at: <https://www.fbo.gov/index?s=opportunity&mode=form&tab=core&id=27374bec935769d4f6c3c61fc7131cc>.
6. https://www.fbo.gov/index.php?s=opportunity&mode=form&id=ecf2a4d23cd3c97aa3be5fd4fc25709b&tab=core&_cview=1.

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