

A decorative blue line graphic consisting of a horizontal line with a small square and a triangle at the end, pointing to the right.

eGuide: Issuing 8(a) Direct Awards

The Why & The How Behind
This Unique Contracting Method

AKIMA.COM





Table of Contents

8(a) Program Overview	3
The Process for Issuing Direct Awards	4
Spotlight on Alaska Native Corporations (ANCs)	5
Why Work with an ANC?	7
Lessons Learned from Industry	8


8(a) Program Overview

The 8(a) Business Development program was designed to help small businesses owned by socially and economically disadvantaged people or entities build and sustain a profitable business.

[Title 13 Part 124](#) of the Code of Federal Regulations (CFR) defines who qualifies for the program. In short, the program requires participants to:

- Be a small business (size standards vary by industry and are typically stated in number of employees or average annual receipts)
- Have 51% or greater ownership and control by U.S. citizens who are socially and economically disadvantaged
- Demonstrate good character and potential to perform on contracts

8(a) companies graduate from the program after up to nine years or when they reach a certain revenue threshold.



The federal government has a goal of awarding at least 5% of all federal contracting dollars to small disadvantaged businesses each year.

The Process for Issuing Direct Awards

Direct awards are a method to use sole source procedures to award to a single participant of the 8(a) Business Development program ([FAR 19.8](#) and [DFARS 219.8](#)).

Issuing a direct award can be executed in six simple steps:

STEP
1

Contracting Officer determines company is capable.

- This is done by reviewing the company's website, capabilities statement, past performance, NAICS codes, etc.

STEP
2

Contracting Officer makes a request to the participant's/contractor's SBA servicing District Office to determine if the company is able to receive a direct award.

- A simple one-page form, called an offer letter, is required, covering the type of requirement, information about the 8(a) company, period of performance, contract value, and associated NAICS code.
- Many agencies have [templates](#) readily available for use by government acquisition professionals – See Appendix.

STEP
3

SBA responds within 5 days.

- The turnaround time is typically only 1 to 2 days.
- If for some reason, there is no response after 5 days, by SBA/Agency Partnership Agreements, the request is considered approved.

STEP
4

Contracting Officer releases RFP performance requirements to direct award recipient.

- Unlike competitive procurements, open negotiations can take place between the agency and 8(a) company. Negotiations can be on timeline, scope, technical approach, and price. This creates a cooperative environment where the contractor can help craft the solution, ensuring best-fit solutions are achieved and fair negotiated prices are offered.
- IDIQs can also be established if there is a funded sponsoring engagement as the initial task order for the contract. There is no obligation to use all of the IDIQ funding.

STEP
5

Recipient responds and negotiations are completed.

STEP
6

Contracting Officer makes the award.

Alaska Native Corporations

Alaska Native Corporations (ANCs) were formed under the laws of the State of Alaska in accordance with the Alaska Native Claims Settlement Act (ANCSA) (43 U.S.C. 1601). ANCSA was intended to resolve long-standing issues surrounding aboriginal land claims in Alaska, as well as to stimulate economic development throughout the state. Under the Act:

- 12 regional for profit ANCs were created and over 200 village, group, and urban corporations
- A 13th landless regional corporation headquartered in Seattle was later established for Alaska Natives who lived outside of Alaska
- ANCs have specific procedures to follow as provided by ANCSA, but they are also incorporated under State of Alaska law and must follow state corporation law
- Lands, businesses, and other assets are owned by the shareholders of the Native corporations, and subject to terms, protections, and restrictions placed on them by both federal Indian law (ANCSA) and by State of Alaska corporation law

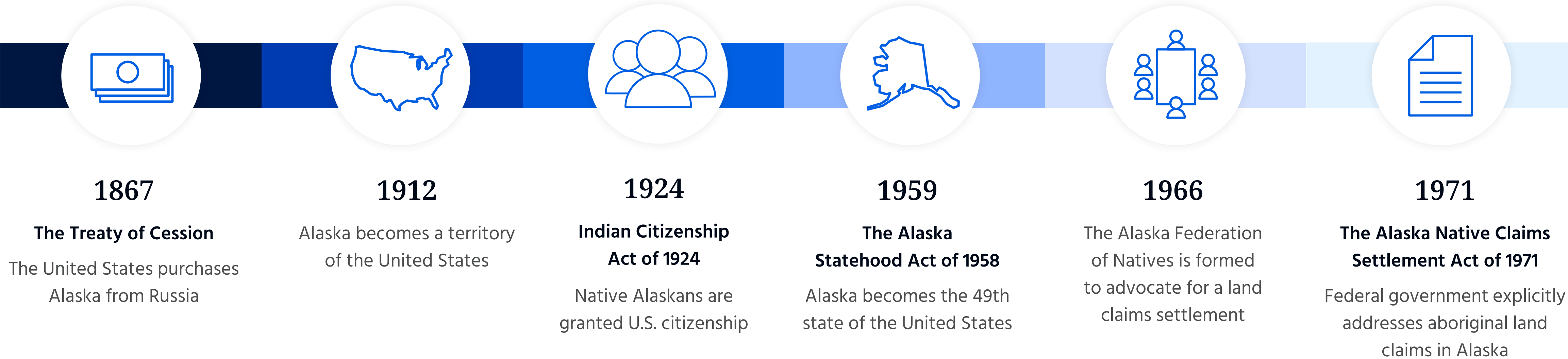


Alaska Native Corporations

Today, ANCs employ thousands of people, not only in Alaska, but also worldwide through a variety of businesses ranging from natural resource development and construction, to government contracting, real estate, and tourism.

By statute, ANCs are deemed to be economically disadvantaged under [43 U.S.C. 1626\(e\)](#).

Key Milestones Timeline



Why Work with an ANC?

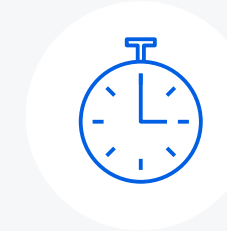
Working with a company that has the unique combination of ANC ownership and Small Business Administration 8(a) status offers government procurement professionals a streamlined avenue for procuring products and services.

As defined in federal law and the Federal Acquisition Regulations, the SBA may issue a direct award contract with an unlimited ceiling to an 8(a)-participant (13 CFR 124.506(a)(2)iii).

Non-ANC owned 8(a)s have a dollar limit cap per direct award contract: \$4 million for goods and services and \$7 million for manufacturing (13 CFR 123.506)

ANC-owned 8(a)s do not have a cap. A simple Justification & Approval document is required for contracts above \$100M for the DoD and \$25M for federal civilian agencies.

Key Benefits



Speed

Competitive government procurements can often take between 12 – 18 months to execute. A direct award allows for quick, smooth transition to full contract operations typically in 30 to 60 days.



Effort

Direct awards are a collaborative effort, allowing the procurement workload to be reduced by the customer because it's shared with the contractor. Plus, contracting officers can eliminate the phone calls, emails, and repeated inquiries that come along with competitive procurements. You can eliminate the RFI process, going straight from RFP to award in a matter of days.



Risk

A direct award is non-protestable if made to an ANC, providing legal expediency (13 C.F.R. 124.517).



Contracting Credits

Working with an ANC helps agencies meet their small business goals and provides Native American Credits (13 CFR 124.109(a)(4)).



Commitment

Customers get the flexibility and agility of working with a small business, backed by the financial security and business processes efficiency of a large enterprise. That means bills get paid on time and services rendered are *always* delivered.



Lessons Learned from Industry

If you're used to issuing competitive procurements, you may be hesitant to leverage the direct award process. However, direct awards offer a unique opportunity to relieve the pressure of current contracting backlogs without sacrificing value or performance. Here are a few best practices to keep in mind:

- **Communication is paramount.** Establishing consistent, open lines of communication allows you to gain a deeper understanding of your agency customers' challenges. When industry partners are added to that collaboration, suddenly you're no longer just issuing an RFP—you're offering a direct path to a best-fit solution for your end customer. A win-win.
- **Get involved in the process early.** Once you have issued a bid as competitive small business, it cannot be transitioned into a direct award opportunity. Explore the direct award avenue with your agency customer before trying other procurement paths.
- **Take advantage of available resources.** Your local Small Business Administration (SBA) office is a great resource to learn more about the 8(a) procurement process overall, as well as for quickly verifying qualified 8(a) partners. Additionally, some ANCs/8(a)s will self-validate their NAICS codes in a day or less, saving you significant time and effort.

Summary

Given today's complex acquisition landscape, direct awards offer an ideal path for rapidly procuring products and services with less risk.

Do you have further questions about the 8(a) Direct Award Process? Akima has a team of contracting professionals standing by ready to assist you. Reach out to us directly at info@akima.com.



Appendix

Sample Request Letter Submitted to the Small Business Administration

8(a) Offering Letter Guidance

(Reminder: Seek assistance from your local Deputy for Small Business)

Requirements (FAR 19.804-2; DFARS 219.804-2):

- Required for 8(a) competitive or sole source acquisitions >simplified acquisition threshold
- Offer and SBA acceptance must be received prior to synopsis, issuance of solicitation, receipt of proposals, negotiations, or award
- Submit signed offering letter to SBA via email or facsimile

[Note: For 8(a) purchase orders less than the simplified acquisition threshold, no offering letter is required. However, a signed copy of the purchase order must be provided to the cognizant SBA the same day it is provided to the 8(a) contractor. (See: DFARS 219.804-2(2))

LETTERHEAD

4200

[Insert date]

Small Business Administration

Competitive 8(a) - submit to SBA District Office serving the geographical area in which the procuring activity is located (*except* for construction, submit to SBA District Office serving the geographical area in which the work is to be performed).

Sole source 8(a) - submit to SBA District Office serving the nominated 8(a) concern. If not nominating a specific firm, submit to SBA District Office serving the geographical area in which the procuring activity is located.

Dear xxxxxxxxx,

[Insert activity name] offers the following insert sole source or competitive requirement to the Small Business Administration (SBA) pursuant to Section 8(a) of the Small Business Act, as amended (15 U.S.C. 637(a)), in accordance with Federal Acquisition Regulation Subpart 19.8, and the current Partnership Agreement between SBA and the Department of Defense.

Description of Work: Include brief description. Also, include quantities, if appropriate.

Estimated Period of Performance: Include base performance period plus option periods (if any)

Place of Performance: Insert place of performance

Estimated Dollar Value (including options): Insert estimated dollar value for base item(s) or base performance period. If options state: "plus \$XX if all options are exercised"

Principal NAICS Code/Size Standard: Insert principal NAICS and applicable size standard. For NAICS 2017 see: <https://www.govinfo.gov/content/pkg/FR-2017-09-27/pdf/2017-20705.pdf>. For table of size standards see: <http://www.sba.gov/size/indexableofsize.html>

Type of Contract: Insert type of contract anticipated

Small Business Awardee(s) in Past 24 months: As applicable, include the following as it applies:
 "This is a new offer to the 8(a) Business Development Program."

OR "This is a follow-on 8(a) contract." For each small business awardee in the past 2 years: provide the contract number, company name & address, small business categories of awardee, contract award date, contract expiration date, acquisition strategy (i.e., 8(a) sole source/competitive, full & open, small business set-aside, SD-VOSB set-aside, HUBZone set-aside, etc.). As applicable, state if known that awardee was small business at time of award but is now large business, no longer 8(a) certified, no longer HUBZone certified.

Acquisition History/Prior Solicitation for this Requirement: Insert the following statement: "Prior to this offering as required by Federal Acquisition Regulation 19.804-2(a)(9), no solicitation for this specific acquisition has been issued and no other public communication (e.g., FEDBIZOPPS, Navy Electronic Commerce Online, procuring activity website) has been made showing the procuring activity's clear intent to use any other means of procurement."

For sole source 8(a) include the following:

Sole Source 8(a) Nominee & Justification:

Insert company name, address, telephone number, CAGE Code, SBA 8(a) Case Number, 8(a) Exit Date, HUBZone Certification Date (if applicable), list any other small business categories. (Information available on the Company Profile at <http://dsbs.sba.gov>).

Also, provide justification for the nominated 8(a) firm: such as: (1) the named 8(a) marketed the requirement direct to the procuring activity and caused it to be reserved for the 8(a) Business Development program, (2) the acquisition is a follow-on or renewal contract and the nominated concern is the incumbent, (3) the nominated 8(a) firm meets special experience and/or technical capabilities (identify what they are) required to perform the work.

Include the following statement (or provide details if this statement is untrue.): "No other 8(a) nominees have expressed an interest and no other SBA offices have requested that the requirement be awarded through the 8(a) Program."

OR for competitive 8(a) include the following:

8(a) Concerns Expressing Interest: Identify any 8(a) concerns that have expressed an interest in the specific requirement. Include capable 8(a) firms as determined from market research.

As prescribed in the SBA/DoD Partnership Agreement, please advise this activity of your acceptance or rejection, preferably via email to **[insert email address]**, within five (5) working days, or sooner if possible. Unless the undersigned and SBA mutually agree to an extension, acceptance will be assumed after five (5) working days of receipt of this letter.

If we can assist you further, please contact [Insert name, title, telephone number, fax number, email address].

Sincerely,

[Insert name]
Contracting Officer

A white line graphic consisting of a horizontal line that ends in a series of small, connected triangles pointing to the right, located to the left of the 'About Akima' heading.

About Akima

Akima is a global enterprise with more than 7,500 employees, delivering agile solutions to the federal government in the core areas of facilities, maintenance, and repair; information technology; logistics; protective services; systems engineering; mission support; furniture, fixtures & equipment (FF&E); and construction. As a subsidiary of NANA, an Alaska Native Corporation owned by more than 14,000 Iñupiat shareholders, Akima's core mission is to enable superior outcomes for our customers' missions while simultaneously creating a long-lived asset for NANA consistent with our Iñupiat values.

In 2020, Washington Technology ranked Akima #39 amongst the top 100 government contractors. To learn more about Akima, visit www.akima.com.