

## EFW MASTER SMALL BUSINESS SUBCONTRACTING PLAN

### I. PURPOSE

This Master Subcontracting Plan defines the process that is used in developing the goals for individual subcontracting plans and is submitted for the three year period commencing with the October 2000 reporting requirement. This master plan is submitted to comply with the policy of the United States, as stated in the Small Business Act, that all small businesses have the maximum practicable opportunity to participate as subcontractors in the contracts awarded by any U.S. Government agency, consistent with efficient contract performance. For purposes of these goals, the term small businesses include small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns. The Small Business Administration (SBA) counsels and assists small business concerns and assists contracting personnel to ensure that a fair proportion of contracts for supplies and services is placed with small business.

### II. DEFINITIONS

#### A. Small Business Concern

Small business concern means a concern, including its affiliates, that is independently owned and operated, not dominant in the field of operation in which it is bidding on government contracts, and qualified as a small business under the criteria and size standards in FAR Part 19.102.

#### B. HUBZone Small Business Concern

HUBZone means a historically underutilized business zone, which is an area located within one or more qualified census tracts, qualified non metropolitan counties, or lands within the external boundaries of an Indian reservation. HUBZone small business concern means a small business concern that appears on the List of Qualified HUBZone Small Business Concerns maintained by the SBA (PRO-Net).

#### C. Small Disadvantaged Business Concern

Small disadvantaged business concern, as used in this plan means an offeror that has received certification as a small disadvantaged business concern consistent with 13 CFR part 124, subpart B, and is identified as a certified small disadvantaged business (SDB) concern in the database maintained by the Small Business Administration (PRO-Net).

#### D. Women-Owned Small Business Concern

Women-owned small business concern means a small business concern:

- (a) Which is at least 51 percent owned by one or more women; or, in the case of any publicly owned business, at least 51 percent of the stock of which is owned by one or more women; and
- (b) Whose management and daily business operations are controlled by one or more women.

#### E. Veteran-owned Small Business Concern

Veteran-owned small business concern" means a small business concern-

- (a) Not less than 51 percent of which is owned by one or more veterans (as defined at 38 U.S.C. 101(2)) or, in the case of any publicly owned business, not less than 51 percent of the stock of which is owned by one or more veterans; and
- (b) The management and daily business operations of which are controlled by one or more veterans.

**F. Service-disabled Veteran-Owned Small Business Concern**

Service-disabled veteran-owned small business concern"-

(a) Means a small business concern- (i) Not less than 51 percent of which is owned by one or more service-disabled veterans or, in the case of any publicly owned business, not less than 51 percent of the stock of which is owned by one or more service-disabled veterans; and (ii) The management and daily business operations of which are controlled by one or more service-disabled veterans or, in the case of a veteran with permanent and severe disability, the spouse or permanent caregiver of such veteran. (2) Service-disabled veteran means a veteran, as defined in 38 U.S.C. 101(2), with a disability that is service-connected, as defined in 38 U.S.C. 101(16).

**G. Subcontract**

The term "subcontract" shall mean any agreement (other than one involving an employer-employee relationship) entered into by EFW, Inc. with a non-affiliated company or individual calling for the direct and indirect purchase of raw materials, components, supplies and services needed to support our operations.

**F. Individual Contract Plan**

Individual contract plan means a subcontracting plan that covers the entire contract period (including option periods), for a specific contract, and has goals that are based on the offeror's planned subcontracting in support of the specific contract, except that indirect costs incurred for common or joint purposes may be allocated on a prorated basis to the contract.

**III. GOALS**

To ensure that Small business concerns are afforded an equitable opportunity to compete for all subcontracts under this U.S. Government funded contract that they can perform to the extent consistent with the Government's interest, EFW shall establish separate percentage goals for using small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns as subcontractors. Service-disabled veteran-owned small business concerns meet the definition of veteran-owned small business concerns, and are include within the subcontracting plan goal for veteran-owned small business concerns. A separate goal for service-disabled veteran-owned small business concerns will not be established. This table shall be provided to the cognizant Contracting Officer where a Small Business Subcontracting Plan is required.

**INDIVIDUAL CONTRACT SMALL BUSINESS SUBCONTRACTING GOALS**

SUBCONTRACTING GOALS FOR PROPOSAL/CONTRACT NUMBER \_\_\_\_\_

Of the \_\_\_\_\_ dollars planned to be subcontracted to domestic business concerns under this contract, the following dollars and percentages will be subcontracted to small business, which includes HUBZone small business, small disadvantaged business, women-owned small business concerns and veteran owned small businesses.

BUSINESS TYPE	SMALL BUSINESS	HUBZone SMALL BUSINESS	SMALL DISADVANTAGED BUSINESS	WOMEN OWNED SMALL BUSINESS	VETERAN OWNED SMALL BUSINESS
\$ TO BE SUBCONTRACTED					
% OF TOTAL \$ TO BE SUBCONTRACTED					

This table is duplicated as Attachment 1 to this Master Plan and will be completed to define the goals for each individual contract small business subcontracting plan.

**IV. SUPPLIES AND SERVICES ACQUIRED FROM SMALL BUSINESSES**

The principal types of supplies and services to be subcontracted to small business, HUBZone small business, small disadvantaged business, and women-owned small business are:

Electronic components, Electro Mechanical Components, Hardware and Mechanical Parts, Printed Circuit Boards (PCB), Obsolete electronics components and Manufacturing supplies. These and all other components and subcontracted assemblies are procured as indirect material into a company owned inventory for subsequent allocation and use on either U.S. Government funded contracts or Commercial contracts.

Products and Services	Type of Business Concern				
	Large	Small	Small Disadvantaged	Women Owned Small	HUBZone Small
Electronic Components (ICs Capacitors, Resistors)	X	X		X	
Electro Mechanic Components (Connectors, Circuit Assy., Cable Assy.)	X	X	X	X	
Hardware and Mechanical Parts (Housing, Cover, Frames)	X	X	X	X	X
Obsolete Electronic Components		X	X	X	
Printed Circuit Boards	X	X	X	X	
Manufacturing Supplies		X	X	X	
Circuit Card Assembly		X	X		

#### V. METHOD USED TO DEVELOP GOALS

All components and subcontracted assemblies are procured as indirect material into a company owned inventory for subsequent allocation and use on either U.S. Government funded contracts or Commercial contracts. These procurements are not tied to any specific contract at the time of acquisition and are charged to a contract only at the time of final assembly. The value of material issued to all contracts at final assembly for the reporting period is captured and pro rated between government and commercial contracts. The values issued to reporting contracts is further pro rated between the reporting contracts so that the pro rated value is a function of the overall contract value. The value of subcontracts during that same reporting period is captured and pro rated by business concern type. These business type percentages are distributed amongst the reporting contracts based on the value of those contracts. This causes a delay factor in values reported for each contract but the process is used consistently and values are normalized over time. On contracts awarded after this reporting method was instituted, this also allows the allocation of overhead indirect procurement values to reporting contracts based on these same groundrules.

Since contract reporting is based on the pro ration of indirect material to the individual contracts, the goals must be developed using the same method. In developing goals, the small business, small disadvantaged business (SDB) and women owned small business percentages of the three most recent reporting periods are combined to develop a small business performance moving average. These percentages are evaluated in light of the current small business opportunities and these evaluated percentages are used as the instant individual contract goals.

#### VI. METHODS USED TO IDENTIFY SOURCES

EFW has an established cadre of self-certified Small, Small Disadvantaged and Women Owned Small Businesses and has managed to develop and use this supply base with increased frequency over the past several years. Unfortunately, only three of the current cadre of Small Disadvantaged suppliers is presently on the list of certified disadvantaged businesses on the SBA web site (PRO-Net). The EFW Procurement staff is in the process of encouraging and assisting those suppliers to apply for certification under the revised SBA guidelines.

New disadvantaged or women owned businesses are identified either through the EFW web site or through the SBA Database of small businesses. The Procurement home page on the EFW web site identifies the type of commodity that we buy, the buyer assigned to that commodity and a hot button to contact EFW Procurement. Also included is a statement of our subcontracting policy and a special invitation for small, small disadvantaged and women owned small businesses to contact EFW Procurement. About 25% of our current volume of small disadvantaged procurements were initially identified in this manner. The second major source of small, small disadvantaged and women owned small businesses contacts is through the SBA PRO-Net database. This is also the primary source for HUB Zone small businesses. Since small disadvantaged and HUB Zone businesses have to be registered in PRO-Net, this is a logical source for identifying these suppliers.

## **VII. TREATMENT OF INDIRECT COSTS**

Currently, all production material is bought as indirect and carried in an EFW funded common inventory. This simplifies the planning process and makes all material available to the most urgent need without transferring costs between contracts. The small business reporting system allocates these procurements based on the ratio of commercial to U.S. Government work and then to the reporting contracts, based on the relative values of these U.S. Government contracts. The current period procurements are further segmented into the types of small business concerns to be reported. Expenditures with small business concerns that fall into more than one business type are carried in each of the business categories. This small business reporting methodology also allows the allocation of overhead procurements to reporting contracts based on these same contract percentages. The EFW small business subcontracting plans and reports now include both types of indirect costs, the production material bought as indirect and subsequently issued to a contract and the indirect overhead expenditures.

## **VIII. SMALL BUSINESS SUBCONTRACTING PROGRAM ADMINISTRATION**

The EFW Small Business Subcontracting Program is administered by Mr. Dan Wright, the Small Business Liaison Officer. Mr. Wright is a Procurement Manager. As Small Business Liaison Officer Mr. Wright duties are:

1. To develop policies and procedures to assure success of the Plan.
2. To maintain a current master subcontracting plan acceptable to the Federal Government.
3. To conduct certification survey as to status of suppliers.
4. To establish and maintain a database and records in support of the Plan pursuant to the requirements of P.L. 95-507.
5. To research diligently for qualified small business, HUBZone small businesses, small disadvantaged business and women-owned small business concerns.
6. To prepare and submit such forms as may be approved by Federal Acquisition Regulations, the Small Business Administration (SBA), or Defense Contract Management Command (DCMC)
7. To maintain liaison and cooperation with SBA, DCMC and other agencies of the Federal Government to find and utilize qualified business concerns identified in Paragraph I above.
8. To conduct training sessions and support activities for assisting buyers in finding and qualifying these business concerns.
9. To provide required records and reports and cooperate in any authorized surveys by SBA, DCMC or the Federal Producing Agency.
- 10 To retain and monitor subcontractors' plans for compliance with such plans.

- 11 To include FAR 52.219-8 in all subcontracts that offer further subcontracting opportunities, and FAR 52.219-9 for all subcontractors (except small business concerns) that receive subcontracts in excess of \$500,000

#### **IX. ASSURANCE OF AN EQUITABLE OPPORTUNITY TO COMPETE**

In addition to the efforts spelled out in the Administrator's duties above to assure equitable opportunity to the small business concerns, EFW has established procedures which require that wherever possible, at least one small business, HUBZone small business, small disadvantaged business, or women-owned small business concern be included in any solicitation in excess of \$ 2,500. The buyer's checklist, which is a required part of the procurement file, also includes a section which the buyer fills out that identifies the type of small business solicited and, if the order is not awarded to that business concern, a statement as to why not. Each buyer's record of small business awards is reviewed with that buyer on a quarterly basis.

#### **X. FLOW DOWN OF SUBCONTRACTING CLAUSES AND LOWER TIER SUBCONTRACTING PLAN REQUIREMENTS**

EFW Inc. will flow down applicable clauses and subcontracting plan requirements as follows:

- i. The clause at 52.219-8, Utilization of Small Business Concerns will be included in all subcontracts that offer further subcontracting opportunities. This requirement has been incorporated into the EFW Standard Terms and Conditions for U.S. Government Contracts.
- ii. In the event that a subcontract for goods or services exceed \$500,000.00, the subcontractor (except small business concerns) will be required to adopt a plan that complies with the requirements of the clause at 52.219-9, Small Business Subcontracting. This requirement is also documented in the Procurement Procedures and included in the procurement file checklist to ensure compliance. The lower tier subcontracting plan will be monitored periodically by the Administrator for compliance.

#### **XI. COMPLIANCE WITH ADDITIONAL REPORTING REQUIREMENTS**

EFW assures that it will:

- i Cooperate in any studies or surveys as may be required;
- ii Submit periodic reports so that the Government can determine the extent of compliance by EFW with the subcontracting plan;
- iii Submit Standard Form (SF) 294, Subcontracting Report for Individual Contracts, and SF 295, Summary Subcontract Report, following the instructions on the forms or as provided in agency regulations;
- iv Ensure that its subcontractors agree to submit SF 294 and SF 295.

#### **XII. RECORD KEEPING**

EFW Inc. will maintain a designator in its ERP database for qualified small businesses, HUBZone small businesses, small disadvantaged businesses and women-owned small businesses. Certification status of HUBZone and small disadvantaged businesses will be verified using the SBA PRO-Net system. Other records will include meetings of minority purchasing council activities, educational activities attended or conducted, trade shows attended, approved supplier lists received from cooperating corporation and purchasing councils, and records of buyer efforts to qualify the above-mentioned types of business concerns. Internal procurement procedures adopted to identify and award subcontracts to such small business firms and for the promulgation and support of this Plan will also be maintained. Progress in achievement of the goals established will be monitored and recorded to the specific contract, Buyer and business concern type. These records will include:

- i whether small business was solicited; and if not, why not;
- ii whether targeted socioeconomic disadvantaged small business was solicited, and if not, why not;
- iii Reasons for the failure of solicited small business or targeted socioeconomic disadvantaged small business to receive a subcontract award. The primary reasons for failure to award are:
  - 1. Lack of Capability (Technical or Schedule)
  - 2. Pricing (Lower Bid)
  - 3. Other Source Specified by Customer

These records will be maintained on a company-wide and on a contract by contract basis for solicitations resulting in awards greater than \$100,000.00

ATTACHMENT I. TO THE EFW MASTER SMALL BUSINESS SUBCONTRACTING PLAN

INDIVIDUAL CONTRACT SMALL BUSINESS SUBCONTRACTING GOALS

SUBCONTRACTING GOALS FOR PROPOSAL/CONTRACT NUMBER W52H09-04-C-0027

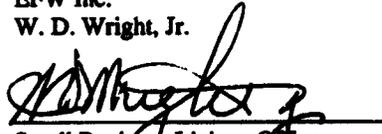
Of the \$571,935 dollars planned to be subcontracted to domestic business concerns under this contract, the following dollars and percentages will be subcontracted to small business, which includes HUBZone small business, small disadvantaged business, women-owned small business concerns and veteran owned small businesses.

BUSINESS TYPE	SMALL BUSINESS	HUBZone SMALL BUSINESS	SMALL DISADVANTAGED BUSINESS	WOMEN OWNED SMALL BUSINESS	VETERAN OWNED SMALL BUSINESS
\$ TO BE SUBCONTRACTED	\$366,038	\$0	\$28,597	\$6,291	\$1,716
% OF TOTAL \$ TO BE SUBCONTRACTED	64.0%	0.0%	5.0%	1.1%	0.3%

The information and conditions of the EFW Master Small Business Subcontracting Plan apply to these Individual Contract Subcontracting Goals.

SUBMITTED BY:  
NAME AND TITLE OF PERSON TO SIGN

EFW Inc.  
W. D. Wright, Jr.

  
Small Business Liaison Officer

18 December, 2003