

AISDevelopment LLC

Agland Investment Services

AMEX International

The Aries Group

Crimson Capital

Enterprise Resource Group Inc.

Fintrac Inc.

FMI Inc.

Global Development Solutions LLC

International Business Initiatives

J.E. Austin Associates Inc.

Making Cents International

Mendez England & Associates

The Mitchell Group Inc.

The Peoples Group Ltd.

The QED Group LLC

Sibley International Corp.

Value-Add LLC

Weidemann Associates

STANDARDS FOR MEANINGFUL UTILIZATION

Based on the experience of its members, SBAIC has developed standards for "meaningful utilization" of small businesses by prime contractors:

- Provide clear technical roles and assign adequate level-of-effort to small business subcontractors;
- Provide more opportunities for small business to take the technical lead on IQC task orders or stand-alone project components in core specialty areas; and
- Allow for attribution of work performed.

The objective of these standards is to ensure that the innovations and expertise of small business are better incorporated into USAID programs, and better recognized by the client, end-beneficiaries, and primes. In order to facilitate compliance, SBAIC has compiled several best practices that demonstrate how the standards can be applied.

Best Practice: Define specific and clear roles for small business subcontractors based on their comparative advantages. Delegate full responsibility to them within their component, and allocate sufficient LOE so that designated roles can be effectively implemented.

Chemonics International, Uganda Support for Private Enterprise Expansion and Development (SPEED). **Crimson Capital** managed and implemented the Business Environment Component (legal, policy, and regulatory) of the project, achieving substantial results in the improvement of the Land and Companies Registries, the design and development of the Center for Arbitration and Dispute Resolution (CADER), and support to the Leasing Law amendment (allowing for improved tax treatment). **Crimson** collaborated with **Chemonics** on the assessment, design, and implementation of the proposal, annual work plans and the project. **Chemonics** allocated a long term (LTTA) position to **Crimson Capital** plus substantial short term technical assistance (STTA). A specific and clear role supported by appropriate budget allocations ensured that **Crimson** was able to achieve expected results and deliverables.

Booz Allen Hamilton, Serbia Enterprise Development Project. **Mendez England and Associates (ME&A)** is the Public Information and Communications subcontractor for this project, leading and managing efforts to train Serbian companies in the use of public relations, inclusive of brand development, and market positioning through certifications and awards. As a result, sales for several companies have increased within one year, and one client is in buy-out negotiations with a large multinational that could potentially result in substantial new employment for the country. A specific and clear role was identified for the subcontractor in this case, supported with LOE adequate to accomplishing the task.

Best Practice: Leverage smaller firms' ability to respond and innovate quickly; provide them the opportunity to take the lead on IQC task orders.

Development Alternatives, RAISE IQC, Jamaica Business Recovery Project (JBRP). A hurricane relief project, JBRP was bid out with a one-week proposal turn-around, and DAI allowed small business subcontractor **Fintrac** to take the lead in response because of its extensive in-country experience and agribusiness network. Upon award, **Fintrac** also took the technical lead in implementation, identifying and fielding the entire long-term team, providing all training and TA in conjunction with a local partner, and handling impact and technical reporting. DAI provided overall financial management, including disbursement of grants. **Fintrac** was able to take majority credit for substantial project impact, which included small farmer clients doubling and tripling yields, and sales, within one year. DAI was able to substantially expand its small business IQC utilization, and add significantly to its portfolio of experience with emergency relief grants disbursement.

Best Practice: *Involve small business contractors as full partners early on in proposal development and task order responses; include them in strategic meetings and communications; ensure that opportunities are supported and promoted.*

Nathan Associates, SEGIR/MACRO II. *FMI* is a subcontractor on the SEGIR/Macro II IQC. Nathan makes sure to quickly distribute all Requests for Task Order Proposals (RFTOPs) that it receives and provides small business members a chance to participate in staffing, bid development, and proposal writing. In the event that a small business team member has a clear comparative advantage on a particular RFTOP, they are asked to take the lead in developing the proposal and work closely with Nathan senior staff on completing the process, with an associated larger share of the LOE and budget.

SUNY, SEGIR and D&G IQCs. As subcontractor to SUNY, **Amex** has been invited to participate in the preparation of proposals by preparing technical pieces and providing qualified candidates for inclusion in the proposals. Once the bids were won, SUNY holds kick off meetings both at headquarters and in Washington to ensure full participation of team members. SUNY circulates the RFTOPs to its partners within 24 to 48 hours of receipt, inviting partners to identify roles they wish to play. Amex has had one or more of its candidates selected for nearly every task order contract.

EXAMPLES OF MEANINGLESS UTILIZATION

While the aforementioned success stories provide for optimism, a large portion of the small business community continues to confront negative practices. SBAIC members cite the following examples of prime behavior that results in “meaningless” utilization, and strongly recommend that they are discontinued:

Negative Bidding Practices

- “Defensive teaming,” by which primes “stack” bids with numerous organizations to keep them off competitor teams, when the LOE is insufficient to give each subcontractor a meaningful role.
- Changing team configurations after RFPs are issued, including releasing subcontractors from teaming agreements after substantial strategic and technical input has been provided, and when it is too late for the subcontractor to get on another team or be competitive as a prime.
- Refusing to share the final proposal with subcontractors, even when the subcontractor has written a substantial portion of the technical approach (and when award warrants sharing the approach.)

Negative IQC Management Practices:

- Non-transparent pricing on IQCs, by which subcontractors are asked to lower their rates so that primes can charge larger margins on their final burdened rates.
- Failing to live up to IQC teaming agreement commitments by simply assigning blame to the types of task orders ultimately issued, rather than making any attempt to rectify the situation.
- Reserving RFTOPs for internal response, and failing to distribute them to subcontractors.
- Limiting subcontractors to select labor categories rather than providing them the option of responding to the full IQC labor matrix (in cases where expertise is appropriate).

Negative Contract Management Practices

- Excluding subcontractors from negotiations over budget changes prompted by USAID, and short-budgeting subcontractors before taking cuts themselves.
- Failing to add funding to subcontracts when USAID adds funds to the prime’s contract specifically for activities that are the responsibility of the subcontractor.
- Designating a long-term position for a subcontractor, and then filling it with their own consultant, or, changing the position to a local hire after award.
- Failing to provide timely financial management oversight internally, but passing on repercussions to subcontractors that have been more timely and accurate in their financial management.

Negative Consultant Management Practices

- Proposing subcontractors’ submitted consultant resumes as prime’s candidates
- Requesting that subcontractors provide home contact information for consultants for “other work” outside of subcontractors’ scope.
- Tendency of primes to use their own staff and consultant candidates on both IQCs and contracts,