

Introduction to Small Business Certification

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Agenda

- Importance of Small Business Certifications
- Eligibility – The “BIG” Picture
- Big Picture Tips for Small Business
- Federal: Small Business Self-Certification
 - 8(a) Certification
 - WOSB & EDWOSB Certification
 - VOSB & SDVOB Certification
 - HUBZone Certification
- Q&A

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Training Limitations



- “Big Picture” training
- Touches on Major Benefits
- NOT a complete discussion of all requirements
- To learn more, contact PTAC



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Importance of Small Business Certifications



\$ 1.1 Trillion +

Total spending (contract & non-contract) by
Federal, State & Local governments



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Importance of Small Business Certifications



Federal Small Business Goals

- 23% to small businesses (SB)
- 5% to small disadvantaged businesses (SDB/8(a))
- 5% to woman-owned small businesses (WOSB/EDWOSB)
- 3% to service-disabled veteran owned small businesses (SDVOSB)
- 3% to historically underutilized business zones (HUBZone)



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Importance of Small Business Certifications



Federal Small Business Achievements

- 26% to small businesses (\$286 billion)
- 10.54% to small disadvantaged businesses (\$30.14 billion)
- 4.85% to woman-owned small businesses (\$13.9 billion)
- 4.28% to service-disabled veteran owned small businesses (\$12.24 billion)
- 2.44% to historically underutilized business zones (\$6.98 billion)



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Contract

The government works to reach these goals by small business set asides and sole source contracts.

x § 10101

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Major Federal Small Business Certifications

- Small Business
- 8(a) Business Development Program
- Woman Owned Small Business (WOSB)
 - Economically Disadvantaged Woman Owned Small Business (EDWOSB)
- Service-Disabled Veteran Owned Small Business (SDVOSB)
 - Veteran Owned Small Business (VOSB)
- Historically Underutilized Business Zones (HUBZone)

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Importance of Small Business Certifications



Importance for Small Businesses

1. Access to more opportunities
2. Less competition, including potential sole sources
3. Get noticed through federal, state & local vendor databases
4. Sought after by agencies and large Primes
5. Increased value to potential teaming partners



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Eligibility – The Big Picture



“Small” is the Key

- A company must be a “small business”
- Small business =
 1. Organized for profit
 2. Place of Business in U.S.
 3. Makes significant contribution to U.S. economy
 4. Qualifies as small under appropriate size standards



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Eligibility – The Big Picture



Size Standards: Federal Contracting

- A size standard defines how large a company can be!
- Size standards vary by industry (NAICS)
- Size standards = avg. receipts or employees
- List of size standards:

<https://www.sba.gov/document/support-table-size-standards>



BE CAREFUL! May qualify as SB for Federal, but not for State



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Big Picture Tips for Small Business



Big Picture Tips

Pre-Certification

- Research potential customers
- Chose certifications
- Be Realistic
- Address potential eligibility problems
- Be Patient!

Post-Certification

- Market Capabilities, then certifications
- Join Industry Groups
- Set up Prime Meetings
- Subcontracting opportunities



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Small Business Self-Certification



Federal: Small Business-Certification

- A business *self-certifies* it's a small business in SAM.gov
- Size = Business avg receipts or employees
- Businesses must include all affiliates
- Avg. Revenues/employees compared to size standards under NAICS code
- Competitor, SBA or CO can challenge self-certification



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8(a) Certification – The Big Picture



Federal: 8(a) Certification

- Formal “disadvantaged small business” certification awarded by the SBA
- Application process – detailed & intensive
- Nine-year program term; no extensions (except for some current participation received 10th year - COVID-19 relief).
- SBA Assistance



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8(a) Certification



8(a) Certification Qualifications

- Small business
- Not have previously participated in the 8(a) program
- 51% or more owned and controlled by U.S. Citizens who are socially & economically disadvantaged
- Personal net worth of \$750 thousand or less, AGI of \$350 thousand or less, assets totaling \$6 million or less
- Demonstrate good character
- Business potential for success



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8(a) Certification



8(a) Certification Social Disadvantage

- "Socially disadvantage individuals – subjected to racial or ethnic prejudice or cultural bias
- Members of some groups (e.g. Black Americans) presumed socially disadvantage; members of other groups (e.g. Caucasian women) must demonstrate personal experiences of bias/discrimination.



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8(a) Certification



8(a) Certification Economic Disadvantage

- Three-year average AGI below \$350,000
- Three-year "adjusted" net worth must fall below \$750,000
- Three-year "unadjusted" net worth must fall below \$6 million



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8(a) Certification



8(a) Certification Potential for Success

- Company in business for more than 2 full years
- SBA will also consider:
 1. Access to capital and credit
 2. Technical & Managerial experience
 3. Past Performance
 4. Company Licenses
 5. Business trends



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Woman Owned Small Business Certifications



WOSB/EDWOSB Certifications
The Big Picture

- A formal certification awarded by SBA
- Application process is detailed
- EDWOSBs are WOSBs – lower net worth & income thresholds
- Unlimited potential during program term



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Woman Owned Small Business Certifications



WOSB/EDWOSB Certifications
Qualifications

WOSB

EDWOSB

- | | |
|---|---|
| <ul style="list-style-type: none">• Be a small business• 51% owned and controlled by women who are US citizens• Day-Day operations managed by women | <ul style="list-style-type: none">• Meet all requirement of WOSB• Personal net worth less than \$750,000• AGI \$350,000 or less• Personal assets \$6 million or less |
|---|---|



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Veteran Owned Small Business Certifications



VOSB/SDVOSB Certifications
The Big Picture

- For non-VA contracts, self-certification program
- For VA contracts – SDVOSB is a formal certification (verification)
- VA is required to give top priority to SDVOSB/2nd to VOSBs
- VA only offers set-aside contracts and sole source contracts to VOSBs



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Veteran Owned Small Business Certifications



VOSB/SDVOSB Certifications
Qualifications

- Since 2018, SBA & VA – Same qualification rules
- An eligible SDVOSB/VOSB must be:
 - 51% owned & controlled by veterans
 - A small business
 - VA only: meet “good character” requirements
- No net worth or income restrictions



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HUBZone Certification



HUBZone Certification The Big Picture

- A formal certification awarded by the SBA
- Application process – detailed & very intensive
- Unlimited potential during program term
- HUBZone entitled to 10% price preference when bidding on non-set-aside contracts



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HUBZone Certification



HUBZone Certification Qualifications

- Be a small business
- 51% owned and controlled by U.S. citizens, CDC, AG Coop, Alaska Native Corp, a Native Hawaiian Org, Indian Tribe
- Have its principal office located in a HUBZone
- Have at least 35% of its employees living in a HUBZone
- HUBZone maps: <https://maps.certify.sba.gov/hubzone/maps>



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