

Key Stages of the SBA 8(a) Business Development Program



The federal government's goal is to award at least 5% of all federal contracting dollars to small disadvantaged businesses each year. We help companies advance through the nine-year 8(a) program so they can expand their footprint in the federal marketplace.



DEVELOPMENTAL STAGE

An 8(a) needs to know what to focus on during the developmental stage to stay in compliance and thrive.

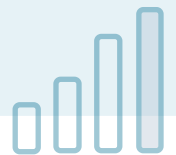
- ▶ Application planning: preliminary personal financial statements, net worth calculations, prior tax returns
- ▶ Acceptable accounting & timekeeping systems, policies and procedures
- ▶ Competitive indirect rate structure
- ▶ System to track/monitor 8(a) economic requirements/size standards
- ▶ Contract types, contract management, FAR cost principles
- ▶ Costing, proposal writing & federal sales skills
- ▶ Mentor-Protégé (M-P)/JV program planning/agreement structure
- ▶ Competitive procurement participation
- ▶ Bank line of credit
- ▶ Financial Statement review: revenue >\$2M
- ▶ SBA Annual report & documentation



TRANSITIONAL STAGE

Every 8(a) must meet business activity targets (BATs) designed to shift their business mix away from reliance on 8(a) contracts.

- ▶ Track & monitor 8(a) economic requirements & size standards
- ▶ Strengthen financial controls to support growth & compliance requirements
- ▶ Upgrade financial & business systems
- ▶ Prepare for cost type contracts & Incurred Cost Submissions
- ▶ Establish competitive bidding rates
- ▶ Team & subcontract using M-P & JVs
- ▶ Tax compliance considerations for multi-state/overseas work
- ▶ Invest in internal R&D, B&P & certifications to gain competitive advantages
- ▶ Financial Statement audit: revenue >\$10M



PREPARING TO GRADUATE

Each 8(a) must acclimate to a more competitive environment and deal with new regulatory requirements.

- ▶ Business Systems compliance
- ▶ BATs of 15-25% to stay eligible for sole source awards, then 35-45%
- ▶ Reduce 8(a) contract dependence
- ▶ Competitive cost structure & proposal pricing for larger contract opportunities
- ▶ Mentor younger 8(a) to support post-graduation subcontracting or prepare to be acquired by larger firm
- ▶ Capital to fund growth
- ▶ Prepare for full CAS requirements
- ▶ Infrastructure to deal with management, financial, marketing, corporate governance and legal challenges
- ▶ M-P/JV relationships to form business alliances with large primes
- ▶ Program exit planning for distributions



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