

**PERFORMANCE BARRIERS TO 8(a) SMALL BUSINESSES:
LEARNING & POLICY IMPLICATIONS**

by

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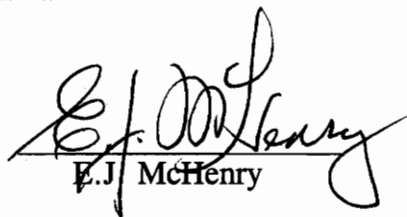
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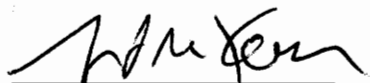
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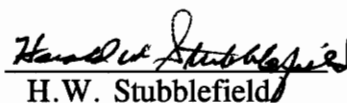
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by

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(ABSTRACT)

The initiative entitled the Federal Government 8(a) Program was developed to serve as a training intervention to assist minority-owned businesses in gaining access to Federal contracting dollars. Minority-owned firms complete a certification process rendering them eligible to compete for up to nine years in a sheltered environment for specific contracting set-aside opportunities. However, of the approximately 4,848 8(a) certified businesses nationally, only a limited number ever secure a contract through the program. This research identified learning and policy performance barriers experienced by 8(a) business owners related to securing a Federal contract.

Three research questions were addressed:

1. What potential barriers does an 8(a) business face when competing for a contract?
2. What capabilities are required to compete successfully for Government contracts?
3. What do 8(a) business owners perceive their learning needs are related to securing a contract?

These research questions were addressed using a multi-method research approach combining the use of secondary qualitative research and primary qualitative case studies. One hundred eighty-six responses to a letter sent by Small Business Administration (S.B.A.) Administrator, Erskine Bowles, to all 8(a) certified businesses to solicit opinions, suggestions, and comments related to the program were analyzed to inform the three research questions. During the second phase of the research, case study analysis were conducted with a Federal Contracting Officer, a S.B.A. Business Opportunity Specialist, and an 8(a) business owner, three parties critical to the success of the 8(a) business.

Six barriers were identified: 8(a) Certification Process; Access to Federal Contracting Opportunities; Federal Government Procurement Personnel; Lack of Financing; Use of Wrong Performance Measures; S.B.A. Staff, Processes and Policies. Each performance barrier had both learning and policy implications. Overall, findings indicate that success in the 8(a) program requires an in depth understanding of the 8(a) procurement process, previous Federal Agency contacts, adequate working capital or access to lines of credit, and a sophisticated marketing structure. Additionally, the findings indicate that the S.B.A.'s process of certification, performance evaluation and graduation is bureaucratic, difficult to maneuver and does not provide adequate technical assistance particularly in the area of marketing.

DEDICATION:

To God the source of my strength and all knowledge. To my father (Edward G. Moore), mother (Joyce J. Moore), husband (S. Darnell Brown) and sister (Monique Moore Davis). Each of you has made me who I am today. Thanks for your prayers, love, friendship and support. This is as much yours as it is mine.

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CHAPTER 1- THE SIGNIFICANCE OF MINORITY ECONOMIC DEVELOPMENT

Introduction To The 8(a) Program

The 8(a) program is a \$3 billion to \$4 billion program designed to help minority contractors learn to get Federal business (Kaplan, 1994). The 8(a) program amounts to about 1 % of all Federal contracts. Government agencies, minority advocates and civic groups spend millions of dollars each year on entrepreneurial training programs for minorities. The purpose of minority entrepreneurship education is to promote economic development among historically disadvantaged socioeconomic groups. Many economists and policy-makers believe that minorities will continue to be over-represented beneath the poverty line until they are equally represented in the ranks of the self-employed (Hampton, 1981). (Self-employment is used synonymously with entrepreneurship.) These economists believe that only when there is a sufficient mass of minority-owned businesses to supply to, purchase from, and hire other minorities will the cycle of poverty be broken.

A survey conducted by the National Minority Supplier Development Council (NMSDC) found that minority-owned businesses hire more minorities than non-minority firms (Lick, 1993). Many of the minority-owned companies that participated in the survey had 75 percent minority work forces. Other findings of the survey were that minority businesses tend to purchases goods and services from other minority

businesses when possible. Three out of ten minority-owned firms purchased more than 50% of their goods and services from other minority businesses. The high cost of welfare and other programs to sustain impoverished populations leads many economists and policy-makers to support programs that promote small business development among minority populations. The belief that majority populations benefit from minority economic development programs has been the impetus to passing legislation that promotes minority business development through contracting set-aside opportunities, entrepreneurship education, and small business training programs.

The initiative entitled the Federal Government 8(a) Program was developed to serve as a training intervention to assist minority-owned businesses in gaining access to Federal contracting dollars. It is named after Section 8, paragraph (a) of the Small Business Act of 1953 (Pellerin, 1992). Once a minority-owned firm completes the certification process (which can take from 6 months to two years) they are qualified to compete, for nine years, in a sheltered environment for specific contracting set-aside opportunities. To apply for 8(a) certification, a business must be at least 51% owned by an ethnic minority and have been in business for at least two years. This sheltered, 8(a) environment includes a portfolio of similar companies that compete for contracting opportunities that are "set-aside" for firms that are certified 8(a). Additionally, S.B.A. 8(a) companies are allowed to sole-source with most government agencies up to \$3 million for services or \$5 million for manufacturers. This means that if a Contracting

Officer knows of an 8(a) firm they would like to award a contract, they can award the contract without competition. This takes less experienced, historically underutilized small businesses out of the rigorous competition normally found in Federal contracting and lets them compete amongst other entities of similar size and resource availability.

Background On The Problem

Minority entrepreneurship lags behind the rate of self-employment for the majority population in America (Allen, 1987). Minority businesses continue to generate less than 1% of the total business receipts and employment in the United States (Dingle, 1990). African-Americans make up about 12% of the nation's population, but only 3% of U.S. businesses are black-owned, and they generate only 1% of business receipts (Cordtz, 1992). Social and ethnic tensions have continued to grow in the United States despite some of the efforts made by business, government and social institutions. Most minorities continue to be underutilized in the mainstream economy (Dunning, 1992). As America undergoes the economic change from an industrial economy to an information economy, it is critical that the full utilization of all sectors of the population be instituted. Research has indicated that the economic development and full incorporation of an underutilized population into the mainstream American economy will benefit all Americans (Winston, 1992). The 8(a) program was created to attempt to provide balance to these inequities.

Problem Statement

In fiscal year 1993, 54 percent of the 4,848 8(a) certified companies received no contracts, according to the S.B.A.'s annual report to congress; and in fiscal 1990, only 2 percent of 8(a) companies won 40 percent of all contract dollars awarded in the program (Lundegaard, K. & Rodger, W., 1994). In Fiscal Year 1990, minority-owned businesses in general only secured 3.2% of all Federal contract dollars awarded (Skolnick, 1993). Many minority business advocates have criticized the 8(a) program for not providing adequate technical assistance to its certified companies (Lick, 1993). Although many businesses that participate in the almost 43-year-old 8(a) program find its layers of bureaucracy complex, frustrating and baffling, there is no doubt many have benefited from the added edge provided by the 8(a) program (Taylor, 1994). However, many successful 8(a) companies cease to exist within a few years from graduating from the program and entering the world of full and open competition. Research has documented the failure rate after graduation from the 8(a) program to be as high as 66% (Maines, 1993). Dramatic drops in revenues frequently occur upon graduation from the program because 8(a) firms cannot take their existing 8(a) contracts with them upon graduation. The inability of many formerly successful 8(a) companies to compete in the real world of "full and open" competition leads some policy makers and business owners to believe that the program should provide increased technical assistance (Dorf, 1994). The issue that emerges is what

information, skills, and abilities do 8(a) business owners need to acquire during the nine years they are certified to enable them to compete successfully after graduation? This research addressed this issue by assessing the learning needs of 8(a) business owners related to securing a Federal contract.

As a result of the passage of minority set-aside legislation by Congress since 1977, hundreds of billions of dollars have been spent in federal assistance programs designed to improve the economic status of minorities by creating jobs through entrepreneurship (Jackson-Park, 1984). The literature review revealed that little comprehensive research has been conducted to assess these business owners' training and education needs. It is difficult if not impossible to research all minority-owned businesses. However, a needs assessment of 8(a) businesses provides a segment of the minority-owned business population that is readily identifiable with similar business goals.

Purpose and Objectives of Study

Most of the entrepreneurial education assistance available to 8(a) businesses from the S.B.A. is through the Service Corp of Retired Executives and workshops offered by the Small Business Development Centers. These are the same programs that are available to all small businesses. The majority of the entrepreneurship education workshops provided by the S.B.A. are targeted at start-up businesses. A review of the S.B.A.'s marketing literature demonstrates this with topics covered in their

entrepreneurial education workshops including Forms of Business Ownership, How to Prepare a Business Plan, How to Prepare a Marketing Plan, How to Get Licensed, How to Incorporate and How to Prepare a Loan Application. Most of these start-up courses will not be relevant to 8(a) businesses because they are required to be in business for two years to qualify for their 8(a) certification. Therefore, they likely have created a business plan, have selected a form of business ownership, and are already licensed prior to certification. Additionally, preparation of a complete business plan which includes a marketing plan is a prerequisite to obtaining an 8(a) set-aside contract. Finally, the 8(a) application process is more intensive than many bank loan applications, therefore, it is likely that most 8(a) business owners do not need loan application preparation training. Therefore, it appears that many of the S.B.A.'s available training programs have limited relevance for 8(a) businesses.

One objective of this research was to gain an understanding of the policy issues and circumstances that lead to the perpetuation of 8(a) businesses not receiving an 8(a) contract. Another objective of this research was to assess the learning needs of 8(a) business owners.

Questions To Be Addressed

The three research questions that were explored in this research were:

1. What are the potential barriers that an 8(a) business faces in competing for a contract?

2. What capabilities are required to compete successfully for Government contracts?
3. What do 8(a) business owners perceive their learning needs are related to securing a contract?

Significance of Research

Further insight and understanding into the performance barriers of unsuccessful 8(a) companies provided by this research enhances the availability for business educators, policy-makers, and business owners to develop interventions for the many companies that are not learning in a program designed for their learning. Additionally, this research adds to the body of knowledge that attempts to ascertain the fundamental issues regarding unsuccessful 8(a) businesses. Is the issue the 8(a) business owners' lack of education, skills, or experience, or is it the system that perpetuates failure of a historically oppressed subculture of American society?

Entrepreneurial training as an economic development strategy is extremely risky; however its rewards are great. Combining a strong comprehensive, curriculum in conjunction with the contracting opportunities that the 8(a) program provides would likely enhance the ability of 8(a)'s to compete in the mainstream. This research provides a necessary step to developing policy changes and learning interventions for 8(a) business owners.

Definition of Terms

8(a) Certified-having completed the Small Business Administration's application process to be certified as a minority-owned business.

8(a) Graduation-exiting from the 8(a) program due to surpassing the dollar limitations within a given business's Standard Industrial Classification Code or due to exceeding the 9 year limit.

Business Receipts-the gross revenue of a given business.

Contracting Officer-any federal Government procurement official that has direct responsibility for purchasing goods and services.

Disadvantaged Business-a business that is owned by an ethnic or otherwise socioeconomically disadvantaged member of the American population.

Full and Open Competition-competing for contracts among any interested member of the business community without limitations.

Manufacturer-Any business that manufactures, or integrates goods.

Minority Business Development Agency (MBDA)-a Federal agency under the U.S. Department of Commerce with a mission to promote minority business development.

Micro-Enterprise-businesses with less than ten employees.

Minority-owned-any business owned by a historically disadvantaged racial minority.

OSDBU-the Office of Small and Disadvantaged Utilization; each Federal Agency is required by law to have an OSDBU representative; private companies with Federal

Contracts of \$500,000 or more are also required to have an OSDBU representative. These representatives are in place to assure that small and disadvantaged businesses receive a portion of contracting dollars.

Procurement Forecast-the document produced by each Federal Agency that itemized the anticipated procurement activity for the coming budget year.

Self-Employed-this term is used synonymously with business ownership and entrepreneurship.

Services Firm-any business that provides services.

Service Corp of Retired Executives (SCORE)-retired business executives that volunteer their time to counsel small businesses through the U.S. Small Business Administration.

Set-Aside Competitive Contract-the procedure of designating certain contracts for a particular type of business (i.e. small businesses or minority-owned businesses) and competing the procurement opportunity only amongst those businesses.

Set-Aside Sole-Source Contracts-the procedure of designating a contract for one particular business.

Small Business Administration (S.B.A.) 8(a) Portfolio-all companies that are currently certified 8(a).

Standard Industrial Classification (SIC)-the statistical classification standard underlying all establishment-based Federal economic statistics classified by industry.

The SIC is used to promote the comparability of establishment data describing various facets of the U.S. economy.

Successful 8(a) Business-having secured one or more 8(a) contracts through the U.S. Small Business Administration.

Unsuccessful 8(a) Business-never having received an 8(a) contract through the U.S. Small Business Administration.

CHAPTER 2 - LITERATURE REVIEW

The relevant literature as it pertains to this research study can be segmented into three sections: 1) the history of the 8(a) program, 2) organizational learning, 3) the history of minority entrepreneurship education and 4) on-the-job training theory.

History of the 8(a) Program

Enacting Legislation

In 1953, the 8(a) program was established under section 8, paragraph "a" of the Small Business Act of 1953. This act also created the Small Business Administration, the agency responsible for oversight of the certification process (Maines, 1993). Very little was done with this legislation until the racial turmoil of the 1960's. The result of this turmoil was Presidential Executive Orders 11458 (March, 1969), 11518 (March, 1970) and 11625 (October, 1971). Executive Order 11458 provided for the development of a national minority business program and for the establishment of an advisory council for minority enterprises. Executive Order 11518 created a provision for the Small Business Administration to represent minority-owned firms to Federal agencies in an effort to help these businesses win contracts. Executive Order 11625 created the Minority Business Enterprise as a unique entity.

In 1969, then President Nixon reinforced his support of the 8(a) program by sending a memorandum to the heads of all departments and agencies "requesting their full attention and support in providing procurement opportunities, supplying

management and technical experts, and helping to set goals" (Hampton, 1981). As a result of this memo the use of 8(a) contracts was significantly expanded from the seven contracts previously that resulted from the 8(a) program. This memo was largely responsible for generating the momentum for the growth of the 8(a) program to its current state.

The Public Law 95-507, enacted in 1978, amended the Small Business Act of 1953 and strengthened the Small Disadvantaged Business set-aside program by allowing advance payments and sole-sourcing to 8(a) contractors (Davis, 1990). The legislation also requires that every large government contract (\$500,000 for services and \$1,000,000 for construction) awarded require a subcontracting plan that includes the use of small disadvantaged businesses. Public Law 95-507 also requires federal agencies to establish measurable goals to award contracting dollars to socially and economically disadvantaged business owners. Subsequently in 1988, Public Law 100-65 set a government-wide goal for Small Disadvantaged Business procurement contracts of not less than 5 percent (Solomon, 1993). However, many 8(a) owners and advocates complain that these requirements are loosely enforced and seldom achieved (Lick, 1993b).

8(a) Program Controversy

Preferential contracting programs were created to correct past disparities in government contracting through the provision of training and experience for minority-

owned businesses. Over the years thousands of similar set-aside legislation has been passed at the state and local level. Set-aside legislation is not without its opponents. These laws have been challenged as unconstitutional on several occasions. Some opponents of set-aside legislation have accused the programs of practicing reverse discrimination. Additionally, some critics of the 8(a) program contend that the program is a paperwork burden and it increases the administrative costs of procurement (Hampton, 1981). Yet, in most cases, the courts have upheld the legislation as being constitutional. With one prominent exception, in 1989 the U.S. Supreme court struck down Virginia's legislation in *Croson vs. the State of Virginia* (Rice, 1992). Since that time, Virginia has outlawed set-aside contracting goals.

Initially, minority businesses that were certified as 8(a) would have access to contracts that were set-aside for these businesses on a non-competitive basis. This led to an image that the 8(a) program was a "hand-out" program. Later the program was modified to mandate some competition for set-asides among 8(a) firms. However, even with the new mandate, the largest percentage of 8(a) contracts awarded are non-competitive. Yet, the new mandate gives minority-owned firms some experience competing in a sheltered environment. Today, 8(a)s are more of a microcosm of the "real" business world (Maines, 1993).

Since the program's inception, it has faced charges of mismanagement, lack of direction and bureaucratic red tape (Dorf, 1994). Many businesses have complained

that the certification process takes too long and is designed to discourage minority businesses from pursuing certification. Currently, there are approximately 4,848 companies in the United States that are 8(a) certified. Many firms have been on the certification list for years and have never won a contract through the program. Still, the few minority-owned businesses that do successfully maneuver the 8(a) program have become very successful enterprises. According to the S.B.A.'s 1993 Small Business Answer Card there were 1,222,000 minority-owned businesses in the United States in 1987. Therefore, only .4% of all minority-owned businesses participate in the 8(a) program. These figures demonstrate the small number of minority-owned businesses that are being assisted by this program. Additionally, when one considers that approximately half of those businesses never receive an 8(a) contract, the statistics are considerably more dismal.

8(a) Program Services

The 8(a) program provides free business consulting, marketing assistance, and a "certificate of competency " (a certification that the firm has the technical and financial ability to perform on a contract). However, most of the training is provided by volunteers in the Service Core of Retired Executives (SCORE) and at university Small Business Development Centers. Very few instructional systems are currently used that were designed specifically for the target population of 8(a) business owners.

The 8(a) program's duration is nine years for each 8(a) company. The first four years are considered the developmental stages by the S.B.A. This is the period of time when 8(a) companies are likely to receive the most 8(a) set-aside contract awards. The last five years of the program are considered the transition phase of the program. During this time, 8(a) contracting support is decreased and companies are required to submit a transition plan to help them transition out of the program. During the transition stage, companies are encouraged to actively compete for private industry and non-8(a) business. Yet, the research has demonstrated that most 8(a) companies are not able to compete successfully for contracting opportunities that are not set-asides.

As stated earlier, once a minority-owned firm completes the certification process they are qualified to compete, for nine years, in a sheltered environment for specific contracting set-aside opportunities. Firms can be forced to graduate early from the program if their revenues reach a designated maximum. Due to the government-imposed time limit, it is critical for companies to acquire information and learn as quickly as possible in order to capitalize on the opportunities that the sheltered competition environment provides.

8(a) Companies as Learning Organizations

Definition of Learning Organizations

This segment of the literature review will focus on organizational learning theory and reflect on how this theory applies to the growth process of 8(a) companies. The objective of this literature review is to provide an understanding of past research on the content and process of the learning that small, start-up firms engage in that leads to its success in order to develop a framework for researching 8(a) business owners learning needs.

Learning organizations have been defined as organizations that have the capacity to learn faster and more efficiently than their competitors (De Geus, 1988). It is no longer possible for one senior executive to learn for the entire organization (unless that organization is a one man shop). Most 8(a) businesses start with one or two employees. Once a contract is secured they quickly add employees to support the new business. Therefore, the ability to quickly disseminate knowledge and information throughout the organization is critical to the success of 8(a) businesses. Everyone in the organization must take part in the learning process (Senge, 1990). Further study has shown that micro-entrepreneurs, such as 8(a) business owners, follow different paths to self-employment, but education and apprenticeship are increasingly the first two steps in their careers (Fluitman, 1991). This clarifies the importance of providing proper training and education to certified businesses in the 8(a) program. Small

business owners usually possess a wide variety of technical and other skills not usually acquired in schools (Fluitman, 1991). These two steps of education and apprenticeship indicate that there are some stages that can be defined in entrepreneurship development and therefore can be applied to 8(a) businesses.

Importance of Learning Organizations

The rapid change in availability of information and technology introduces a need for frequent reevaluation and the application of organizational learning strategies. It takes considerably more work to get individuals to apply their acquired skills collaboratively than it does to train them singly (Hall, 1986). If there are stages of individual development, and most social scientist believe there are, then there should also be phases or a benchmark of organizational development and learning which encompass ways of knowing, moral and ethical development, management styles and learning goals (Boydell, 1982). Just as individuals benefit from being taught about their development, 8(a) business owners can benefit from learning about typical stages in the development of small, minority owned businesses.

Further research demonstrates that most leaders make their worst errors when they are in the novice stage (Neumann, 1988). If this is true, then it would provide an explanation of some of the contracting fraud and abuse stories that have come out of the 8(a) program (U.S. Congress, 1978). This fact gives merit to the need to provide new 8(a) businesses with increased technical support. Learning curves and learning

rates vary for organizations; however, if manufacturing theory applies to information organizations, businesses rate of learning should increase as more learning takes place (Argote, 1990). This could lead one to believe that the more training and education provided to 8(a)'s, the more efficient they will become at skill and knowledge acquisition. The key to expedient organizational learning seems to be the rapid transmission of information throughout an organization (Raadt, 1990). Yet, in the end, effective organizational learning is built on individual learning (Mumford, 1991). The key to success in the 8(a) program is learning the Federal contracting system faster than one's competitors and as fast as possible in order to acquire as many contracts as possible within the nine year period. This need is magnified when one considers that 8(a)'s are competing amongst themselves for set-aside contracts. These companies must gain new information, knowledge and insights and thereby modify their behavior and actions to benefit from the opportunities the program provides. The challenge for many 8(a) companies is to discover new management tools and methods to accelerate organizational learning, build consensus for change, and facilitate the change process (Stata, 1989). Companies in the S.B.A.'s portfolio must complete this change process within the nine year time limit in order to capitalize on their sheltered competition environment. Therefore, organizational learning is a significant issue in the success of 8(a) businesses. In fact, the importance of organizational learning in 8(a) companies is increased when one considers that the external environment becomes somewhat

controlled once a company enters the program. There are a specific number of easily identified competitors, and the business opportunities are also structured and relatively easily identified through Federal agency's 8(a) set-aside Procurement Forecasts. The "rules of the game" are more pronounced, than in a normal business environment. The challenge is to learn the rules and plan a strategy to "play" the game according the established rules. Therefore, the key issue becomes, what do newly certified 8(a) business owners need to learn to compete more effectively and promote learning throughout their organizations. An additional policy-related issue is once the needed learning has taken place, does the 8(a) procurement system operate in a manner that enables the typical 8(a) business to become successful?.

Elements of Learning Organizations

When looking at the learning process of any organization, there are definable elements which are information acquisition, information distribution/interpretation, meaning making, organizational memory, and information retrieval (Dixon, 1992). Research has also demonstrated that organizations acquire information through both internal and external sources. However, in 8(a) companies the importance of efficiently acquiring external information is key. The external information provided by the S.B.A., Contracting Officers, and Small Disadvantaged Business Utilization Representatives, prime contractors are the potential key to identifying new contracting opportunities, while the internal information

pertaining to the goods or services the companies sell provides the expertise to win and execute contracts.

In the early 1980's a planning group at Shell researched 30 companies that had been in business for over 75 years and found that one common factor in their longevity was the ability to switch from survival mode when times were turbulent to a self-development mode when the pace of change was slow (De Geus, 1988). This ability to adapt is a direct result of learning. 8(a) businesses by their very nature are in a constant survival mode. Most are new enterprises that have been in business from 2-11 years, and are struggling for survival. Many by their own admission are under-capitalized and over-extended and they all have a common history of coming from a disadvantaged socioeconomic group. All of these dynamics increase the importance of organizational learning, adaptation and team vision.

Peter Senge (1990) has identified systems thinking, personal mastery, mental models, building shared vision, and team learning as the critical components of organizational learning. Systems thinking entails seeing interrelationships within the organization. Personal mastery involves individual associates of the business applying themselves to personal learning. Mental models are assumptions or paradigms that influence the actions individuals take based on one's belief of outcomes. A shared vision enables each member of an organization to march in harmony because they are all headed in the same direction. Team learning is a synergy that is created when each

person adds their individual learning abilities to the resources and infrastructure of an organization. Most threats to business entities are slow gradual threats as opposed to one major crisis that brings a company to its knees (Galagan, 1991). However, the slow gradual threats are difficult to perceive and remedy, thus it becomes necessary for companies to learn about their weaknesses.

Significance of Learning Organization Theory to 8(a) Businesses

Some human resource development professionals use growth, evolution, and transformation as synonyms for learning (Jaccaci, 1989). If this is true, then successful 8(a) companies should certainly have done a great deal of learning to evolve from fledgling businesses to successful enterprises. Learning is the force behind growth and business evolution (Jaccaci, 1989). Since 8(a) businesses by their definition, must be small businesses, they are organizations with a wide span of control. Each employee is critical to the success of the organization. This mandates that employees must master more tasks themselves and cultivate broader and more comprehensive views of their organization (Wisdom, 1991). In addition, employees must be more self-directing. The need for self-directed employees in turn, creates a need for a clear mission and vision so that each task an employee performs independently will contribute to the overall corporate mission.

Learning organizations are adaptive enterprises with workers who think for themselves, identify problems and opportunities, and go after them (Denton, 1991).

These qualities that Denton describes are particularly important to 8(a) businesses because they are constantly facing the deadlines of Federal solicitations. Additionally as micro-enterprises, each employee's ability to acquire new information and skills is critical. The Federal contracting industry by its nature operates on tight deadlines-- deadlines for submission of proposals, deadlines for delivery of products/services, and the overall deadline for graduation from the 8(a) program. Thus, Denton's theory on learning to adapt is significant to 8(a) businesses. Identifying contracting opportunities that are truly feasible and not just a time-wasting effort is tantamount to the survival and growth of the 8(a) firm. Since the key employee in 8(a) businesses is usually the owner(s), it is important that they receive the needed amount of information training and education upon certification. True business leaders must be able to communicate or impart knowledge to others so they can better handle the job themselves (Denton, 1991). This is particularly important in a situation where the business is entering a new market or implementing a new strategy, such as is the case with 8(a) businesses. Anytime new ventures are undertaken, the potential for problems increase as does the need for open communication and trust within the organization.

Chris Argyris believes that success in marketing increasingly depends on learning (Argyris, 1991). He feels that without learning new solutions to old problems, organizations continue down the same old path taking routine actions to routine symptoms without ever completely solving the underlying problem. He also believes

that the key to organizational growth is taking the time to learn and understand the organization's problems at a systems level and turning that understanding into results-oriented action. Chris Argyris calls this process "knowledge work" and describes it as follows:

"People at all levels of the organization must combine the mastery of some highly specialized technical expertise with the ability to work effectively in teams, form productive relationships with clients and customers, and critically reflect on and then change their own organizational practices."

History of Minority Entrepreneurship

Education as a Vehicle to Promote Minority Entrepreneurship

Lack of education, lack of financing, lack of government support, and lack of business acumen due to barriers to entry created from socioeconomic oppression are just a few of the possible explanations for the lag in minority entrepreneurship. In a 1992 survey of African-Americans, blacks were asked their opinions on a variety of political, economic, and social issues (Anonymous, 1992). Education was rated as the number one priority on this survey. Another study was conducted to determine the burden of maintaining and reporting federal tax records (Price, 1992). This study demonstrated that maintaining books and records imposes the greatest burden on the minority-owned businesses that were surveyed. The respondents indicated that they

desired community-based assistance centers capable of training and assisting small business owners with tax compliance reports.

The need for education exists both for small business service providers and small business owners. A strategy for improvement of small business owners' management capabilities is education. Typically, entrepreneurship education has been conducted through workshops and seminars held at traditional academic institutions. These are the precise organizations that historically have had an underrepresentation of minority participation. Therefore, many of the programs in place to promote entrepreneurship may not be effectively targeted to prospective minority entrepreneurs (Briscoe & Ross, 1989).

Longstanding inequities have restricted the entry of minorities into the mainstream of our nation's free enterprise system. Lack of experience and education due to barriers to entry creates a significant disadvantage for minority entrepreneurs. These barriers to entry are documented in the many small business discrimination cases in the court records. Education is a means by which minorities can "make up for" their lack of opportunity and experience in the American free enterprise system. Any program that seeks to remove the experience barriers to entry without addressing the education barrier to entry is not complete.

National Association for the Advancement of Colored People

Since reconstruction times, the National Association for the Advancement of Colored Peoples (NAACP) has been promoting equality through minority economic development. The NAACP has provided a medium for networking for thousands of minority business owners. Loretta Lever of Little Rock Arkansas professes that networking is the ruling principle of economic development (Doescher, 1991). She has chaired the economic-development effort of the NAACP. She has worked for the NAACP full-time promoting, the development of small businesses run by minorities. She was chosen by the Small Business Administration as its Minority Business Advocate of 1991. She feels that one of the greatest barriers that minority business owners face is that the traditional social institutions that bring people together are often separated along racial lines--specifically banks and big corporations.

In Broward County (Florida) the Hotel & Motel Association has signed an agreement with the NAACP to help minorities develop, own and operate hotels (Deneen, 1992). This agreement has led to the publishing of dates of the Hotel & Motel Association's events in local minority newspapers. Thereby encouraging more minorities to attend their networking events. Hoteliers also agreed to visit middle and high schools to encourage teens to consider careers in the hospitality industry. These steps are examples of the accomplishments that can be made when minority self-help groups link with big business to break down barriers to entry for minorities.

National Urban League

Historically, the National Urban League has worked to promote economic equality and legal justice among African-Americans. A recent report indicates that new directions for this organization must be sought because many members perceive that their impact has been less than desirable (Jacob, 1992).

In January 1992, the National Urban League released its annual State of Black America report (Jacob, 1992). This report demonstrated that while some gains have been made, the overall long-term prognosis for economic development in minority communities is poor. Unemployment, wages, and business start-ups are expected to remain stagnant for African-Americans. This is largely a factor of the overall poor economic condition in America in the 1990's.

The National Urban League has a history of working with specific industry sectors to promote minority entrepreneurship education, minority employment, and business ownership. One such example is the grocery industry. For most of the grocery industry's history, supermarkets were seen as good places to work. However, recently supermarkets are having an increasingly difficult time finding entry-level employees. This is largely due to the fact that society has aged and the traditional teenage labor pool has shrunk (Weinstein, 1991). The national urban league has teamed up with the grocery industry to communicate to young minorities that supermarkets are viable businesses. With fewer native-born, white, male potential

workers, less sought after industries are turning to women and minorities to fill the gap in their labor pool. In the 21st century, 1/4 to 1/3 of the population in America will belong to a racial or ethnic minority group (Allen, 1990). The Urban League is striving for economic development through entrepreneurship education and full incorporation of underutilized populations into the mainstream American economy.

Minority Business Development Agency

In March of 1969, Richard Nixon signed Executive Order #11458 (Davis, 1990). This order directed the Secretary of Commerce to coordinate the Federal Government's plans, programs, and operations to contribute to the establishment, preservation and strengthening of minority businesses. This new mandate produced the Minority Business Development Agency. The Minority Business Development Agency provides training in the areas of marketing, management, business planning, tax planning, and financing at discounted rates to minority businesses. This is one of the few entrepreneurship education programs that is specifically targeted at minority businesses. This agency is still in existence today with a mission to provide technical assistance to new and existing minority businesses. Over 20 years later, minority businesses still continue to generate less than one percent of total business receipts and employment in the United States.

Federal Interagency Council for Minority Business

In 1971, a Cabinet level Interagency Council for Minority Business Enterprise was established by the Secretary of Commerce (Hampton, 1981). This council was developed to help remedy the historical lag in minority entrepreneurship. Its purpose was to shape a national education and training policy for providing entrepreneurial skills to potential and existing business owners. This task force held meetings nationally with government officials, educators, bankers, ethnic groups, community leaders, and minority entrepreneurs. This task force concluded in a published report in 1974 that the high failure rate of minority-owned businesses and the critical element in business survival and growth were both related to management capabilities. Management capabilities can be improved through training and experience. Thus the importance of entrepreneurship education emerges once again.

Federally Sponsored Enterprise Zones

Federally sponsored Enterprise Zones are economically depressed regions where business owners and investors can qualify to receive a variety of federal tax breaks for starting or expanding operations (Cordtz, 1992). There are currently approximately 2,260 state-sponsored Enterprise Zones throughout the United States. These Enterprise Zones have created almost 260,000 jobs and attracted \$28 billion in investment capital. However, a survey of 155 of these zones indicated that only 5.3% of the zone businesses were minority-owned (Cordtz, 1992). So, while the zones have been a

useful economic development tool to promote job creation, they have failed in the promotion of minority-owned businesses. The lack of knowledge about Federally Sponsored Enterprise Zones is one possible reason that the program has not attracted large numbers of minority-owned businesses. No training programs currently exist to teach minority business owners how to take advantage of this program.

Department of Defense 5 Percent Minority Purchase Goal

In November of 1986, Public Law 99-661 was passed setting a 5% minority purchasing goal within the Department of Defense (D.O.D.). Much of D.O.D.'s contracting is for major weapon systems, therefore great emphasis is placed on providing subcontracting opportunities for small businesses through prime contractors since small businesses usually do not have the capacity to fulfill all of the requirements necessary to provide major weapon systems. Virtually every D.O.D. contract over \$10,000 contains a clause committing the prime contractor to use small businesses to the greatest extent possible. This socioeconomic program was developed to help historically underutilized, minority business to get a larger share of the D.O.D. contracting dollars.

Unfortunately, results show that there has been no significant increase in the annual share of D.O.D. contracting and subcontracting dollars, in constant terms, going to minority businesses (Black, 1989). This 5% contract goal has never been met

since the program's inception. This socioeconomic contracting program has done little to help its intended beneficiaries.

Mentor-Protege Programs

The Pilot Mentor-Protege program was designed by the U.S. Department of Defense (DOD) to be a private-sector version of the S.B.A.'s 8(a) program (Cooper, 1994). The Mentor-Protege program was created in 1990 to provide incentives for prime contractors to increase small disadvantaged business (SDB) participation in DOD subcontracting. The objective of the program is to foster the business development of SDB's in order to increase the capabilities of the firms to participate as subcontractors and suppliers in large DOD contracts (General Accounting Office, 1994).

The Mentor-Protege program provides incentives in the form of cash reimbursements, credit towards SDB contracting goals, or a combination of both to encourage a mentor to provide developmental assistance to its protege. The developmental assistance can include general business management advice, loans, or other forms of capital investment.

The program began on October 1, 1991 and is currently administered by the DOD Office of Small and Disadvantaged Business Utilization. The Congress has appropriated \$120 million for the pilot program. The pilot program terminates in 1999. At the end of fiscal year 1993, 124 proteges were participating in the pilot program. Each protege is receiving an average of \$1.2 million in assistance during a three year period.

This program has been criticized by the General Accounting office for not providing adequate oversight or broad enough assistance. Due to the lack of oversight, no evaluation of the program has been conducted. The DOD's office of Small and Disadvantaged Business Utilization (OSDABU) had not conducted any performance reviews of participants as of November, 1993. Additionally, the GAO perceives that the heavy reliance on monetary reimbursement as a mentor incentive is not the optimal way to increase subcontract awards to SDB's.

NASA and the Environmental Protection Agency have both developed pilot Mentor-Protege Programs that are modelled after the DOD'S program. NASA's program began on April 11, 1994 and will run for a three-year test period. The unique feature of NASA's program is that a mentor firm will be allowed to have multiple proteges and conversely a protege will be allowed to have several mentors. Additionally, NASA will not reimburse mentors for costs incurred in establishing a relationship with a protege.

U.S. Department of Education Programs

The United States Department of Education has maintained an emphasis on developing entrepreneurial education materials (Worthington, 1984). The Department in conjunction with the National Business Education Association developed a project called Small Business Ownership for Grades 7-9. Other contracts from the Department of Education provided materials for use in secondary, post-secondary, and adult education programs. These initial efforts propelled the issue of entrepreneurial education to the forefront of vocational education. 4-H extension programs and Junior

Achievement are other early programs that exposed young adults to career opportunities in entrepreneurship. Yet, the U.S. Department of Education has done little to promote or develop adult entrepreneurship education programs.

Minority Enterprise Development Week

In 1983, President Ronald Reagan designated the first week in October as Minority Enterprise Development Week (Worthington, 1984). MED Week is still held each year and is one of the largest small business conferences and the largest minority business conference in the world. The conference offers week long seminars on small business management. In addition, notable, minority small business owners serve as guest speakers and an exhibit hall with hundreds of businesses and Federal agencies represented, is open throughout the week.

S.B.A. Small Business Development Centers (SBDC)

Today in the U.S., the most comprehensive entrepreneurship training programs are offered by the Small Business Administration's Small Business Development Centers. These programs are run jointly by local universities and the U.S. Small Business Administration with the sole purpose of providing entrepreneurial training, counseling, and support. These programs offer one-day workshops in marketing, finance, bookkeeping, and other small business management courses. The workshops are not based on any comprehensive needs assessment. They are usually conducted by

volunteer small business consultants that are attempting to market the services they provide.

Service Corp of Retired Executives (SCORE)

Small Business Development Centers are not targeted to any particular segment of the population. They are open to any individual that is aware of them and interested in using their services. Recently these SBDC's have begun offering a free two hour course on "How to Apply for 8(a) Certification".

These centers also offer free one-on-one counseling by the Service Corp of Retired Executives. These are retired business people that volunteer their time to consult to start-up and small businesses. In recent years, the S.B.A. and its affiliated programs have come under fire for not adequately serving the needs of the small business community. The new S.B.A. Director Erskine Bowles has repeatedly expressed his desire for a needs assessment to be conducted to determine how he might better meet the needs of small businesses (Lick, 1993).

Successful Self-Employment Training Programs

It is useful to identify some innovative entrepreneurship education programs found in the literature that have been targeted at minority populations. The programs can provide some valuable insight into the training needs of unsuccessful 8(a) businesses.

School-Based Businesses

Adult educators could adapt the school-based business concept and model their entrepreneurial training programs after these programs. Jonathan Sher created the school-based concept in the mid-1970s as a possible solution to rural underdevelopment. Sher had intended for the school-based enterprise to supplant the vocational training in the school system. Sher's concept could likely be more successful with adults that have expressed an interest in business ownership and are deeply motivated to learn (Gatewood, 1985).

A nationally renowned school-based program can be found in the Georgia school system. In Georgia, the goals of the school-based businesses are to (1) create a profit-making enterprise that meets an unfilled need of the community; (2) provide employment opportunities to students; (3) generate or attract income-producing opportunities to the community; (4) provide a vehicle for entrepreneurial training and academic development; and (5) have a positive impact on curriculum and other aspects of the educational system.

In Georgia, students have run a day-care center, a construction company, a quick print shop, a T-shirt printing shop and a tourist retail shop. Of all these programs, the day-care center has experienced the greatest success. These businesses are model entrepreneurial education programs that provides academic experience while promoting entrepreneurship, self-employment and small business development.

These businesses started with a needs assessment of the community to determine what services were needed. Then the students conducted a survey of the local community to find out who competitors were and whether they could solicit some support and teaming agreements from established, local, merchants. Community support is critical to the school-based business, just as it is for any emerging or new small business. Then students prepared business plans, developed management teams and in some cases even sold stock to raise capital. This type of self-directed, experiential training is a model for entrepreneurial training programs. If properly planned and managed, the business provides services or products needed by the community, while providing income-producing jobs to program participants. One of the reasons for the success of school-based programs is that they combine experience with education and precede the effort with a comprehensive needs assessment. The S.B.A. 8(a) program already facilitates learning through the experience of marketing an established business. However, the education and training provided is marginal and could be enhanced by evaluating the results of a comprehensive needs assessment administered to the population of 8(a) business owners.

The Navajo Indian Model

The American Indian is likely one of the most underrepresented, disadvantaged minorities in America (Devlin, 1988). The Navajo Nation is one of the largest Indian reservations in the United States and is located in parts of Arizona, New Mexico and

Utah. This culture faces major economic problems which in some ways parallel the difficulties in America's inner-cities. Forty percent of the Navajo Indians live below the U.S. poverty level. There is virtually no employment on the reservation. Although there are urban areas near the reservation, the isolated existence of this culture has contributed to the maintenance of a trading-post economy. There are extremely limited entrepreneurial opportunities on the reservation. Similar to the inner-city, the Navajo's economic difficulties are characterized by unemployment and under-utilization of human resources.

Since 1987, the Navajo Indians have worked with The University of Arizona, the University of New Mexico and New Mexico State to provide entrepreneurial training to interested members of their tribe. The goal of the program was to stimulate home-based businesses and reverse economic stagnation among the tribe. While this program is offered through the local universities, it offers some experiential components. Students are taught to create a business plan. In addition to class lectures, the students have the opportunity to visit local businesses and see their operations first-hand. In addition, minority business leaders are brought into the class as guest speakers and role models. While no formal statistics were given, the program has been effective in stimulating interest among tribe members and exposing them to a viable career alternative.

CETA Entrepreneurship Training Programs

The research reveals only a few education programs that have been targeted at the economically disadvantaged and/or the unemployed outside of the 8(a) program. A CETA entrepreneurship training program was created by the Hawaii Entrepreneurship Training and Development Institute (HETADI) in 1977 (Carstensen, 1986). CETA was a government funded training program targeted at helping the unemployed find employment. In a two year period, HETADI trained over 200 CETA participants. Of those trained, 50% were in business by the end of the training. The cost of the training program was \$2,000.00 per trainee. However, there is no longitudinal data available regarding long-term the success of this training program.

Women's Economic Development Corporation

The Women's Economic Development Corporation (WEDCO) has been working since 1984 throughout the United States to educate women on the skills needed for self-employment (Carstensen, 1986). WEDCO offers eight to twelve week training programs and uses only volunteer business owners for the training. The participants in WEDCO's program learn to create a business and marketing plan. WEDCO also solicits corporations to provide scholarships for its training program so that it can offer free participation to minorities and other disadvantaged women.

Entrepreneurship and AFDC Recipients

A few states have experimented with allowing Assistance to Families With Dependent Children (a welfare program) recipients to use their money to establish a small business. WEDCO has linked up with the local government in Minnesota to provide entrepreneurial training free-of-charge to AFDC recipients. A state survey of AFDC clients found that 37% had a specific business idea that they would like to explore.

In Flint, Michigan an educational program has also linked AFDC recipients to entrepreneurship training. The program is administered through a Community Development Corporation (CDC). This CDC employs women under an AFDC grant to run their own businesses which are established as subsidiaries of the CDC. This helps train and guide the new entrepreneur through the notoriously difficult start-up phase. When the business becomes profitable, the individual can purchase it from the CDC.

Job Training Partnership Act

Some innovative programs for entrepreneurial training have been developed through the Job Training Partnership Act (JTPA) (Carstensen, 1986). This program is traditionally used to train unemployable persons in sought after job skills such as computer programming, word processing and construction. Only a few programs have used JTPA to train individuals in business ownership skills.

Ohio and Texas are two states that have designated JTPA funds for entrepreneurial training. Most of these programs are structured around classroom training. Usually the core focus of the training is the preparation of a business plan. The programs use a variety of screening mechanisms ranging from self-selection to formal testing for entrepreneurial personality traits. Performance measurement has proved difficult in this program since job placement has historically been the measure of success for the JTPA programs. With self-employment it is difficult to define placement.

European Programs

Great Britain and France have been on the leading edge of welfare sponsored entrepreneurship training programs (Carstensen, 1986). In France, unemployed persons can petition for lump sum grants of their unemployment benefits to be used to start a small business. The petition includes the submission and review of a business plan. Entrepreneurs are able to receive bonuses for each job they create within a given time period. Once the money is awarded the recipient must attend a government-sponsored, management workshops to help increase the entrepreneurs' chances of success. Since the program's inception in 1979, it has had over 135,000 participants. Sixty percent of the businesses started by these individuals survived the first year.

Great Britain's Enterprise Allowance Scheme also helps unemployed individuals that are seeking to establish a business. The person must have been unemployed for a

given time period and the person must raise a predetermined amount of capital on their own. If the individual is selected into the program, they receive weekly benefits and free training from Britain's Manpower Services Commission. Half of the individuals that participated in this program reported that they would not have started their own businesses without the program.

These programs offer excellent examples of methods to bridge the gap between underemployment, unemployment and self-employment.

Importance of On-the-Job Training to the 8(a) Program

Introduction to On the Job Training (OJT)

In a study of on-the-job training conducted at Ohio State University, a structured on-the-job training system developed by Ron Jacobs enabled an organization to reduce training time from twelve weeks to less than two weeks (Training Director's Forum, 1987). A key determinant of an entrepreneurs's success or failure in the 8(a) program is the training they receive in their initial stages in business (Davis, 1990). For small businesses, on average, only 15% of a new employee's time is spent in formal training programs (U.S. Small Business Administration, 1982). Given the extensive time requirements to operate a small business, it is likely that for entrepreneurs, the percentage is even lower. This means that most entrepreneurs learn their new roles predominantly through informal, workplace training. According to the American Society for Training and Development over \$180 billion was spent on informal workplace learning in 1988. An important aspect of informal workplace learning is on-the-job training (OJT).

Understanding OJT

OJT is non-classroom based, unstructured learning in the workplace. According to Mezirow, Brookfield and Marsick, there are three major components to OJT (Watkins, 1989). The three components are learning the job, learning the organization and learning about oneself. They define learning the job as "productivity". This is the objective that the employer (or entrepreneur) is primarily concerned with--how to get an employee to produce as quickly and efficiently as possible. Learning the organization entails building team relationships through networking, coaching, mentoring, role modelling and status building or destroying. Learning about oneself relates to issues of competence and confidence building or undermining, dealing with authority and dealing with discrepancies between personal values and organizational values. Success in learning all three of the areas above will most likely result in a successful new business.

OJT Facilitator Skills Needed

Informal OJT is usually conducted by a manager, supervisor, peer, or occasionally a subordinate. Usually it is handled by someone with authority over the new employee. However, in smaller organizations frequently OJT is handled by a colleague or a subordinate. The important issue is not necessarily who performs the OJT but "how" it is performed. In the case of 8(a) businesses, the S.B.A. Business Opportunity Specialists (B.O.S.) is taking on the role of facilitator.

A competent OJT facilitator should have diagnostic skills, on-line observation capability, and feedback skills (Watkins, 1989). All three of these skills are critical to

being a successful OJT facilitator. Diagnostic skills are the ability to analyze what a new entrepreneur knows and what he/she doesn't know. Once this is determined, the S.B.A.'s B.O.S. will be much more efficient in their training methods. Diagnostic skills also involve breaking down the problems that are to be solved by the new 8(a) business into specific, manageable tasks. The facilitator must then sequence learning from least to most difficult. Presenting easier tasks first will allow the new 8(a) business to make mistakes in areas that are less critical. It also assists the new 8(a) entrepreneur in building their confidence and competence in their new role as an 8(a) business.

On-line observation skills are extremely important to an OJT facilitator. In the context of the 8(a) program, on-line observation skills would be the ability to monitor newly certified 8(a) business and offer constructive criticism and learning interventions based on their performance. The key to on-line observation skills are to watch closely enough to effectively evaluate the 8(a) business, but not so closely that the entrepreneur feels micro-managed. Some entrepreneurs are less effective when they are observed too closely. When using on-line observation skills the facilitator intervenes only when some action needs to be corrected or commended.

Good feedback skills are critical to being an effective OJT facilitator. A newly certified 8(a) can only perform as well as the procedures and policies are communicated to him/her. It is important in the early stages of OJT training that large amounts of feedback related to performance are expressed. Initially, it is good practice to correct every episode of poor or wrong performance while providing positive feedback for everything that is

done correctly. This enables the 8(a) business to be certain of what is expected of their performance. In short, a good OJT facilitator develops procedures for enabling learners to use job experiences and educational experiences more effectively.

Methods Of Informal OJT

The primary methods for informal OJT are supervision, observation, mentoring and trial and error (U.S. Congress, 1990). Supervision places the active role of training on the OJT trainer. It usually entails a learning by objective strategy. The trainer (or S.B.A. B.O.S.) gives the new employee an objective or task to complete. The trainer then watches the employee and corrects them as they make errors or commends them as they achieve successes. In order for this process to work effectively the trainer/facilitator must have more experience and understanding than the individual being trained. In terms of the 8(a) program, the B.O.S. would need to have extensive small business management and Federal procurement experience for the OJT training to be effective OJT facilitator.

Observation, on the other hand, places the learning responsibility on the newly certified 8(a). The entrepreneur is told to watch other successful business owners and to learn their job responsibilities. This is a form of mentoring with the mentee taking on the role of initiator. This is likely the inferior approach to OJT, however, it is a useful method when combined with other strategies. Trial and error is the most prevalent form of OJT in the workplace. It is also the most prevalent form of OJT for 8(a) businesses. The 8(a) owner is cast into new certification with little or no guidance and the new entrepreneur learns by mistakes. This form of OJT can be costly because mistakes waste valuable

resources and time. This waste can be fatal to small, minority businesses that are frequently undercapitalized.

Using just one of the methods discussed above would likely be insufficient. Ideally, a new 8(a) business will use some combination of all the methods that were previously discussed to facilitate their transition into their new role.

OJT Strategies

Shadowing and mentoring are two strategies for OJT (Watkins, 1989).

Shadowing large successful 8(a) businesses would enable the newly certified 8(a) to spend one day or several days accompanying a leader in the Government contracting industry. The entrepreneur would attend meetings, listen to phone conversations and watch the manager complete their business duties. The entrepreneur has the opportunity to ask questions about everything they observe and are encouraged to do so. The downside of mentoring occurs when mentors attempt to protect the secrets to their success and refrain from sharing valuable information to their protege.

Mentoring is a more lengthy version of shadowing. Mentoring involves a more senior person assisting a newly certified 8(a) owner to assimilate into the mainstream of Federal procurement.

Conclusion to OJT Theories

According to Peter Senge (1990), informal learning can be described as the mortar between the bricks in masonry (the bricks represent formal learning). In other words, informal OJT is not enough to effectively educate a new employee (entrepreneur). Both

formal and informal methods should be used. The objective of the S.B.A. regarding the 8(a) program should be to foster the most learning at the least possible cost. Informal OJT is a valuable means for reducing training costs, but the 8(a) employees must be given some guidance on how to engage in this self-directed learning approach. Much learning can take place in the context of work-related activities and the S.B.A. could help employees to gain the most benefit from these experiences.

An important concept to remember when developing an individualized OJT training plan for new 8(a)'s is that each entrepreneur brings a unique set of experiences to the 8(a) program. While formal training programs cannot necessarily draw on those individualized experiences, informal OJT programs can. The S.B.A.'s staff take on the role of management developers. As such they should create an atmosphere conducive to aiding learning from experience.

Conclusion to Literature Review

By gaining a deeper understanding of the history of the 8(a) program, organizational learning theory, the history of minority entrepreneurship education and theories regarding on-the-job training the challenges facing the 8(a) program are clarified. There is a long history of attempts to increase the numbers of minority-owned businesses by policy-makers, non-profits and educational institutions. Many minority business advocates throughout history have struggled to find the best methods to facilitate economic development among minority populations.

This literature review revealed that the S.B.A. 8(a) program is the most comprehensive program currently available in the United States to facilitate the development of minority-owned business. No other minority economic development program identified through the research has provided the same levels and combination of assistance including loans, contracts, classroom and on-the-job training. This makes the 8(a) program an excellent topic for research in the field of minority economic development.

Access to capital, managerial skills and use of available resources have emerged from the literature as the three critical components to successful entrepreneurship. All of these components can be provided or improved in 8(a) businesses through education. 8(a) business owners can be taught where funds are available and how to access them. These business owners can also be taught to create grassroots efforts to ensure that the Federal Government improves their access to capital. 8(a) business owners can also be taught to pool their funds and resources and create funding opportunities outside of the majority-controlled, mainstream banks that have historically denied them equal access to capital. Additionally, 8(a) business owners can be exposed to the array of resources available to assist them in managing, marketing and developing their businesses. Entrepreneurship education programs can heighten 8(a) business owners awareness of available resources related to securing Federal contracts.

The literature revealed three objectives of minority entrepreneurship education programs. First, to introduce minorities to technical business management skills and information. Second, they provide personal development and coping skills to minority entrepreneurs that might not otherwise have access to such programs. Third, they introduce business owners to available resources through government, industry, associations and educational institutions.

Adult Education Implications of the 8(a) Program

The 8(a) program could be described as a learning intervention. The nine-year limit is in place so that the program does not act as a welfare program, providing unlimited and ongoing assistance with no provision for creating an independent individual. The 8(a) program is intended to teach minority business owners the Federal procurement process and introduce them to key players in the Federal procurement system. The program was developed to give minority-owned businesses the opportunity to learn to compete in an environment where there would theoretically be an increased opportunity for success. This program is the embodiment of "on-the-job" training. The S.B.A. provides minimal content or skill lessons in the form of workshops and seminars. However, there is reason to believe that more educational workshops and seminars might enhance 8(a) owners abilities to compete. There is no manual or guide to assist newly certified 8(a) businesses, therefore there is no systematic process in the 8(a) program for information dissemination other than the

initial orientation, a monthly newsletter and an annual conference. Initially, there is a one-hour orientation and then business owners are to begin locating Federal solicitations, writing proposals and bidding on Requests for Quotes. Presumably, businesses already should have some Federal contracting experience and success prior to entering the program. The 8(a) program could be viewed as an human resource development intervention at the systems level. Just as a trainer might take a new employee and train them on the job, the U.S. Small Business Administration is allegedly taking new, minority-owned, contractors and training them to market to the Federal Government. In such a training program, it is usually the trainer or supervisors job to bring the employee to the desired performance level. However, in reality, much of the success of employees depends on their ability to be self-directing and learn the system in spite of what they may or may not be taught. This is also true for the 8(a) company. Remedial experiences are usually designed for employees who are not performing up to expectations. However, no such remedial experiences currently exist for 8(a) companies that are not securing contracts. These companies must learn on their own or face failure without further intervention. Thus the importance of on-the-job training (OJT) to the success of 8(a) businesses emerges.

The goal of the 8(a) program is to teach portfolio businesses to develop competencies in critical areas that will enable them to overcome barriers to success. This learning is fostered through on-the-job training in which the businesses actually

pursue and ideally win Government contracts. The majority of the learning takes place in a trial-and-error format which is customary in on-the-job training scenarios.

Through on-the-job training, 8(a) businesses attempt to answer the three research questions posed by the researcher and achieve their answers. Through on-the-job training, the 8(a) businesses attempt to: (a) identify and overcome potential barriers; (b) develop capabilities that will lead to their success; and (c) identify and acquire learning that is related to securing a Federal contract. Thus on-the-job training theory is an important component in the development of a successful 8(a) business.

CHAPTER 3 - METHOD

Description of Research Methods

The purpose of this research was to assess the learning needs of 8(a) businesses related to securing a Federal Government contract. This objective was addressed through a multi-method research approach. This multi-method approach combined the use of secondary qualitative and triangulated case studies. Initially, the goal of the research was to use a Federal contract as the unit of analysis. This would have entailed interviewing competing businesses, the Contracting Officer, and the S.B.A. staff members involved in negotiating a particular contract. However, due to the reluctance and refusal of personnel to discuss events surrounding particular procurement for fear of violating confidentiality rights, the research design was modified and each interview participant was selected based on their availability and in-depth knowledge of the 8(a) procurement process. An S.B.A. staff member was asked to recommend a successful 8(a) business, a Contracting Officer, and a Business Opportunity Specialist that they felt would be candid and detailed in the discussion.

The first question, "What are the potential barriers that an 8(a) business faces in competing for a contract?" was addressed through secondary, qualitative research. On August 26, 1993, the S.B.A. Administrator, Erskine B. Bowles, sent a letter to all 8(a) certified businesses. This letter (see Appendix A) requested opinions, suggestions, and

comments relating to how the 8(a) program could be improved. The letter was mailed to the population of 4,600 8(a) businesses. One hundred and eighty-six responses were received (a 4% response rate). These responses were analyzed to ascertain challenges and barriers that 8(a) participants faced in trying to utilize the 8(a) program to help them compete successfully for Federal Government contracting dollars. This secondary, qualitative analysis generated the issues and themes that were used to develop interview questions for the triangulated case studies. This qualitative analysis of secondary research data also provided information related to the second research question.

The second research question, "What capabilities are required to compete successfully for 8(a) contracts" was also addressed using the research data from the previously mentioned method and through the case study research. Individual interviews were conducted with a successful 8(a) business owner, a Federal Government Contracting Officer, and a S.B.A. Business Opportunity Specialist. These interviews were used to determine what competencies were required to compete for Federal contracts and to gain further insight into the learning needs of 8(a) businesses. The data gathered from the primary, qualitative research was also used to determine what capabilities an 8(a) firm requires to compete successfully for Federal contracting dollars.

The third and primary research question, "What are unsuccessful 8(a) business owners' learning needs are related to securing a contract?" was addressed through the qualitative methods mentioned previously and through the triangulated case study analysis. The case study interviews were used to determine what competencies 8(a) businesses require when attempting to compete for Federal contracts. The data gathered from this primary, qualitative research was also used to determine the learning needs of 8(a) businesses related to competing successfully for Federal contracting dollars.

Pilot Study On the Education & Training Needs of Minority Entrepreneurs

A pilot study was conducted in the Summer of 1992 as a field study by the researcher. The pilot study had a broader sample of minority entrepreneurs. A questionnaire was mailed to 150 minority entrepreneurs in Fairfax County, Virginia. The mailing list was obtained from the Fairfax County Economic Development Authority's database of business and industry. Thirty completed questionnaires were returned for a response rate of 20%. The goal of the survey was to assess the educational needs of minority entrepreneurs in their first year of business as identified by experienced minority entrepreneurs.

Initially, a focus group was conducted with several minority entrepreneurs, economic development officials and community college continuing education staff. This was conducted at a monthly membership meeting of the Fairfax County Chamber

of Commerce. The purpose of this focus group was to develop a comprehensive list of possible courses for entrepreneurial training. Eighty-seven courses were identified as possibly useful for a new, minority-owned business. These 87 courses were listed on a questionnaire. Dual five anchors Likert scales were used for each course listed. The first Likert scale (on the left) asked the respondent their "need to know" the information from the course listed. The second Likert scale (on the right) asked the respondent to rank the course on its "importance" to their success. The respondent was instructed to answer the question as if they were in their first year of business. A copy of the survey is attached as Appendix B.

Results of Pilot Study

Thirty minority entrepreneurs responded to the survey. Some were 8(a) businesses and some were not. The sample included both male and female business owners. Minorities as defined by the Fairfax County Economic Development Authority whose list was used are African-American, Hispanic, Asian, or Eskimo-Americans.

The mean range for each of the 87 courses ranked on "importance to being a successful entrepreneur" was from 2.6 to 4.9. The standard deviation for "importance" ranged from .29 to 1.41. The mean range for entrepreneurs knowledge of the subject in their first year was from 2.2 to 4.3. The standard deviation for "knowledge" ranged from .84 to 1.69. Therefore, on both scales, the level of variability or deviance from

the mean was relatively low. Hence, the respondents were somewhat in agreement on each item. All respondents demonstrated a bias against selecting the lower or upper limits on the scales. Therefore there was a tendency for respondents to choose moderate anchors. However, some valuable insights were gained from this questionnaire. One of the findings was that using a list of potential course topics has great marketing value, but does not provide the rich data that leads to an understanding of learning needs related to propelling success among minority entrepreneurs.

In order to assess the significant training and education needs of minority business owners courses with a mean of at least 4.0 were considered as particularly important to prospective business owners. There were 28 course subjects that had a mean of at least 4.0 See Appendix C for complete list.

Topics that had a mean of less than 3.0 are topics that entrepreneurs lacked sufficient knowledge to be a successful manager in that area. There were 40 topics that had a mean of less than 3.0 on the "knowledge" scale (See Appendix D).

There were 40 course subjects that entrepreneurs felt they knew "nothing" or "little" about. However, only 28 of these subjects were considered "important" to the success of a new entrepreneur. More importantly, however, is to look at the overlap between the two scales. In other words, which subjects do entrepreneurs perceive as important, while simultaneously realizing a need for additional knowledge when they first began their businesses. There are only five subjects that fell into this category:

- Payroll Preparation
- Tax Return Preparation
- Financial Assistance Location
- Government Personnel Laws, and
- Total Quality Management Strategies.

Conclusions

The marketing and finance aspects of small business were considered to be the most important areas by the entrepreneurs surveyed. Personal and organizational development topics were considered to be the second most important subject. Therefore, an institution or program designed to assist budding minority entrepreneurs may want to concentrate its resources to educating and training the new business owner in those areas. Additionally, the five subjects that are considered critical due to relative lack of knowledge and perception of high importance to success all have one commonality. They are all regulated or impacted by the Federal Government policy. Federal law governs payroll, tax returns, loans and personnel. Recently, Total Quality Management strategies have become a major factor in securing federal contracts. Therefore, it was concluded that entrepreneurs need training on how to comply with Federal regulations.

There were several limitations to this research. First the response rate was somewhat low. This resulted in an underrepresentation of some types of companies

and the low response rate limited the types of analysis that could be performed. Also, there was a strong tendency toward the central rating points and an avoidance of the extremes. Without further qualitative research it is difficult to ascertain if this central tendency is an agreement or a bias.

Finally, there were only four "knowledge" means that were equal to or greater than 4.0:

- Effective Business Writing
- Business Math
- Presentation Techniques, and
- Reading Improvement.

All of these subjects would be considered basic skills. Therefore, other than the basic skills topics the entrepreneurs surveyed felt that overall they were either unsure or knew little to nothing about the topics listed.

Implications of Results of Pilot Study

The pilot study identified the critical role that knowledge of the Federal regulations and legislation plays in minority small business development, thus illuminating the role that policy plays in the success or failure of minority-owned businesses. The results demonstrated the importance of minority business owners having additional training in areas that required compliance to Federal legislation. These results encouraged this researcher to study 8(a) businesses, since 8(a) businesses

are minority-owned businesses in a Federal program that was created to assist them to compete for Federal contracting dollars.

Selection of Subjects

8(a) businesses were selected as the research focus for several reasons. First, the pilot study of minority entrepreneurs was too broad. There was also the difficulty of defining a minority-owned businesses. Minority-owned businesses are not a heterogeneous sample because among minority populations learning needs can vary substantially. 8(a) businesses provided an in tact sample of minority-owned businesses because they are diverse small businesses that have undergone scrutiny and an in-depth certification process by the Federal Government to ensure that they fit the Federal Government's definition of a minority. 8(a) businesses also provided a good sample because they, by their nature, eliminate start-up companies.

Limitations of the Findings Due to Design of Research

There were a multitude of factors that affected a businesses ability to compete successfully in the market. Additionally, there were many barriers that minority businesses faced when attempting to compete for Federal contracts. Many of the barriers identified in this research can not be addressed through educational means. For example, proximity to Federal agencies has been correlated to the number of Federal contracting dollars procured by a given business. Adult education can do little about logistical barriers. Additionally, racism and other social injustices are the reason

that the 8(a) program was created and these value-based barriers are not likely to be easily changed.

An additional limitation for this research study was that the study relied exclusively on self-reported data. Since letters were sent to all 8(a) businesses and the responses were self-report data, it is likely that the 186 responses were biased towards businesses that were either extremely satisfied or extremely dissatisfied with the 8(a) program. Therefore, comparisons to the larger population of 8(a) businesses should be made with caution. However, since the request for comments was sent to the population of 8(a) owners and not a random sample, it is highly likely that the responses are representative of 8(a) business owners that are motivated to respond to surveys or requests for information.

Data Collection and Analysis

The 186 letters written to the S.B.A. in response to Administrator Bowles' request for input were analyzed through open coding techniques. The analysis took place at the U.S. Small Business Administration's Headquarters office in Washington, D.C. over four, eight hour visits. A small conference room was used to analyze the letters which were filed numerically in large boxes due to their bulky composition. The letters were thoughtfully written with considerable detail. Almost all letter were over two pages in length. Most letters ranged from 3-7 pages. Many times the owner added back-up documentation such as samples of their marketing material, letters from

contracting personnel and other information to substantiate the issues they discussed. A notebook computer was used to enter notes after reading each letter. The company name and any demographic data cited was extracted from each letter along with performance barriers related to policy issues and learning needs. There were many interruptions throughout the duration of the research as S.B.A. staff members entered the conference area to inquire about the purpose of the research. Several staff members commented that they were relieved that the researcher was a student and not someone from Capital Hill evaluating the program. One staff member asked if the researcher was a consultant that was hired to process the backlog of Congressional Inquiries. Overall, the researcher presence seem to create a minor disruption among S.B.A. staff members.

Each letter was read and the primary themes were entered into a database (see Appendix G). All of the emerging themes were grouped into nests. Key demographics were extracted from the letters such as the company name, location, certification date, status of 8(a) contracts and number of employees when stated. The nests were used to develop the interview schedule (see Appendix F) for the triangulated, case study interviews that were conducted in the second phase of the research.

Interviews were conducted with an S.B.A. Business Opportunity Specialist, a Federal Contracting Officer and a successful 8(a) business owner. Triangulating multiple sources of data was intended to enhance this case study's generalizability and

provide more depth to the richness of findings (Marshall & Rossman, 1989). This strategy of triangulation brought several sources of data to bear on the issue of unsuccessful 8(a) businesses learning needs. The data from the three sources (a Federal Contracting Officer, a Business Opportunity Specialist and an 8(a) Business Owner) was used to corroborate, elaborate, and illuminate the research questions (Rossman & Wilson, 1985).

The interview schedule was used to guide the flow of the discussion. However, the conversation was allowed to follow its natural course and deviate from the interview schedule when appropriate. Each interview was conducted in person at the subject's place of business. The 8(a) business owner's interview was conducted over lunch.

Notes were taken during the interview. The specific responses to the interview schedule were documented after each interview. The notes were reviewed and additional comments were noted on the environment, body language, and facial expressions surrounding the responses. Overall the subjects seemed candid, comfortable, and forthcoming. Finally, notes interpreting the messages conveyed during the interview were made. Additionally, interpretations were made regarding agreement and disagreement of the triangulated subjects (see Table 1).

Negotiating Entry

Entry negotiation requires time, patience, and sensitivity to the rhythms and norms of a group (Marshall & Rossman, 1989a). This researcher encountered more difficulty in negotiating entry to the three parties than had been anticipated. Initially, the goal was to utilize a contract as the unit of analysis to offer a control factor in the triangulated case study. However, after numerous attempts, this researcher was unable to gain entry to any party of the study (Business Opportunity Specialist, 8(a) Owner, or Contracting Officer). One business owner stated, "this is how information and intelligence is obtained in this business, through corporate espionage and discussions, I have no incentive to give this information away for free--it has taken me years to get where I am". The Business Opportunity Specialists and the Contracting Officers were squeamish about discussing any contract-specific events for fear of violating confidentiality rights of companies. As a result of this researcher's inability to negotiate entry on any contract-specific terms, the study was changed to select a representative from each of the three categories. This researcher invited to take each participant to lunch as an added incentive for participating in the research. The 8(a) owner and the Contracting Officer accepted, however the Contracting Officer insisted on paying for his own meal to avoid any ethical infractions or any appearance of conflict of interest. The Business Opportunity Specialist refused lunch altogether, insisting that he preferred to meet in the office. These scenarios are provided to give

the reader a feeling for how serious "conflict of interest" issues are taken within the 8(a) program. According to the U.S. Small Business Administration's Inspector General for the six-month period ending September, 1993, resulted in 29 indictments and 33 convictions in relation to fraud in the 8(a) program (Hoobler, 1993). Many of these convictions were of 8(a) owners, S.B.A. staff, and some Contracting Officers. The climate created by these indictments may be one of the reasons for the reluctance to participate in this qualitative case study.

CHAPTER 4 - ANALYSIS OF RESEARCH ON 8(a) LEARNING NEEDS

Introduction to Analysis & Evaluation of S.B.A. Letters

The first phase of the research (reviewing the S.B.A. letters) provided rich data regarding the barriers to securing an 8(a) contract. The letters ranged from small, one-person businesses to multi-million dollar contractors employing hundreds of employees. The letters revealed the extreme diversity and sub-cultures that exist among 8(a) businesses. Of the 186 responses received, 90 had not received an 8(a) contract. However, many of the respondents were extremely successful and attributed their success in part or in full to the S.B.A.'s 8(a) program.

Performance Barriers as Identified in the Review of S.B.A. Letters

The analysis and evaluation of the 186 letters sent to the S.B.A. in response to Administrator Bowle's request yielded six major barriers to the success of 8(a) businesses. They were (see Appendix E for tabulated frequencies of barriers identified by company):

- 8(a) Certification Process
- Access to Federal Contracting Opportunities
- Federal Government Procurement Personnel
- Lack of Financing
- Use of Wrong Performance Measures
- S.B.A. Staff, Process, and Policies

Table 1 summarizes the percent of respondents that identified each of the six barriers. Additionally, 35% of all respondents identified and discussed only one barrier in their

letter. 78% of all respondents identified one to three barriers in their letter (see Table 2). Therefore, the majority of respondents were very focused and concise regarding the issues they discussed in their letters. Each of these barriers contained both learning and policy implications.

Table 1

Frequency and Percentage of Total Respondents Identifying Each of the Six Barriers

Barriers	Frequency	Percentage
Certification	26	14%
Access	49	26%
Federal Agency Personnel	79	42%
Lack of Financing	51	27%
Performance Measurement	54	29%
S.B.A. Policies, Procedures	98	53%

Table 2

Percent of Barriers Identified

Number of Barriers Identified	% of Respondents
Zero Barriers Identified	6%
One Barrier Identified	35%
Two Barriers Identified	31%
Three Barriers Identified	12%
Four Barriers Identified	9%
Five Barriers Identified	4%
Six or More Barriers Identified	.5%

Barrier #1: 8(a) Certification Process

There were a vast number of comments related to the certification process for 8(a) businesses. Most business owners felt that the process was cumbersome and too time consuming. Fourteen percent of the respondents felt that the certification process should be streamlined significantly. However, 5 of the respondents felt that the certification process was a necessary barrier to entry to eliminate marginally viable businesses. Most of the issues concerning certification were policy issues.

Certification Policy Issues

One business owner stated that the S.B.A. needed to choose between maximum participation (through ease of entry) or the success of limited participants. Several owners felt that the S.B.A. should limit the number of applicants to those that the S.B.A. can realistically support. These owners felt that businesses should be admitted into the program based on who could best be served by the program. A related comment was that the S.B.A. should work with currently certified companies to help them to be more profitable prior to accepting more firms into the program.

According to comments from the business owners, the process could take from 3-6 years. (However the law requires that applications are processed in 90 days.) The glitch seems to be the "bounce back" provision in the certification process. If the S.B.A. finds any problems in the application, it is "bounced back" to the owner who has ten days to reply. If the questions are not sufficiently addressed within the ten day period, the

application goes to the bottom of the pile and re-starts the certification process from the beginning.

In general, most business owners felt that the certification process was too long and expensive. Many businesses who had not received a contract through the 8(a) program felt that the program was designed to cause them to spend more money for no benefit at all, thus reducing their profitability. These firms felt that the expense related to certification did not benefit them.

Overall, business owners felt that there was too much unnecessary paperwork related to becoming certified. Other business owners felt that the paperwork was not the delaying factor; they felt the S.B.A. "sat on their paperwork" too long. This firm indicated that it took them one year to become certified, but it took them only one week to prepare the paperwork. Most business owners felt that the importance of ease of entry into any sheltered program should be secondary to the quality of services and the business development aid provided to the firms by the program.

The two-year limit.

There was considerable comment related to the requirement that businesses demonstrate that they have been in business for at least two years prior to entering the program. (This can be waived if the applicant can demonstrate that the business has considerable government contracting experience prior to application.) One business owner suggested that applicants have the option of substituting their individual experience for business experience to qualify for the two-year requirement waiver.

Certification Learning Needs

Some owners commented that the certification application was difficult to understand. Others stated that they had to pay an accountant large sums to generate their financial statements. In general, some of the certification barriers clearly resulted from a lack of understanding of the process. These issues could be addressed through training. The Small Business Development centers currently offer a free, 1/2 day training workshop on how to obtain certification. Courses similar to this one can help in alleviating the barrier of certification.

Additionally, 8(a) owners felt that they could have been more patient during the certification process if they understood the screening process that the application underwent after being submitted to the S.B.A. Many owners did not understand the purpose behind some of the information they provided on the application. This lack of understanding led them to submit incomplete applications which were held up in the process due to their lack of information. Therefore, many owners feel that they could benefit from learning the process that the S.B.A. staff engages in to complete a certification.

Barrier #2: Access to Federal Contracting Opportunities

Access Policy Issues

One owner indicated that the same companies continue to win the contracts. Since prior performance and contracting track records are the primary criteria used to evaluate the corporate qualifications, the more contracts a company wins the more likely they are

to win more contracts. Many successful firms indicated that their greatest challenge was in obtaining their first contract. Knowledge and abilities, according to 8(a) owners is not enough to win contracts.

Still, other owners, with demonstrated success in marketing reported that most of their marketing efforts were "a waste of time". Many 8(a) owners outside of the Washington, D.C. area (where the greatest concentration of 8(a) businesses and Federal agencies exists) reported spending extensive amounts of money and time to travel to Federal agencies and market themselves, with little or no benefit. Many of these businesses stated that they thought the S.B.A. was going to assist them with marketing when they entered the program. These businesses commented that if they had the capital to market like larger businesses, they would not have gone through the time and expense of becoming certified. One owner wrote that "we are willing to stay up all night or meet with whoever necessary to promote our business but we are small and cannot afford a lot of expensive marketing, so help us accomplish our goal".

Some 8(a) owners complained of a lack of enforcement of agency goals for subcontracting with 8(a) businesses. These owners felt that the S.B.A. needed to provide greater oversight. Once again, many owners report encountering hostility from Contracting Officers. One owner stated that "the Environmental Protection Agency officials in Research Triangle Park (North Carolina) told them that 8(a) firms are not worth the time it would take to interview them.

Size of procurement.

Many owners suggested a frustration with the size of the 8(a) contracts. They seemed to be too large (multi-million dollar contracts that small businesses cannot handle) or too small to be profitable. There seemed to be a general consensus that the extremely large contracts should be broken down into function segments to enable smaller businesses an opportunity to bid on them. One example provided was for a construction job that included building, painting, asbestos abatement, and carpentry. The owner suggested if each of these was a separate contract then 8(a) businesses would have a realistic opportunity to win the contract. Current 8(a) regulations require that 51% of the work must be performed by the 8(a) business that is awarded the contract. This eliminates the potential for 8(a)'s to bid on large jobs and sub-contract parts of the work to competent firms. While subcontracting is a vehicle widely used by prime contractors to handle large jobs, this avenue is unavailable to the 8(a) business.

Complications of sole sourcing 8(a) contracts.

Sole sourcing is the primary benefit of the 8(a) program. When a contract is sole-sourced through the 8(a) program, the Contracting Officer does not have to compete the solicitation among other firms. In other words, if an 8(a) owner identifies an opportunity and the Contracting Officer would like that firm to perform he can exclusively designate that firm for award by submitting an offer letter to the S.B.A..

Owners complain that while sole sourcing appears to be a significant opportunity on paper, it is extremely difficult in reality to execute. Many owners reported that neither

themselves or the Contracting Officers involved understood the procedure for sole sourcing. To compound the difficulty, many reported that they were unable to get any clarification from their Business Opportunity Specialist. The Federal Acquisition Regulation requires that in order to sole source a contract, it must not have been previously advertised in the Commerce Business Daily. Yet, Commerce Business Daily is one of the only centralized sources of procurement opportunities. This has led to inability for some firms to obtain sole sourced 8(a) contracts.

Access Learning Needs

Another major barrier for 8(a) owners was obtaining access to Federal contracting opportunities. A vast number of business owners reported that upon entrance into the 8(a) program, they had no idea of how to pursue an 8(a) contract. Many reported that their Business Opportunity Specialist did not have understanding of that process either. For many, once again, marketing education emerged as a significant need for 8(a) businesses and S.B.A. staff. The successful 8(a) businesses (those who have received 8(a) contracts) seemed to have a good understanding of where and how to market their businesses to obtain 8(a) contracts. There seemed to be a general lack of marketing expertise. Some owners felt that the S.B.A. should be performing the marketing function for them. Additionally, from the perspective of the 8(a) owner, many B.O.S.'s needed training in marketing.

Barrier #3: Federal Government Procurement Personnel

Procurement Personnel Policy Issues

Federal Procurement personnel are the key link in the process of 8(a) procurement. Contracting Officers, Contracting Officers Technical Representatives, Purchasing Agents and representatives from the Office of Small and Disadvantaged Business Utilization (OSDBU) are the people responsible for actually purchasing goods and services from 8(a) companies. Many comments from 8(a) business owners were directed at these personnel. There seemed to be an overall adversarial feeling between 8(a) owners and Federal procurement personnel. Additionally, many owners felt that both the Contracting Officers and the 8(a) owners are inexperienced and have a lack of understanding on how to utilize the 8(a) program as a procurement vehicle. The Contracting Officer's lack of understanding regarding the procedures to utilize the program leads to a reluctance to use the program.

Marketing.

One of the issues that clearly emerged from the evaluation of letters was that the S.B.A. does a poor job of marketing to the Federal Procurement Personnel. There was significant agreement that Federal Purchasing Agents needed to be made more aware of the 8(a) program through marketing. Many 8(a) business owners felt that Contracting Officers were not aware of the program. Of those procurement personnel that were aware of the program, many did not understand how it operated. Additionally, the 8(a) owners felt that overall, Federal Procurement personnel have a negative image of the 8(a) program

and that the S.B.A. did little to combat this image. Some even felt that the bureaucracy of the S.B.A. perpetuated the problems.

Many 8(a) owners indicated that the government agencies do not like to utilize the 8(a) program because of the cumbersome paperwork and procedures. The owners perceive that many agencies feel it is easier to go with "full and open" competition, which demonstrates the need for marketing the streamlined procurement benefits of the 8(a) program. The feeling was that the S.B.A. should concentrate its efforts on improving its image and credibility with procuring agencies. One 8(a) stated that "the S.B.A. is viewed throughout the Federal agencies as being very rigid and a nuisance rather than a source of assistance.

Other agencies exercised "negative carryover" experience. In other words, if they had a bad experience with one 8(a) business, then they assumed all 8(a) companies would not perform. The opinion was also that some Federal procurement personnel utilize the "negative image" as an excuse to hide their lack of understanding regarding the program. In general, the owners feel that 8(a)'s are frequently met with reluctance and apprehension from Contracting Officers in rural areas.

Overall, 8(a) owners felt they needed assistance from the S.B.A. to get their foot in the door at Federal agencies. Currently, the S.B.A. simply gives the 8(a) business a list of procurement personnel and instructs them to "self market". Many owners expressed that the procurement officials would not even take the time to meet with them once they had identified themselves as an 8(a) business.

The owners also felt that the S.B.A. should also market the socioeconomic benefits of having an 8(a) program to the majority population. The socioeconomic benefits perceived by the owners are increased employment of minority individuals and the reduction in welfare recipients that results. The owners felt that if the benefits were clearly articulated to policy makers, procurement personnel and prime contractors that they would be more willing to support and utilize the 8(a) program.

Oversight.

Another significant issue that emerged concerning Federal procurement personnel was the issue of oversight. Most 8(a) owners felt that the S.B.A. needed to exercise more oversight regarding each agency's use of the 8(a) program. Many agencies set target percentage goals for procuring goods through the 8(a) program. Many agencies that set these goals do not reach them. In 1992 nine Federal agencies fell short of their 8(a) procurement goals they were: Agriculture, Defense, Education, Housing and Urban Development, Labor, EPA, GSA (non-schedule), NASA and the Tennessee Valley Authority (Lick, 1993). There was a consensus among 8(a) business owners that the S.B.A. needs to monitor the Federal agencies more closely to ensure that they are utilizing the 8(a) program when appropriate.

Several business owners suggested that volunteer steering committees or boards consisting of 8(a) owners, Federal procurement personnel, and other stakeholders in the process be formed to provide oversight.

Promoting a positive image for 8(a)'s firms.

In general it was felt that Federal procurement personnel show little enthusiasm for the program and the S.B.A. shows no aggressiveness toward changing those attitudes. 8(a) owners felt that Federal agencies were more watchful of 8(a) contractors rather than trying to be informative and helpful. Some 8(a) owners expressed that they had encountered downright hostility from Federal Procurement personnel when attempting to market their goods or services to an agency. The owners perceived that there is a widespread negative opinion of 8(a) contractors.

Another issue that concerned 8(a) business owners was that the Contracting Officers moved very slowly in awarding 8(a) contracts. One owner explicitly stated that they felt that Contracting Officers engage in institutional racism by refusing to use the 8(a) program. Many felt that this was a result of the fact that many 8(a) contracts were so small that they are given a low priority. Some Federal procurement personnel have expressed a negative sentiment toward the 8(a) program and therefore refuse to use set-aside contracts. Many 8(a) owners felt that when they did manage to negotiate a successful 8(a) contract they were subjected to undue scrutiny beyond the normal oversight requirements.

Many of the business owners felt that the Federal procurement personnel exploited 8(a) businesses by only providing them with "poverty contracts" or contracts that were underfunded with little or no profitability. Others stated that when some Contracting Officers were pressured to set-aside procurement they chose large, highly technical

procurement that no small business, let alone 8(a) business could handle. A related comment was that many agencies only use the 8(a) procurement process when their other procurement attempts have failed, not as a routine way of doing business.

One 8(a) business owner stated that Federal agencies are silent partners in cheating small disadvantaged businesses out of subcontracting promises made at contract award time. This owner was referring to the fact that proposals submitted by prime contracts earn extra points during evaluation for a plan which commits a percentage of the contract work to a small disadvantaged business. The law requires that a percentage of business be subcontracted to small or small disadvantaged businesses, however, the Agencies knowingly allow the prime to ignore this provision, once the contract award has been made.

Incentives for procurement personnel to use the 8(a) program.

In general, the owners felt that there were few incentives for Federal procurement personnel to use the 8(a) program; and until sufficient incentives were in place, the Federal procurement personnel would not be motivated to utilize the program. Most business owners perceived that the lack of participation in the 8(a) program was not a result of the companies lacking the qualifications or technical expertise (many of these companies had successful, private sector track records). They felt that the incentives were not in place to sufficiently motivate procurement personnel to utilize the program.

Procurement Personnel Learning Needs

Training emerged as a significant issue for the Federal procurement personnel. The 8(a) owners perceived that the Federal procurement personnel needed training to teach them to understand the benefits of the 8(a) program. Additionally, they felt that training would be useful to teach Federal procurement personnel the procedures for procuring goods and services through the 8(a) program. One 8(a) business owner suggested that the S.B.A. develop a supplement to the Federal Acquisition Regulations that specifically addresses the procedures for procuring goods and services under the 8(a) program. Currently there is no centralized procedure manual for Federal procurement personnel or 8(a) Owners.

Barrier #4: Lack of Financing

Financing Policy Issues

Twenty-seven percent of the respondents felt that the inability of minority business owners to obtain financing for their businesses has proven to be a major barrier to success in Government contracting. Failure to obtain sufficient capital is a primary impediment towards growth and stability in the small business and small minority-owned business market. It is documented that minority-owned businesses have a difficult time obtaining working capital and asset financing from banks. In a survey conducted by the National Minority Supplier Development Council (NMSDC), half of the minority business owners who had been turned down for credit by commercial banks said they believe that racism was a factor in the banks decision (Lick, 1993).

Fifty-one of the respondents agreed that one of the most critical needs facing small and minority-owned businesses today is the need for working capital and asset financing. Almost all owners reported that they needed access to low interest loans for working capital. There were many stories reported by 8(a) business owners of attempting to apply for an S.B.A. loan and being turned down. Other owners stated that the S.B.A. loan process took too long and prevented the opportunity to obtain working capital in a timely manner. Several 8(a) owners reported being turned down for loans as small as \$3,000.00. One owner that was turned down for a similar small loan indicated that he had obtained several unsecured personal loans from the same bank for larger sums. Yet, when he tried to obtain a business loan, his good track record on his personal loan did not give him any leverage.

The long process in securing and negotiating an 8(a) contract reeks havoc on the companies' working capital. Many businesses indicated that they were close to going bankrupt while they searched for sources of working capital. In addition to the extensive duration of the procurement cycle, the working capital situation is compounded by the S.B.A.'s repeated requests for financial statements and other data. Several owners stated that they had opportunities for more business, but that they could not perform because of the lack of availability of working capital loans. Another owner stated that his business had survived nine years but was unable to grow due to a lack of operating capital.

Bonding.

Inability to obtain surety bonding was another a major financial barrier, particularly for construction companies. Almost all construction contracts of any substantial size require some form of bonding. Many service contracts require some type of bond. Bonding is expensive and it is another area where minority-owned businesses have been subject to a bias against them. The S.B.A. does have a program that allegedly assists small and minority-owned businesses in obtaining a bond, however many owners reported that the program did not work.

Financing Learning Needs

8(a) business owners could benefit significantly from receiving practical training on how to secure financing. This training would teach 8(a) owners, step-by-step, how to prepare a convincing loan application package. The training would also provide lists of banks that have strong histories of providing loans to small and 8(a) businesses. The training would teach owners how to establish a rapport with loan officers and the mechanics of completing and submitting the necessary documents.

Additionally, business owners would like to be taught to seek alternative forms of capital including venture funds and grants. A few owners expressed an explicit interest in learning to obtain Small Business Innovation Research (SBIR) grants. SBIR grants are made to small businesses to encourage them to produce new, innovative technology. Another owner suggested that the S.B.A. teach 8(a) businesses to pool their own financial resources to create new sources of working capital. Another owner was interested in

learning how to invest his retained earnings in order to increase his own pool of funds.

There was a strong need expressed by many owners for training in the area of financing.

Barrier #5: Use of Wrong Performance Measurement

Performance Measurement Policy Issues

A significant impediment to the success of 8(a) businesses is the manner in which the S.B.A. measures performance of its portfolio companies. Many owners complained that the reporting requirements were too cumbersome and that the measures in place do not accurately evaluate the ability for a company to successfully perform. One owner indicated that the S.B.A. needed to clearly delineate what they defined as success and failure. This owner gave the example that if an 8(a) business operates for 9-14 years and provides jobs during that time frame, then later fails--is that a success or failure?

Currently the S.B.A. is being scrutinized and criticized for not facilitating the growth and stability of its portfolio companies after graduation. A 1986 U.S. Senate survey and a 1991 S.B.A. study showed that graduates of the 8(a) program from 1987 to 1990 had failure rates between 48% to 66% (Maines, 1993).

Reporting requirements.

Almost all owners stated that the S.B.A. needed to reduce the paperwork burden that the 8(a) program imposes on its portfolio businesses. Many indicated that the requirement for quarterly financial statements was too demanding. Owners reported spending from 20 to 30 hours each quarter supporting reporting requirements of the 8(a) program. The owners indicated that unless they had acquired or lost a large contract

(which the S.B.A. would already be aware of) their financial statements really did not change significantly from quarter-to-quarter. Many of these businesses had to retain a Certified Public Accountant just to keep up with the reporting requirements from S.B.A. and this was costly for them. These businesses felt that the reporting requirements needed to be simplified. The owners felt that the quarterly financial statements wastes the businesses time and the Business Opportunity Specialist time which could be better spent marketing new opportunities.

Monitoring.

Other owners complained that the present form of monitoring seems to be established to "catch" an 8(a) business at doing something wrong. These owners felt that a monitoring system needed to be established that would identify problems within organizations and formulate intervention to the businesses problems. Currently, there are no remediation tactics for companies that are not receiving any contracts or companies that are losing money.

Competitive mix.

Many 8(a) owners had difficulty with the way the S.B.A. measures the Competitive Mix requirement. This is a requirement that is placed on 8(a) businesses that are in the transition stage (the last four years prior to graduation). These firms are required to demonstrate a balanced mix between full and open, competitive and sole-sourced contracts. The intent of this policy is to ensure that 8(a) businesses don't become too reliant on sole-source 8(a) contracts. However, many owners felt that 8(a)

competitive contracts should be counted the same as "full and open" since they require the same resources to prepare proposals and negotiate the final terms. The owners felt this would enable them to meet their Competitive Mix more easily while still giving them credit for actively seeking competitive opportunities.. Presently, if a transitioning company does not meet their targeted competitive mix, then they are placed under a moratorium on receiving new 8(a) contracts. In fact, one owner cited a personal example of having won a large \$2 million, 8(a) competitive contract which caused their 8(a) and non 8(a) mix to be off. As a result, the S.B.A. informed them that they would not be awarded any more 8(a) contracts until they met their targeted competitive mix.

Standard industrial classification codes (SIC) codes.

A frustrating paradox reported by 8(a) owners was the relationship between SIC codes and the dollar value of Federal solicitations. Frequently 8(a) set-aside contracts are too large for businesses to handle. In other words, when a procurement is advertised in the tens of millions, there are few, if any, 8(a) businesses that can successfully finance, staff and execute a contract of that size independently. Yet the S.B.A. has imposed limitations on the amount of money per SIC code that firms can obtain. There is a \$3 million limit per SIC code for service businesses and a \$5 million dollar limit per SIC code for construction businesses. The large dollar procurement immediately eliminates some of the more successful companies that are close to exceeding their revenues per SIC code. Another owner wrote that until the ceiling limits on revenue per SIC code are raised, firms

will be kicked out of the program due to revenue before they are actually able to gain enough experience to stabilize.

Many owners feel that the S.B.A. needs to fully evaluate and revise its size standards for small business, because the current standards are too broad. Some owners felt that there needed to be major changes made to SIC codes because there is currently overlap between SIC codes.

A more conservative view expressed by owners was that the S.B.A. should completely eliminate the requirement for SIC codes in newly certified firms business plan. Currently, an 8(a) firm has to designate what SIC codes it will operate under and prove to the S.B.A. that the firm has the ability and experience to perform under these codes. The owner making the suggestion indicated that the SIC code restrictions did not allow 8(a) companies to grow in a natural way. If a company identifies business opportunities that are outside of their approved SIC codes, they cannot be sought after under the 8(a) program without a special waiver. According to many owners, it is almost impossible to get additional SIC codes added to an 8(a) company's business plan. A few owners had the frustration of getting in under the wrong SIC code for the type of work they perform and therefore could not get any business. Overall there was a consensus that at a minimum the S.B.A. needed to de-emphasize the use of SIC codes as a performance measure.

Graduation.

Another owner stated that the 8(a) program's method of performance measurement seems designed to stifle businesses rather than to foster their growth. This owner has an extremely successful business. However, he states, "our very success is now placing us in an early graduating position, long before our 1997 chronological graduation date". The 8(a) program's SIC code restrictions to put caps on 8(a) businesses revenues. Many owners expressed a desire to increase the SIC code dollar value restrictions. These owners recommend that the ceilings be adjusted for inflation on an annual basis.

Other owners complained that they were graduating from the 8(a) program without ever having received a contract. These business owner felt that time alone was not a good determination of graduation. These owners argued that business should be able to stabilize prior to graduation. In general, business owners felt that the S.B.A. and 8(a) owners needed to work together to develop some performance measures that are true indicators of propensity for success or failure after graduate.

Many firms expressed a desire to have the duration of the program extended anywhere from 10-16 years. These companies felt that nine years was not adequate time to learn the S.B.A.'s system, the Federal procurement system and 8(a) policies. Several companies wrote that it seemed as though just when they finally understood the program they were being forced to graduate because they had surpassed the time limit. One owner stated that since he could not recompetete for his current 8(a) contracts after graduation his revenues will drop \$8 million in the first year after graduation and \$12 million in the

second year after graduation. He claimed that this drop will occur in spite of the fact that they are competing and winning in "full and open" competition. This owner wrote, "not even General Motors can loose 50% of its revenue in two years and hope to stay in business". He further elaborated that without an opportunity to recompute on 8(a) contracts, a graduate company is forced to lay-off the technical staff upon which it has built its customer base and then lose its customer base. There were numerous requests for Congress to re-examine the participation term in the S.B.A. 8(a) program.

Performance Measurement Learning Needs

Many 8(a) owners felt that the S.B.A.'s performance measurement procedures did little to help the owners learn to diagnose the problems in their businesses. One owner indicated that she was not as frustrated with graduating from the program without having received a contract as he was at graduating without learning anything new about running a Federal contracting business.

When businesses market continuously without receiving any 8(a) contracts, they usually do not have a clear, concrete understanding of their reasons for failure. Business owners felt that the S.B.A. should teach them to evaluate their own performance and seek out learning interventions to help correct their failures. Some workers complained that they provide their financial statements to the S.B.A. as required, but never receive any useful feedback or benchmarks from other companies.

Many owner expressed confusion over what performance measures they should utilize to determine the stability and health of their business. These owners desired to be taught benchmarks for successful Federal Government contractors. 8(a) business owners felt a need to be taught to use quality performance measures to monitor the success or failure of their own business.

Barrier # 6 - S.B.A. Staff, Policies and Procedures

S.B.A. Policy Issues

By far some of the most prevalent issues emerging from the letters related to the S.B.A. and its policies concerning the 8(a) program. Many owners felt that the S.B.A. lacked a clear mission regarding the 8(a) program. This lack of mission, according to the comments, caused the S.B.A. to be in a constant reactive mode. The S.B.A. suffers from a lack of business planning, marketing planning, and strategic planning. These owners believed that the S.B.A. will always be under scrutiny for poor performance until they clearly define their goals. Some owners indicated that the S.B.A. literature raises false hopes by portraying the program as offering success. Their belief was that the S.B.A. needed to give more support and assistance to 8(a) businesses beyond simply facilitating the acquisition of contracts. Many owners cited experiences of being told about help in the form of loans, bonding waivers, and educational assistance that in reality did not exist or was inaccessible to the 8(a) businesses. In many owners' opinion, the acquisition of contracts is not enough to

sustain a firm in the long-term. There was an overall consensus that 8(a) businesses feel a general lack of support from the S.B.A. There were a series of examples cited that demonstrated the unresponsiveness of S.B.A. staff to 8(a) business owners.

S.B.A. authority and power.

Another issue concerning the S.B.A. was their lack of power within the system that they allegedly seek to change. The S.B.A. has no real authority over Federal procurement personnel, prime contractors, or Federal agencies. As one owner bluntly wrote, "the S.B.A. is impotent and has no ability to function as an advocate for small disadvantaged businesses". This lack of authority results in not being taken seriously by Federal agencies. The owners felt that the S.B.A. needs to obtain the support and cooperation of the executive and legislative branches of government and the business community. Owners indicated that the S.B.A. should have the responsibility and the authority to increase efforts to get agencies to classify procurement as 8(a). Many owners wrote about the S.B.A.'s apparent reluctance to act on behalf of the program's participants using the authority granted to them by the Small Business Act. One owner stated that in order to salvage the tarnished reputation of the 8(a) program that the S.B.A. must move swiftly and at the most senior echelons of the Federal establishment to not only improve rapport among purchasing agencies, but to better monitor and enforce the Small Business Act.

Business opportunity specialists.

There were a myriad of comments related to the S.B.A.'s Business Opportunity Specialists. While there were many comments that indicated some BOS's were helpful and knowledgeable, most were not positive. Almost all 8(a) owners commented that the BOS's had responsibility for too many companies. In some regions such as Washington, D.C. the BOS's were reported to be responsible for as many as 45 companies. With ratios such as these, it is almost impossible for the BOS's to give the business the time and attention they require to foster their growth and success. Other owners commented that the BOS's were not qualified to provide marketing assistance to small businesses. Some owners cited examples of their BOS being low grades and being paid \$10-12 dollars an hour. This salary structure, according to the owners, makes it difficult to attract the kind of qualified persons needed for the job.

According to the owners the BOS's in reality, provide little if no assistance to their businesses. Several owners described that their contact with BOS's was limited to the BOS's request for quarterly financial statements and other paperwork to ensure that their files stay current. This constant request for paperwork led several owners to write that their success is being impeded by the BOS's constant micro-management. Other owners stated that their BOS interfered with and slowed down the procurement process after the 8(a) firm had worked aggressively to obtain an opportunity from the Federal agency. Several businesses found it ironic that the BOS did nothing to assist

them in obtaining contracts and once they received the contract, the S.B.A. tried to interfere. One owner wrote that his BOS was evaluated on how efficient they were in filing reports rather than performance measures that would lead to the success of 8(a) businesses. This owner felt that the BOS was put in place to hurt not to help 8(a) businesses. Another owner wrote that the BOS tried to find problems that can create barriers to getting contracts. Generally, there seemed to be an adversarial relationship between 8(a) business owners and their BOS. Overall, many owners felt that the BOS's did not possess the qualifications or experience to provide advice to business owners.

Legislative pressures.

Many owners felt that the problems with the relationship between the S.B.A. and 8(a) businesses were caused by legislators who intentionally tie the hands of S.B.A. staff through legislation, executive orders, and undue scrutiny by the Inspector General's office. One owner stated, "the last 8(a) reform bill enacted in 1988/89 reflects changes to the program which resulted from the attack of certain congressmen against the program due to WEDTECH; this reform bill contains significant added administrative reporting requirements and is contributing to the S.B.A.'s burden. The owners felt in general that the legislative burden on the S.B.A. staff was so great that it all but eliminated their ability to promote the 8(a) program and its companies. Many

owners felt that the S.B.A.'s hands were tied by the conservative policies and regulations which became evident during the Reagan Administration.

Due to the excessive legislation, many owners have difficulty interpreting the requirements of the 8(a) program. Many owners reported that the S.B.A. regulations are interpreted differently by each Contracting Officer from agency to agency. One firm reported that they had to retain an attorney to assist them in interpreting the policies and procedures of the program. In general, owners felt that the legislative burden placed on the 8(a) program has caused the program to stagger and never fully realize its full potential as an economic and social stimulant.

Program Process

The letters clearly demonstrated that many 8(a) owners do not understand how the program works and what process the S.B.A. requires for them to successfully market themselves. Furthermore, from the owners perspective, many of the B.O.S.'s do not understand the program either. The owners view is that they have a difficult time "playing the game" because they do not understand "the rules". The owners felt that the S.B.A. staff needs to develop an attitude of partnership not adversary with the 8(a) business and work together to clear up the lack of understanding surrounding the program. One owner wrote that based on their businesses interaction with the S.B.A. the agency serves as a "punitive agency" for 8(a) businesses. This owner also wrote

that the 8(a) program is burdensome and difficult to navigate and there is a general attitude of lack of service among S.B.A. employees.

One owner did an excellent job of summarizing the sentiment of many of the letters when he wrote, "the 8(a) program was designed to keep an inefficient bureaucracy alive and prospering; similar to a welfare system and its clients except that welfare clients are getting something for staying permanently on the welfare roles. We don't want welfare, we want projects which can be used to build our technical experience and help us to accomplish our goals".

Paperwork Burden

The owners repeatedly expressed a strong desire to have the paperwork burden decreased in the 8(a) program. The firms expressed that as small businesses it was very difficult to participate in the 8(a) program because of the frequent filing requirements for financial statements, business plan updates and other documentation requested by the S.B.A. One owner that had not yet received a contract wrote that their business spent an estimated 200 hours per year preparing documentation requested by the S.B.A. with no added benefit to the firm. Several owners felt that after certification, the continuous requirement and flow of paperwork did not serve any useful purpose.

S.B.A. Process Learning Needs

Due to a lack of understanding and knowledge surrounding the process to obtain an 8(a) contract, many owners are unable to improve their situation. It seems that many owners feel that they could secure an 8(a) contract if someone would explain the process. Many owners expressed that it took them years to decipher the process through trial and error, which wasted precious time in the 8(a) program.

Owners seem to perceive the 8(a) contracting process as a complex puzzle that takes years to solve. Many owners felt that if a course or training manual was developed that detailed the process it would propel many unsuccessful 8(a) businesses toward success. The owners also felt that S.B.A. Business Opportunity Specialist and Federal Contracting Officers also needed training on the procedures required to secure an 8(a) contract.

Information Dissemination

There is an overwhelming need among unsuccessful 8(a) owners to have access to timely and important information regarding the 8(a) program. From certification to post-graduation, 8(a) owners feel cut off from valuable and useful information concerning the program.

Maintaining a period newsletter concerning the program was a high priority for most 8(a) owners. (The S.B.A. has a sporadic newsletter that frequently is not published due to budget constraints.) The information most frequently requested was:

- names of companies that were recently awarded 8(a) contracts

- success stories of 8(a) businesses
- lists of forecasted 8(a) procurement from all agencies
- names of banks that provided loans to 8(a) companies
- names of newly certified 8(a) companies
- names of companies that graduated the 8(a) program
- status of legislation concerning the 8(a) program

Owners, felt a need to be kept abreast of the progression of the 8(a) program and its portfolio. Lack of information seemed to be a major contributor the barriers of access to contracts, lack of financing, S.B.A. processes and certification. Many owners expressed that they would feel better about the certification process if they just were apprised of the status of their application instead of endless days and often months of no communication.

Triangulated Case Studies

Introduction to Case Studies

The three parties that are most critical to the process of securing an 8(a) contract are the S.B.A. Business Opportunity Specialist, the Federal Agency's Contracting Officer and the 8(a) business owner. The S.B.A. is technically the Prime contractor and the 8(a) business subcontracts their services to the S.B.A. The Federal Agency's Contracting Officer is the person who negotiates prices, selects the actual awardee and manages the contract for the duration of contractor's period of performance. Initially, a S.B.A. Service Corps of Retired Executives volunteer was going to be part of the case study analysis; however, after reviewing the letters and talking with successful and

unsuccessful 8(a) businesses it was determined that 8(a) business do not find the service useful. Generally, SCORE volunteers do not have the in depth procurement expertise required to be of assistance to 8(a) businesses. According to S.B.A. personnel, SCORE volunteers are largely utilized to provide start-up consultation to new entrepreneurs that are considering starting a business.

Case Study on S.B.A. Business Opportunity Specialist

This interview was conducted in a conference room at the S.B.A.'s District office. The B.O.S. interviewed was approximately 55 years of age and is an African-American. He was selected based on a recommendation from another contact at the S.B.A. The contact recommended him as one of the more knowledgeable and enlightened Business Opportunity Specialists. The interview lasted for two hours. A list of 50 questions was developed in advance, however, the interview was allowed to flow its natural course without adhering to a rigid questionnaire. At the close of the interview, the prepared questions were utilized to determine if any items were missing.

This BOS has been employed with the S.B.A. for 17 years, prior to that he had extensive experience in small and minority business development at a Small Business Development Center. He has worked with 60-80 8(a) firms over the course of his career as a Business Opportunity Specialist. He described himself as one of the more experienced Business Opportunity Specialists on staff. He was very comfortable talking about all aspects of the 8(a) program.

When asked about his overall impression of 8(a) businesses he responded that he felt most 8(a)'s were "better than average technicians, but less than average managers". When asked to elaborate on this he went on to describe that most 8(a) business owners were leaders in their industry or field. However, very few have any entrepreneurship experience. He differentiated between management in a corporation and management of a small business. While many of his portfolio business owners had extensive management experience at the corporate level, few understood the demands of entrepreneurship. His feeling was that being above average in one's field was enough to give many owners the confidence to pursue a career in entrepreneurship, but it was not enough to survive.

When asked why he felt many 8(a)'s encountered difficulties when trying to compete for contracts, he responded that most 8(a)'s were not sophisticated in the techniques of Federal procurement. The successful companies either had a partner that was a Federal procurement expert or they had the resources to hire, high-priced contracting experts to manage their contracting responsibilities. He described the importance of knowing how to develop a strong proposal, knowing how to cost a Federal contract. Additionally, he added that most newly certified 8(a)'s don't have strong marketing skills. He felt that most new 8(a)'s used a "scatter shot" approach to marketing with no preconceived marketing plan. Thus, they wasted money and time on

marketing to agencies or companies with little or no return. He felt that some companies expected to be handed contracts without any efforts on their part.

He also described the importance of knowing how to get the S.B.A. resources to work for the businesses. He described how some companies knew how to utilize a "Search Letter" to get a Federal Agency to set aside a procurement. He stressed the importance of building relationships among the S.B.A. staff and Federal procurement personal. The majority of 8(a)'s are sole source, in his district approximately 90% are sole source awards. Therefore, there is no public announcement of the opportunity. The business owner must know how to seek out and find contracting opportunities that have not been advertised and then negotiate to have these opportunities set-aside as sole source.

When asked about his overall impression of the 8(a) program, he stated that it is a very good vehicle for disadvantaged persons to get into the economic mainstream. However, he was quick to add that the program should not be used as a crutch to eliminate the need to seek business outside of the program. Overall, he felt that the 8(a) program was a useful program that helped certified, minority-owned businesses to achieve success that reflects their level of ability. He feels that skilled, motivated, talented, disadvantaged businesses have great opportunities under the 8(a) program to truly become mainstream businesses. He also feels that some borderline businesses can grow as a result of the program. However, he is clear that the business does not create

entrepreneurs, it provides opportunities for those that already have entrepreneurial skills. If a below average entrepreneur enters the program, they will probably not flourish because the program is not an entrepreneur development program.

Some of his colleagues have personal prejudices related to the 8(a) program. Some majority employees felt uncomfortable with the program and some of its more successful owners who have become millionaires as result of the program. As a result, he concedes that all 8(a) businesses do not get equal treatment under the program. Some S.B.A. staff make it more difficult than others for businesses to obtain 8(a) contracts. Overall, he felt if a company is aggressive and determined they can overcome some of the bureaucratic obstacles placed in their way.

He feels that the greatest barrier facing 8(a) businesses is access to economically priced capital. In his experience, banks will not provide financing to these businesses because of their perception of the high risk involved. Most 8(a) businesses are undercapitalized and many use factor organizations which charge high rates of interest that erode the profitability of the firm. Additionally, in his experience, as firms acquire more contracts and revenues their profitability generally decreases. He describes a scenario of a multi-million dollar business on the verge of bankruptcy due to rising overhead and high labor costs.

In the final phase of the interview, he was asked to comment on each of the seven barriers that 8(a) owners identified as impediments to their success. His comments were as follows:

- **Certification:** This should not be a problem for any firm that desires to compete for Federal contracts. The application requires minimal legal counsel, some assistance from an accountant and mainly information the owner themselves should be able to fill out. In comparison to developing a proposal, the application is a simple process. It may be a little cumbersome due to the paperwork involved, but if you cannot fill out the application, you cannot develop a proposal and probably have no place in the 8(a) program.
- **Financing:** He had previously described financing as the most threatening barrier facing 8(a) businesses.
- **Access to Contracts:** He agrees that this is a problem. However, he attributes it to the 8(a) businesses lack of marketing skills and understanding of the procurement process.
- **Federal Procurement Personnel:** This will be an adversarial relationship that always exists with any Government contractor--minority or majority. He describes the Contracting Officer as a "thorn in the side" of Government contractors. However, he feels that this is part of their job to safeguard Federal dollars by negotiating the best terms possible.

- **S.B.A. Procedures & Policies:** He describes the S.B.A.'s 8(a) program as a paper-driven process which has legislative mandates that can only be fulfilled through documentation. While he is willing to concede the challenge of excessive paperwork he feels that it is a small price to pay for reduced or eliminated competition. In his words, "8(a)'s can't have their cake and eat it to".
- **Performance Measurement:** He agrees that the S.B.A.'s performance measures are problematic. He stated, "we tell them to do well and be competitive and when they do they are halted from doing business in the 8(a) program because of exceeding their SIC code limitations". He also feels that there is a problem with judging a businesses success by gross revenues and not profits. As he previously mentioned, he has \$18 million dollar businesses that are on the verge of bankruptcy due to low profitability.
- **Racism:** He discounted this as an issue to be discussed. His response was that this is America and the owners know racism exists; that is why there is an 8(a) program. (This was later eliminated as a barrier due to unanimous agreement from the case study participants.)

Case Study on the Contracting Officer

The Contracting Officer chosen was from the National Aeronautics Space Administration in Washington, D.C. He is an African-American, male about 25 years

old. He has been working at NASA for 2 years as a Contracting Officer. He has awarded and managed 15-20 8(a) contracts. In the course of awarding these contracts he has evaluated approximately 50 8(a) companies. Prior to working for NASA he was a full-time, undergraduate student. He worked as a co-op student for NASA during the time he was a student. His interview was approximately two hours in length and was conducted at NASA's office.

When asked about his overall impression of 8(a) businesses he replied that most 8(a)'s are aggressive business people; however, they have little or no experience with government work. He indicated that many 8(a)s are experiencing the same "catch-22" situation that college graduates face. They cannot win contracts because they have minimal experience; they cannot get experience without getting contracts. He said that 8(a) businesses are demanding to work with because they require a lot of "hand-holding" since they do not understand Government contracting. He indicated that 8(a) businesses often miss delivery deadlines for reporting requirements because they don't understand the terms of the contract or the contract is not being managed properly. However, he added that the technical personnel requesting the services from 8(a) businesses are usually pleased with their performance. He indicated that most program offices know who they want to work with and usually request specific 8(a) businesses. The program offices like working with 8(a) businesses because it speeds up their ability to procure the required goods and services.

When asked about competencies 8(a) businesses need to be successful, he felt that marketing skills and contract management skills were the most important. He indicated that when majority, prime Government contractors give presentations, they know their competition. They can usually address their specific strengths over their competition. However, 8(a) businesses are frequently uninformed about the contract when they are asked to make a presentation for potential work. Additionally, he felt that a lot of 8(a) businesses need assistance in putting together a sales presentation. The lack of contract management and sales presentation skills are a result of inexperience. He stated, "you really have to win and manage a contract to understand the system". Additionally, he felt that many 8(a) businesses do not have adequate cost accounting systems that enable them to handle cost reimbursable contracts.

He feels that the 8(a) program is much easier than full and open competition. Most of NASA's 8(a) contracts are sole source procurements. The 8(a) program has benefitted the firms he works with by limiting their competition. He feels that many of the firms in the program would never have received their first contract had it not been for the 8(a) program. His colleagues also like the 8(a) program because not as much documentation is required. However, some of his colleagues feel that the program limits the ability for the government to truly acquire the best price for goods and services. He feels that the socioeconomic benefits offset any increased pricing that results from an 8(a) procurement. However, he concedes that many majority prime

contractors and Federal Contracting Officers do not think the 8(a) program is important.

Another barrier he identified that was not previously mentioned was the lack of expert key personnel in-house. Most contracts are evaluated on financial resources, past experience, understanding of the requirement, proposed method of meeting the requirement and key personnel. Generally, he feels that 8(a) businesses have difficulty with financial resources, past experience and key personnel. They often cannot attract the same caliber of personnel that larger prime or non-minority businesses can attract for obvious reasons.

The barriers identified through the review of the S.B.A. letters were cited to him and his responses to each are documented below:

- **Certification:** As a Contracting Officer the only exposure he has had to the certification process is through the SIC codes. He had identified a business to award a sole-source contract, but they had not been certified for the SIC code the contract was under. He found it cumbersome and difficult to get the additional SIC code for the business, although, they eventually succeeded.
- **Financing:** Lack of financing or adequate financing is a major deterrent for Contracting Officers. When the Government awards a contract, they expect the contractor to perform without any further assistance. Contracting Officers are extremely fearful of firms going bankrupt prior to performing the complete

responsibilities of the contract. Company resources is a major evaluative criteria for all Government contracts.

- **Access to Contracts:** He feels that this is a result of 8(a) businesses lack of marketing expertise. He feels that all business face the same challenges concerning locating contracts that apply to their business. His office identifies business by the PASS (an on-line database of minority-owned and 8(a) certified businesses) network, the S.B.A., networking and frequently the office requesting the goods or services knows the company they would like to work with.
- **Federal Procurement Personnel:** He does not perceive this to be a barrier in his organization. He has seen Contracting Officers go to extremes to assist 8(a) businesses. Sometimes there may be an adverse reaction to questions from an 8(a) business because due to a lack of understanding resulting from inexperience in contracting, his colleagues are frequently bombarded with calls when an 8(a) contract is released.
- **S.B.A. Policies and Procedures:** He has not had any severe problems when dealing with the S.B.A. Once the contract is awarded, there is not much interaction with the S.B.A.
- **Performance Measurement:** Again he felt unqualified to make a judgement on this because he is not extremely familiar with S.B.A.'s performance measures.

He does agree with the S.B.A.'s policy of encouraging businesses to obtain more non-8(a) contracts in their developmental phase of the program. He strongly believes that the 8(a) program should not be a welfare program, but a program that gives the businesses the ability to compete in full and open competition.

- **Racism:** He has not experienced any racism in his agency toward 8(a) businesses. However, he was quick to add that being relatively new to NASA he may be naive to some of the occurrences. Overall, he perceives that his colleagues understand the socioeconomic importance of the 8(a) program and strive to do more business with 8(a)'s. (This was later eliminated as a barrier due to unanimous agreement from the case study participants.)

Case Study on the 8(a) Business Owner

The business selected was owned by an African-American woman in her late 40's. The business would be defined as a successful 8(a) company. She currently employs 100 people and 95% of their business is generated through 8(a) contracts. The company was certified in 1986 and will graduate this year. When asked why she felt that over 1/2 of all 8(a) businesses never receive an 8(a) contract, she stated that she felt this statistic would be representative of the small business community. She feels that 8(a) businesses face the same challenges that small business encounter and that the 8(a) program constitutes a representative sample of small businesses.

When asked what competencies she believes are required to compete successfully for 8(a) contracts she replied, "determination". Additionally, she feels it is important to have something to sell that the Government wants to purchase and to be technically competent in one's line of business. Next, she cited the importance of marketing expertise. She feels that many 8(a) businesses lack business management skills, good oral communication skills and presentation skills.

Her company is unique because she has done more 8(a) competitive business than sole source. She attributes her success to already knowing how to compete for Federal contracts prior to entering the 8(a) program. The only benefit she perceives that the 8(a) program provides her company is allowing the company to bid on set-aside contracts. The primary barrier she perceives for 8(a) businesses is a lack of financial and other resources. She feels that the most important skills required for 8(a) businesses are business management skills, financial management skills and Government Cost Accounting skills.

She chose not to use any of the educational or training services provided by the S.B.A. because they were too elementary to benefit her. She does not feel that the S.B.A. contributed to her ability to compete in full and open competition. Any procurement skills that she has gained in her tenure in the 8(a) program were a result of trial and error or on-the-job training. When asked to comment on the barriers identified by other 8(a) owners she had the following responses:

- **Certification:** She did not see this as a major barrier. However, she could see where it may pose a barrier for tradespeople and other less educated entrepreneurs.
- **Access to Contracts:** This was a major barrier for her business. She feels that all 8(a) set-asides should be publicly announced.
- **Performance Measurement:** In her opinion, the S.B.A. uses no good performance measures other than financial statements. Even if the S.B.A. staff recognizes a problem with a company, there is no one competent to intervene and provide assistance. There is no assistance available for ailing companies.
- **Financing:** This was previously mentioned as a major barrier in her perception.
- **Federal Procurement Personnel:** This was a major barrier in her opinion. Even when she did identify opportunities for her firm, she indicated that frequently Contracting Officers would not set the contract aside as an 8(a) contract. In her experience, Contracting Officers frequently did not understand the process for 8(a) procurement.
- **S.B.A. Policies & Procedures:** This is a major barrier. S.B.A. employees need sensitivity training on the challenges and frustrations of operating a businesses. She feels that if S.B.A. employees are sensitized they will be more customer service oriented. Currently, she perceives an adversarial relationship with the

S.B.A. She feels that the S.B.A. "looks for reasons not to award a contract to an 8(a) business". She feels that the entire 8(a) program should be privatized.

- Racism: She discounts this barrier because it is something she has dealt with her entire life and it cannot be controlled. (This was later eliminated as a barrier due to unanimous agreement from the case study participants.)

She attributes her success to learning through trial and error. Additionally, she stated that she never thinks of her business as an 8(a) business; she thinks of her business as a small business that has an added advantage of being certified 8(a). She feels that the S.B.A. could have been more helpful if it had provided more knowledgeable and experienced Business Opportunity Specialists.

Competencies Required to Compete Successfully for Government Contracts

An evaluation of the review of S.B.A. letters and the Case Study analysis revealed several competencies that are required for 8(a) businesses to compete successfully for Government contracts. They are:

- Marketing to the Federal Government
- Proposal Preparation
- Cost Accounting
- Contract Pricing
- Contract Management
- Knowledge of the Federal Procurement Process

- Financing Alternatives
- 8(a) Program Procedures and Policies

These topics emerged as the most important for businesses attempting to obtain a Federal contract. Interestingly, these are not popular training courses among the Small Business Development Centers, SCORE or other S.B.A. training programs.

There was unanimous triangulated disagreement on listing "racism" as a significant barrier. However, racism emerged frequently from the review of the S.B.A. letters as a barrier. This researcher interprets that racism does play a role in some cases, however, due to the subtle nature of institutional racism it is difficult to identify and eliminate. Additionally, if racism were not a factor in the Federal procurement process, there would not be an 8(a) program. Also, racism does not fit in the context of policy issues or learning needs and therefore was not included as a performance barrier. Financing was the only barrier which there was unanimous, triangulated agreement on (see Table 3).

Table 3

Case Study Subjects' Perceptions of Barriers Identified Through 8(a) Owners

Barriers	Contracting Officer	B.O.S.	8(a) Owner
Certification	Disagree	Disagree	Disagree*
Financing	Agree	Agree	Agree
Access	Disagree	Agree**	Agree
Contracting Staff	Disagree	Agree***	Agree
S.B.A. Procedures	Disagree	Disagree	Agree
Performance Meas.	Disagree	Agree	Agree
Racism	Disagree	Disagree	Disagree

*Certification was not a problem for the owner, but she felt it could be for less educated trades people.

**The B.O.S. feels that access to contracts is a problem, but he attributes it to the 8(a) owners lack of marketing skills and expertise.

***He feels it is a Contraction Officers job is to scrutinize all businesses and be a thorn in the contractor's side in order to negotiate the best price for the government.

All parties agreed that the inability of 8(a) firms to secure financing, for whatever the reason, was the most significant threat to 8(a) businesses. In the case of the Contracting Officer, financing was the only barrier he completely agreed with. The successful 8(a) owner agreed with all of the barriers except for certification and racism. Interestingly, but not surprisingly, her views were the closest to those of the owners in the letters provided by the S.B.A.. Performance measurement was agreed to be a significant barrier by both the Business Opportunity Specialist and the 8(a) business owner, but not the Contracting Officer.

CHAPTER 5 - CONCLUSIONS & RECOMMENDATIONS FOR THE 8(a) PROGRAM

Introduction

Valuable insight and information was obtained from the analysis of the S.B.A. letters and the case studies to address the three research questions:

1. What are the potential barriers that an 8(a) business faces in competing for a contract?
2. What capabilities are required to compete successfully for Government contracts?
3. What do 8(a) business owners perceive their learning needs are related to securing a contract?

There were six barriers identified through the review of the letters and confirmed by the triangulated case studies.

For each barrier identified, there were numerous recommendations offered from the letters and case studies. This research identified many areas where the 8(a) program could be enhanced to facilitate greater success among its portfolio companies. Many of the barriers can be addressed through education. A discussion of the potential for adult education to enhance unsuccessful 8(a)'s abilities and skills and a list of recommendations is provided in this chapter. It is important to note that in the case of each barrier, learning is necessary, but not sufficient. Policy changes need to accompany any training that is provided.

Conclusions Regarding the Learning Needs of 8(a) Owners

The need for training and education in marketing, contract management, and Federal procurement topics were the most frequently expressed learning needs identified by 8(a) business owners. Intensive training in these areas prior to certification would assist the 8(a) program in facilitating increased successes amongst its portfolio companies in two ways. First, many companies that do not have the aptitude for success in Federal contracting would never get certified in the first place. There are currently firms in the 8(a) portfolio that have not received a contract due to the remote location of their business, having products in SIC codes unlikely to be purchased by the Federal Government or their inability to manage the business in a manner compatible with Federal accounting requirements. These companies would be screened out through the intensive training in Federal marketing techniques, contract management, and other Federal procurement topics. Second, the companies that did successfully complete their training program would be better prepared to identify, compete for, and manage Federal contracts.

All three sources of the triangulated case studies agreed that the 8(a) program needs to institute resources and learning experiences that reduce the learning curve for newly certified 8(a) businesses. Typically, for an inexperienced entrepreneurs it takes 3-4 years to get a handle on marketing to the Federal government and marketing within the 8(a) program. Many of the S.B.A.'s available training programs available through SBDC's or SCORE volunteers are too elementary to have significant relevance for

transitioning 8(a) businesses. This results in a firm being half-way to their graduation date before they can fully utilize the 8(a) program to their benefit.

8(a) Standard Operating Procedures Manual

Newly certified 8(a) firms have no documentation other than the Small Business Act and additional legislation to understand how the 8(a) program operates. Many 8(a) owners expressed that their Business Opportunity Specialists did not understand the process either. The publication of a procedures manual that documents the requirements of the 8(a) program, the procedures to obtain an 8(a) contract, and the monitoring requirements for newly certified businesses is critical. Disseminating this information through "word-of-mouth" has led to misinformation, confusion, and bias in the program. Lack of documentation of procedures and policies for 8(a) owners increases their potential for failure. Minority-owned businesses should be provided a procedures manual upon request for certification. This would enable them to familiarize themselves with the program and assist them in making a determination of whether the program will be beneficial to their businesses. A section of the procedures manual should include instructions on how to get certified with a copy of a correctly completed application.

Marketing Education

The results of this research demonstrated a serious need for marketing education within the 8(a) program. This was a major deficiency identified from this research. The 8(a) owners need to be educated on how to market to the government within and outside of the 8(a) program. In the developmental stage 8(a) owners need training and education

on how to market successfully within the 8(a) program. In the transitional stages of the program owners, S.B.A. staff and Contracting Officers all agreed that 8(a) owners need assistance in networking, implementing sales presentations, and proposal writing.

The research also demonstrated that many 8(a) owners perceive that S.B.A. Business Opportunity Specialists do not have the time or qualifications to provide this education. The Business Opportunity Specialists need intensive training in the fundamentals of marketing to the Federal Government. Additionally, it seems that traditional seminars and classes are only a part of the needed marketing education. In order for the training to be useful and applicable to each 8(a) business, a more structured form of "on-the-job" training is needed. This training could most effectively be provided in the form of mentoring programs between prime contractors, 8(a) graduates and 8(a) businesses in the developmental stages. The complexities of identifying contracting opportunities, preparing proposals, negotiating terms, and managing a contract are subjects too complex for short workshops to be completely effective. The research demonstrates that these skills can only be obtained by trial-and-error. However, the learning process could be enhanced by linking new businesses to older more established contractors. This enables the new business to learn from the established business and benefit from the experience of the more established firm.

There was also a consensus that the individuals within the Small Business Administration who are responsible for counselling and providing technical assistance to small businesses should have had some small business management experience. This

would serve two purposes. First, the S.B.A. staff person would be sensitized to the issues, challenges, and frustrations of running a small business. This would assist in fostering a "can do" team spirit among Business Opportunity Specialists. Second, an experienced small business owner would have more technical expertise and be able to provide more useful advice.

Proposal Pricing

One of the most critical needs for unsuccessful 8(a) owners that was expressed by owners, the Contracting Officer, and the Business Opportunity Specialist was to be trained in Federal Procurement Estimating and Pricing techniques. Pricing is usually the deciding factor in the award of any Federal Procurement. Pricing goods and services when marketing to the Federal Government is distinctly unique from pricing in the commercial sector. Unless the 8(a) owners have had extensive experience in proposal preparation and Federal procurement, most have no knowledge or understanding of how to price a proposal. Since the Federal government seeks to contract with the lowest priced, technically competent bidder, the pricing is usually the "tie-breaker" for award. A series of courses related to seeking out information on competitors prices, calculation of overhead and G&A, and contract pricing techniques would assist many unsuccessful 8(a) in developing more competitive proposals and thus securing Federal contracting dollars.

Additionally, in support of the contract pricing training, 8(a) owners need a means for receiving quick advice and council on technical issues such as overhead, G&A, Fee rates negotiation strategies, contract types, and other issues that arise in the course of

developing proposals. It is not efficient for an 8(a) owner to have to wait for a classroom course when proposals are required to adhere to strict time limitations of anywhere from 10-30 days. Owners need a vehicle for getting the advice they need, when they require it.

Use of S.B.A. Educational Funds

Each owner enters the program at different stages of learning, and therefore, it will always be difficult to offer "blanket" training (other than a few generic courses) to all 8(a) businesses. Because of this, there was a general feeling that the S.B.A. could not and should not provide the bulk of intensive training and education required to be successful in the 8(a) program. To truly provide 8(a) owners with the type of learning experience they require to be successful, outside sources need to be used. The S.B.A. should utilize the excellent training and classes available in marketing and Federal procurement at universities, community colleges, executive management programs, and private industry workshops. Rather than using S.B.A. funds to provide second rate training or contract with training firms to provide "one size fits all" workshops for 8(a) businesses, the S.B.A. should provide training budgets to each 8(a) business upon certification. The S.B.A. could be responsible for coordinating the use of the budget and distributing funds to the educational institutions that are utilized. Each business owner would develop a customized training program upon entrance into the program. The curriculum could be developed from pretesting and the owners desired course of education. Some owners might utilize their budget to help offset the costs of an M.B.A. program, others might piece together a course of study in proposal preparation from private industry trainers or

local community colleges. Allotting each owner a budget and a customized training program early on could enhance their opportunities for success.

As one 8(a) owner eloquently wrote in his letter to administrator Bowles, "the S.B.A. needs to share the vision internally as one of building a small business university". The S.B.A. could provide the framework for learning experiences that play out in Federal agencies, prime contractors, and the commercial sector. The S.B.A. can provide the curricula, instruction, and contracting opportunities.

Summary of Learning Needs of 8(a) Businesses

Most 8(a) business owners are technically competent and capable of competing in the private sector for business. However, the unique aspects of Federal procurement remain a mystery to many 8(a) business owners. Additionally, many 8(a) owners, like most small business owners, need assistance transitioning from technician to entrepreneur. Specifically, the owners require training in:

- Marketing to the Federal Government
- Proposal Preparation
- Contract Pricing
- Contract Management
- Types of Federal Contracts
- Financing Alternatives
- Marketing Strategies for use in the 8(a) Program

While classroom training is useful to provide some of the basics of these topics, experiential learning activities would probably be the most useful to 8(a) owners. Specifically, mentoring programs that would allow the 8(a) business owner to learn these skills "on-the-job". Also, the business owners are in need of an economical source of quick answers to technical, procurement and business management questions. The S.B.A. program is beneficial, but not timely--it takes too long to get the required marketing, financial, and procurement assistance. Expedient one-on-one consultations would allow the 8(a) owners to get the information they need, on a timely basis. This would give them information necessary to eliminate missed opportunities. This would meet the expressed need of reducing the learning curve in the 8(a) program.

Barrier #1: Recommendations for Improving the 8(a) Certification Process

Many firms felt that the approval process could be streamlined by giving approval authority to the regional office of the S.B.A.. (Currently, applications are sent to the Regional Office, Headquarter Office, and District Office for three separate approvals.) The owners seemed to have a consensus in feeling that some screening was a necessity in order to eliminate "front" companies and marginal companies. However, many owners felt that the current screening system did not adequately meet these goals.

Another suggestion was that the S.B.A. should provide an instruction guide on how to complete the 8(a) application. (Currently the S.B.A. has a free class that prospective applicants can attend, but no application manual.) One business owner suggested that the S.B.A. provide a sample, completed application to guide owners

when they are preparing their application. There was a general perception that the S.B.A. needed to provide more structure and clarity to the application process.

Many owners felt that the certification process could be much more bearable if they could be provided with updates regarding the status of their pending applications. (Currently the S.B.A. requests that you do not call their office for status updates; they allege that since they are understaffed, giving status updates slows down the process.) One business owner suggested that the S.B.A. could streamline the application process through the use of an electronic bulletin board. The bulletin board could be used to inform 8(a) applicants of the status of their application without taking staff away from their responsibilities.

Barrier #2: Recommendations for Improving Access to Federal Contracting Opportunities

Several owners suggested that there needed to be a centralized source for obtaining information on 8(a) contracts that is controlled by the S.B.A. Some owners suggested an electronic advance notice procurement bulletin board. Others recommended a newsletter. There was a general consensus that Federal agencies should be required along with their 8(a) procurement goals to publish the specific forecasted 8(a) procurement in a central database. Most 8(a) owners expressed a need for easier, cheaper access to Federal solicitations for goods and services. Several owners suggested that the S.B.A. should make the Prime Contractors Subcontracting Plan (that are required by law in any Federal contract awarded over the amount of \$500,000) available to all 8(a) businesses so that they can market these businesses. Other owners stated that when

primes do use 8(a)'s it is for exactly the required percentage and not a penny more. Still, many primes never utilize the 8(a) companies that were designated in the sub-contracting plan.

Other owners felt that the solution to their inability to secure contracts was in legislation. These owners suggested that an Executive Order be issued to mandate anywhere from 5-20% small, disadvantaged subcontracting requirements on large primes and Federal agencies. The owners agreed that stronger enforcement of set-aside goals was needed.

Several business owners recommended that the S.B.A. eliminate 8(a) Competitive procurement and make all 8(a) procurement sole source. Some suggested that short of eliminating 8(a) competitive contracts, that competition should be limited. One owner cited a hypothetical example that if 20 8(a) companies (which frequently occurs) bid on the same contract with only one award, then 19 of them have wasted time and valuable resources. The owners suggested only allowing 5 or 6 to bid on a rotating basis. Many owners requested that the S.B.A. at a minimum, "level the playing field" in the competitive procurements by ensuring that a development stage 8(a) business does not have to compete with a larger transitioning company.

In general, owners felt that the S.B.A. was completely passive in locating 8(a) contracting opportunities. Many of the successful 8(a) owners indicated that all of the 8(a) contracts they obtained were without the assistance of their S.B.A. Business Opportunity Specialist. One owner in the New York region indicated that they felt that

their office was afraid to be too aggressive in pursuing 8(a) contracting opportunities because of the arrests made of S.B.A. employees after the WEDTECH scandal. The S.B.A. Inspector General confirmed that several arrests of S.B.A. employees are made each year as a result of locating fraud in the program (Office of the Inspector General, 1993). Additionally, some owners requested that the S.B.A. facilitate teaming efforts with other 8(a)s.

Barrier #3: Recommendations for Improving 8(a)'s Rapport With Procurement Personnel

Several 8(a) owners suggested that the S.B.A. set up meetings, and focus group discussions with 8(a) participants and Federal procurement personnel. They suggested giving the 8(a) businesses an opportunity to highlight their experience and expertise to procurement personnel. They felt that by promoting the successes of 8(a) businesses, perhaps Federal Contracting Officers would have more incentive to use 8(a) businesses.

Another suggestion offered was that the S.B.A. should circulate a list of 8(a) contracts awarded with project completion dates and the evaluations received from the Contracting Officer. Many of these businesses claimed that in spite of strong written evaluations regarding their performance on contracts they still had trouble combatting the stigma of being an 8(a) business.

Some owners wanted the legislators to take a more active role in ensuring that 8(a) businesses get a larger portion of Federal contracting dollars. These owners felt that rapport building and educational programs would not enhance their ability to obtain more

Federal contracts. They suggested that an Executive Order be produced that required each Federal agency to set-aside 3-5% of their procurement dollars for 8(a) businesses.

In general, there was a consensus that Federal procurement personnel needed to be educated about the program, the process for using the program, the procurement benefits of utilizing the program and the socioeconomic benefits of the program.

Barrier #4: Recommendations to Improve 8(a)'s Ability to Acquire Financing

A large number of owners suggested that the S.B.A. should provide direct loans to 8(a) businesses who need working capital or asset financing. Currently the S.B.A.'s main loan program is a guarantee program. Under this program the business must be turned down three times by three different financial institutions to apply for a guarantee. Then the owner requests an S.B.A. guaranteed loan through a certified lending institution. The loan is still made through a commercial bank, but it is guaranteed by the S.B.A. in the event of a default. This guaranteed loan program removes some of the risk for the commercial lending institution. This guaranteed Loan Program is cumbersome and time consuming and after three rejections, there is still no guarantee that the owner will get the S.B.A. backed loan. Thus, it would be more streamlined for the S.B.A. to provide direct loans. The S.B.A. should be in a better position to measure credit worthiness based on non-financial criteria such as owner management ability, the business plan, and forecasts of potential government procurement. (There is a direct loan program for Vietnam era veterans.) Several owners expressed their frustration with the contradiction that in order to be eligible for the 8(a) program, an owner has to prove that they are financially

impaired. Yet, to receive a loan, an 8(a) business has to prove that they are financially strong. One owner reported that he went through the process of applying for three loans and was rejected as required; when he approached the S.B.A. for a guaranteed loan, they used the banks' decisions to substantiate their denial.

Many owners expressed a desire to have the Business Development Expense program reinstated into the 8(a) program. During the 8(a) program's inception, businesses were reimbursed for the costs associated with preparing proposals to bid on solicitations. Ironically, this program was eliminated around the same time the 8(a) businesses were required to compete amongst themselves for 8(a) contracts rather than using the prior method of exclusively sole sourcing. In other words, the program that reimbursed 8(a) businesses for preparing proposals was eliminated simultaneously with the institution of a requirement for 8(a)'s to develop more proposals to compete amongst themselves. The expense associated with preparing proposals in response to Requests for Proposals (RFPs) has been prohibitive for many of the owners.

Another program that many 8(a) owners felt should be reinstated was the Surplus Property program. Under this program, 8(a)s were able to purchase Government surplus equipment that had been salvaged at significant discounts. This enabled 8(a) business to acquire some of the infrastructure necessary to be competitive in the Federal marketplace.

Community Reinvestment Act

The Community Reinvestment Act is legislation that requires banks to provide services to disadvantaged communities in order to gain Federal approval for expansion and other privileges. The 8(a) business owners felt that this Act is not taken seriously and that more oversight needs to be provided to encourage banks to provide loans to minority-owned businesses. Without the bank loans for working capital and asset financing, the growth of 8(a) firms is significantly restricted. One business owner stated that "regulators such as the Comptroller of Currency and the FDIC shield banks from punishment for noncompliance to the Community Reinvestment Act". This was another example of owners expressing their sentiments that the system as it is structured is adversarial to the needs of 8(a) businesses.

Factoring/Contract Financing

Currently, one of the few methods of financing available to 8(a) owners are through factoring organizations. These organizations finance the accounts receivables of business by taking legal control of the invoice. The factor then pays the small business owner for 80% of the face value of the invoice. The government then pays the Factoring organization and the Factor refunds the remaining 20% to the business less the interest charged. The interest rates charged by these factoring organizations is typically from 2%-6% per month. These extremely high rates erode the firm's profitability. However, according to the 8(a) business owners they are forced to use the factors because it is their only means of financing their payroll until the government pays them which can take for

30-90 days or more. Several 8(a) owners reported that they were unable to obtain loans even after they took a signed Federal contract to the bank as collateral. This led the owners to request that the S.B.A. provide contract financing for all 8(a) contracts. The owners felt that this would be appropriate since the S.B.A. is the prime contractor on all 8(a) contracts. One owner commented that he felt that he was treated like "a welfare recipient during his process of obtaining an S.B.A. loan", he stated that he could only "imagine what 8(a) businesses could do if they were treated like Chrysler".

Another suggestion relating to financing were for the S.B.A. to develop a venture capital fund that was controlled by the S.B.A.. Venture Capital funds provide financing to emerging businesses in exchange for returns on profits and an ownership interest in the business. If the S.B.A. could establish a successful Venture Capital fund they would profit from their portfolio's success.

Credit Lines

Another recurring comment related to financing was that the S.B.A. should assist the businesses in acquiring a credit line. Most substantial Federal contracts require the prospective bidders to demonstrate financial stability by showing access to a credit line. Yet, most 8(a) owners reported difficulty in acquiring a credit line from a bank. If the S.B.A. would create a direct credit line or guarantee a bank credit line it would facilitate growth and stability among many 8(a) businesses. Many owners felt that the S.B.A. and banks should use the potential contribution of the 8(a) firm as a criteria for financing as opposed to exclusively relying on financial statements.

Barrier #5: Recommendations for Improved Performance Measures

There was a general consensus for the S.B.A. to reduce the paperwork burden on its portfolio businesses. Many owners felt that annual financial statements should be sufficient. Others suggested consolidating the requirement for separate business plans and marketing plans that are currently required by transitional firms.

Another suggestion was that the S.B.A. should establish a process to collect customer feedback on agency and individual agency employees from 8(a) businesses. In other words, the owners felt that the S.B.A. staff should also be held accountable for their performance. Several owners suggested that the S.B.A. form an 8(a) advisory committee composed of 8(a) businesses and graduates of the 8(a) program to provide oversight and evaluation of the program.

There was also a significant number of comments on the S.B.A.'s definition of a small business in general. Many firms felt that there needs to be some distinction between a very small business (1-20 employees) and the larger, more established small businesses (up to 500 employees). One owner stated that "a \$600,000 firm cannot compete with a \$5,000,000" firm. Many owners suggested that performance measures be adapted to the size of the business. An example given was that firms with gross revenues under \$500,000 should only have to submit financial statements less frequently than larger, multimillion dollar firms.

Several owners suggested that the S.B.A. should publish a handbook that defines the requirements and process to be certified, facilitates entrance into the 8(a) program and

explains what each business is required to do to maintain their 8(a) status. Presently most of this information is communicated by the Business Opportunity Specialist and depending on their level of understanding of the program may not be conveyed clearly or timely. An 8(a) instructional manual would facilitate the dissemination of information and assure that all 8(a) businesses were receiving the same information.

A vast majority of owners felt that the S.B.A. should provide some mechanism for new and emerging 8(a) businesses to meet with and be mentored by graduates of the 8(a) program. This would benefit both firms because the graduate of the 8(a) program could subcontract to the emerging 8(a) company while the emerging company learns from the graduate. Several owners indicated that they felt 8(a) graduates should be required to provide some technical assistance to new 8(a)'s. Many wrote that the S.B.A. should develop a mentor-protege program similar to the DOD's program. One owner suggested that firms that volunteer to mentor other firms should be allowed to keep their current 8(a) contracts or a portion of their contracts after graduation. One owner bluntly wrote, "in reality, very few if any graduating 8(a)'s can compete on an even footing with IBM, Hughes, Westinghouse, Unisys, etc.".

Almost all letters contained some reference to extending the program and raising SIC code revenue ceilings. Several owners suggested that the nine-year duration should start when a firm receives their first contract. There was a consensus that firms needed a longer participation term in the 8(a) program to stabilize. Some owners suggested that flexible program tenure should be implemented so that the S.B.A. can adjust time limits to

economic and other environmental conditions that could inhibit the programs effectiveness.

Barrier #6: Recommendations for Improvements to S.B.A. Staff, Policies and Procedures

One of the most prevalent recommendations from the owners was for the S.B.A. to hire more and more qualified BOS's. They also stated that the S.B.A. needed to ensure that the BOS's had the resources they needed to effectively market the companies in their portfolio. Ideally, BOS's should have once run a business for themselves. At a minimum these positions should require a strong business management background. Additionally, once more senior level BOS's are in place they should be assigned a clerk that will handle all of the paperwork requirements and free up the BOS to market. Many owners felt that the S.B.A. should examine closely how businesses are assigned to the BOS. Instead of random assignments, owners recommended that businesses be assigned based on their industry type. This would alleviate the need for the BOS to become experts in several different areas. Allowing the BOS to specialize would enhance their ability to market their portfolio businesses to Federal agencies. The owners also expressed a need for the BOS's to have more training. They felt that the training should be on the Federal procurement process, the 8(a) program process and on how to become advocates for small businesses.

Additionally, some owners recommended that former business owners should be given a deciding voice within the hierarchy of the S.B.A. administration.

There were numerous suggestions related to strengthening the marketing efforts of the S.B.A. One owner suggested that the S.B.A. develop a full-time marketing division to promote the 8(a) program and its portfolio businesses. Many owners indicated that they had experienced meeting a Contracting Officer or Contracting Specialist that had never heard of the program. Some owners felt that the S.B.A. needs to foster greater networking among 8(a) firms so that they can meet one another, exchange information and identify opportunities. There was also a desire on behalf of the owners to keep the portfolio companies more informed about what was happening in the program. Owners felt that if they knew who was being awarded contracts within the program, who was graduating and who was entering the program it would enhance their ability to develop teaming arrangements and joint ventures. In general, owners felt that the S.B.A. should become more aggressive in marketing the benefits of the 8(a) program to Federal agencies. As one owner wrote, "multinational, large corporations are spending millions of dollars lobbying for programs to support their downsizing or transition to the commercial sector--nothing is being done to mitigate the same pressures being faced by the small business and minority business communities". The owners indicated that it is imperative for the S.B.A. to promote the programs'

successes. This could be accomplished, as one owner suggested, by developing substantial liaison activities with Federal government purchasing agencies.

Another suggestion related the S.B.A.'s structure was to create more offices in field locations throughout the United States. Many businesses wrote of being hundreds of miles from the nearest office. For some businesses it would require an all day or overnight trip to interact with their BOS.

Owners expressed that the number one priority for S.B.A. officials should be to improve the reputation of the 8(a) program through marketing and public relations. Additionally, owners felt the S.B.A. needs to institute public relations and customer satisfaction initiatives at the agency level. One method for doing this that was suggested is establishing a toll-free number for complaints of nonresponsiveness in the S.B.A. Overall owners felt that the S.B.A. needs to demonstrate a true conviction to improving the status of its constituency.

Recommendations for Additional Research

The 8(a) program is an intricate, complex, bureaucracy that is composed of many players each having their own agenda. This research focused on the learning needs of the 8(a) business owner. However, it would be valuable to research the 8(a) program from the perspective of the Contracting Officer, S.B.A. personnel, and policy makers. A request for information similar to the one sent to the 8(a) owners from

Administrator Bowles could be sent to each of these groups to obtain their perceptions on the programs strengths and weaknesses.

Additional research is also needed on small businesses in general. It is difficult to assess the success of the 8(a) program's portfolio businesses with no general benchmark. A study which compared majority-owned, first generation, government contracting businesses to minority-owned, first generation businesses would provide a useful benchmark to measure 8(a) businesses against because in theory they would face similar challenges and barriers to first generation businesses.

Conclusions

There are two major problem areas relating to the high numbers of 8(a) businesses that have not received a contract. The first area of which this research was primarily concerned with is 8(a) business owners levels of knowledge, skills, and abilities in entrepreneurship and in Federal Contracting. The second area is the problems with the 8(a) program and its policies and procedures. Both of these problem areas need to be addressed if the 8(a) program intends to improve the performance of its portfolio firms.

The research revealed the fact that 8(a) business owners are not the only member of the trio that could benefit from targeted training programs. Contracting Officers need to be educated on the benefits of the 8(a) program to majority populations

in order to increase their willingness to utilize and promote the 8(a) program. This would impact the barriers of access and the barriers of Federal contracting personnel.

The Business Opportunity Specialists need to be educated on the challenges and realities of running a business. This would sensitize them to the population they serve and may alleviate some of the adversarial relationships that currently exist.

Additionally, Business Opportunity Specialists need to be educated on the technical fundamentals of small business management and Federal procurement so that they can better advise their portfolio businesses. Also, the Business Opportunity Specialists need intense marketing education so that they can assist their portfolio businesses in their marketing efforts.

The results of this research demonstrate that the primary educational vehicle currently being used by the 8(a) program is on-the-job training. This OJT is unstructured and primarily trial and error. OJT is a valuable means of entrepreneurial education and the 8(a) program reflects the realities of small business ownership in general which relies heavily on the entrepreneurs ability to learn through trial-and-error. However, the complicated and poorly defined S.B.A. process to secure an 8(a) contract does not reflect the same procedures required in full and open competition. Therefore, there is a major learning curve to overcome inside the 8(a) program and upon graduation, a new learning curve begins.

This researcher believes that the 8(a) program itself is an extremely valuable tool to promote learning and enhance minority-owned businesses' opportunities to obtain Federal contracts. However, the cumbersome and bureaucratic processes within the S.B.A. need to be streamlined and modelled to reflect the realities of business. This would enable minority entrepreneurs with valuable products and services to compete more successfully for government contracts and would likely reduce successful 8(a) business owners reliance on previous deep-seated networks in the Federal Government. Currently, it seems that the businesses that are successful in the 8(a) program have had established contacts in the Federal procurement community or they have the means to hire consultants with contacts.

Meeting the set of learning needs identified in this research is necessary but not sufficient. This needs assessment revealed that even significant investments in training and education would not likely be effective without making the policy changes identified. The confusion surrounding the policies of the 8(a) program related to securing an 8(a) sole source or competitive contract perpetuates the failure of 8(a) companies.

This researcher believes that 8(a) businesses success rates could be increased by removing much of the bureaucracy of the S.B.A. and enforcing legislation that mandates contracting and subcontracting with minority-owned business. This researcher perceives the only role the S.B.A. should play is that of certification. Upon

certification, firms would be on their own (without interference from S.B.A. personnel) to begin marketing their business using the 8(a) program as a vehicle. This would not be a removal of support, because according to the majority of 8(a) owners, they currently receive little or no support. Most business owners expressed a desire to have the S.B.A. out of the contracting loop and to allow them to deal directly with the Federal agencies. This new role of the S.B.A. would enable them to certify thousands more minority-owned businesses each year, since staff would be from their other duties.

Any educational funds available would be allotted to 8(a) firms to reimburse them for training and education obtained through consultants, colleges and other educational institutions. This would empower the 8(a) owner to be responsible for their own education, learning and skill building. This program would be more in tandem with how the real world of full and open competition operates, where business owners are responsible for planning their own educational experiences.

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APPENDIX A

S.B.A. Letter Soliciting Comments on the 8(a) Program



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

OFFICE OF THE ADMINISTRATOR

COPY

AUG 26 1993

Dear 8(a) Participant:

President Clinton has given me four goals to accomplish as the Administrator of the U.S. Small Business Administration (SBA). Many of you have already heard me articulate those goals which are: 1) to increase the availability of capital; 2) to reduce regulatory paperwork burden on small businesses; 3) to restructure and reinvigorate the SBA and its programs; and 4) to serve as his listening post in the small business community. Each of these goals impacts the entire small business community and every program administered by the SBA. My staff is currently working to find ways to minimize the adverse impact these issues have on all of our programs.

The minority small business community has suffered greatly in the past in each of the areas presented. We have an internal working group focusing its energies on developing viable solutions to these problems as they relate to our 8(a) Program. My vision for the 8(a) Program requires that we, at a minimum, do the following: 1) facilitate entrance into the program; 2) streamline the monitoring system; 3) provide ongoing business development advice; 4) develop a rapport with government purchasing agencies in order to expand the opportunities for additional contracts for participants; 5) establish a mechanism to work with graduates; 6) vastly improve our success ratio; and 7) lower costs through efficiencies.

In light of the goals and objectives presented above, I am very interested in your views, opinions and suggestions on how we can accomplish them. Your views are important to me because you have had direct experience with the program. Please send your comments and suggestions to me at the following address by September 13, 1993: 409 3rd Street, S.W., Suite 7000, Washington, DC 20416

I look forward to hearing from you. I want to stress that I value your input into how we can make the 8(a) Program and the SBA work better for you and other small business owners. Thank you.

Sincerely,

Erskine B. Bowles
Administrator

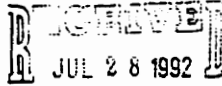
APPENDIX B

Pilot Study Cover Letter and Training Needs Questionnaire



Northern Virginia Graduate Center

College of Education
2990 Telesar Court, Falls Church, Virginia 22042-1287
(703) 698-6051 Fax: (703) 698-6062



July 27, 1992

Dear Business Executive:

Virginia Tech and Network Solutions, Inc. are involved in several different ways in trying to promote economic development in our community. Currently, we are cooperatively conducting research on the educational and training needs of minority entrepreneurs.

Enclosed is a questionnaire designed to assess the training and education needs of minority entrepreneurs. The results of this research will be used to assist various government and private sector organizations to develop structured training and mentoring programs for emerging minority entrepreneurs.

Could you kindly take a few minutes to complete and return the questionnaire by August 10, 1992? We will begin analyzing the results on that date. A self-addressed, stamped envelope is enclosed for your convenience.

We thank you in advance for your assistance with this research project.

Sincerely,

Heather M. Brown

Heather M. Brown
Doctoral Student

Albert K. Wiswell

Albert K. Wiswell, Ph.D.
Professor of Human Resource Development

John Marshall
John Marshall, Vice President
Network Solutions, Inc.

DIRECTIONS:

Please circle two choices (one on the left scale & one on the right). The scale on the left rates the course topic on **your individual need to learn the information in your first year of business**. The scale on the right of the course topic rates the importance of knowing the subject matter listed for new minority entrepreneurs.

For example:

Left Scale (Need to Know)

- 1 = I knew nothing about this subject in my 1st year of business.
- 2 = I knew very little about this subject in my 1st year of business.
- 3 = Unsure
- 4 = I knew about this topic in my 1st year of business.
- 5 = I knew a lot about this topic in my 1st year of business.

Right Scale (Importance to Success)

- 1 = Extremely unimportant to being a successful entrepreneur.
- 2 = Somewhat unimportant to being a successful entrepreneur.
- 3 = Unsure
- 4 = Important to being a successful entrepreneur.
- 5 = Extremely important to being a successful entrepreneur.

1 2 3 4 (5) Balancing Your Company's Checkbook 1 2 3 4 (5)

This respondent has indicated that, as a new entrepreneur, they already knew a lot about checkbook balancing. However, on the right scale they have indicated that "Balancing Your Company's Checkbook" is an extremely important skill for a new entrepreneur.

PLEASE REMEMBER TO ANSWER THESE QUESTIONS AS IF YOU WERE A NEW ENTREPRENEUR IN YOUR FIRST YEAR OF BUSINESS.

TRAINING NEEDS QUESTIONNAIRE

Name: _____
 Title: _____
 Company: _____
 Address: _____
 Number of Employees: _____
 How Long Have You Been In Business? _____
 How Many Years of Business Experience Do You Have Personally? _____

Left Scale:

- 1 = Knew Nothing
- 2 = Knew Little
- 3 = Unsure
- 4 = Knew About Topic
- 5 = Knew A Lot

Right Scale:

- 1 = Extremely Unimportant
- 2 = Somewhat Unimportant
- 3 = Unsure
- 4 = Important
- 5 = Extremely Important

ACCOUNTING										
1	2	3	4	5	Bookkeeping	1	2	3	4	5
1	2	3	4	5	Payroll Preparation	1	2	3	4	5
1	2	3	4	5	Tax Return Preparation	1	2	3	4	5
1	2	3	4	5	Financial Assistance Location	1	2	3	4	5
1	2	3	4	5	Loan Application Development	1	2	3	4	5
1	2	3	4	5	Collection of Delinquent Client Accounts	1	2	3	4	5
1	2	3	4	5	Investment Strategies	1	2	3	4	5
1	2	3	4	5	Business Plan Development	1	2	3	4	5
ADMINISTRATIVE										
1	2	3	4	5	Purchasing Supplies	1	2	3	4	5
1	2	3	4	5	Credit Application Procedures	1	2	3	4	5
1	2	3	4	5	Fleet Purchasing & Maintenance	1	2	3	4	5
1	2	3	4	5	Development of Forms for Your Business	1	2	3	4	5
1	2	3	4	5	Creation of a Mission Statement	1	2	3	4	5
1	2	3	4	5	Strategic Planning for Your Business	1	2	3	4	5
BASIC EDUCATION										
1	2	3	4	5	Effective Business Writing Skills	1	2	3	4	5
1	2	3	4	5	Business Math	1	2	3	4	5
1	2	3	4	5	Presentation Techniques	1	2	3	4	5
1	2	3	4	5	Reading Improvement	1	2	3	4	5
COMPUTER										
1	2	3	4	5	Introduction to Computers	1	2	3	4	5
1	2	3	4	5	Word Processing	1	2	3	4	5
1	2	3	4	5	Database Development & Management	1	2	3	4	5
1	2	3	4	5	How to Purchase a Computer	1	2	3	4	5
1	2	3	4	5	How to Select Software	1	2	3	4	5
1	2	3	4	5	Spreadsheet Development	1	2	3	4	5
1	2	3	4	5	How to Evaluate a Computer Consultant	1	2	3	4	5
1	2	3	4	5	Selection & Use of Computer Peripherals	1	2	3	4	5

Left Scale:

1 = Knew Nothing
 2 = Knew Little
 3 = Unsure
 4 = Knew About Topic
 5 = Knew A Lot

Right Scale:

1 = Extremely Unimportant
 2 = Somewhat Unimportant
 3 = Unsure
 4 = Important
 5 = Extremely Important

FACILITIES MANAGEMENT		
1 2 3 4 5	Facilities Location Procedures	1 2 3 4 5
1 2 3 4 5	Lease Negotiation Techniques	1 2 3 4 5
1 2 3 4 5	Office Furnishing Procedures	1 2 3 4 5
1 2 3 4 5	Evaluation & Selection of A Commercial Real Estate Broker	1 2 3 4 5
1 2 3 4 5	Evaluation & Selection of A Property Management Company	1 2 3 4 5
1 2 3 4 5	How to Maintain Security in Your Office	1 2 3 4 5
HUMAN RESOURCE DEVELOPMENT		
1 2 3 4 5	Recruiting Strategies	1 2 3 4 5
1 2 3 4 5	Interviewing Techniques	1 2 3 4 5
1 2 3 4 5	How to Develop Training Programs	1 2 3 4 5
1 2 3 4 5	Benefits Plan Development	1 2 3 4 5
1 2 3 4 5	Compensation Planning	1 2 3 4 5
1 2 3 4 5	Employee Handbook Development	1 2 3 4 5
1 2 3 4 5	Compliance with Government Personnel Laws	1 2 3 4 5
1 2 3 4 5	Insurance Program Development	1 2 3 4 5
INTERNATIONAL		
1 2 3 4 5	How to Target Your Market Abroad	1 2 3 4 5
1 2 3 4 5	Introduction to Government Resources That Assist in Going International	1 2 3 4 5
1 2 3 4 5	Identification of Joint Venture Opportunities	1 2 3 4 5
1 2 3 4 5	Introduction to Tariff & Trade Laws	1 2 3 4 5
1 2 3 4 5	International Marketing Techniques	1 2 3 4 5
LEGAL		
1 2 3 4 5	Choosing a Form of Business Ownership	1 2 3 4 5
1 2 3 4 5	How to Incorporate	1 2 3 4 5
1 2 3 4 5	Procedures to Become a Partnership	1 2 3 4 5
1 2 3 4 5	Licensing Procedures for Sole Proprietorships	1 2 3 4 5
1 2 3 4 5	How to License Your Business	1 2 3 4 5
1 2 3 4 5	Protecting Your Company From Sexual Harassment Suits	1 2 3 4 5
1 2 3 4 5	Protecting Your Company From Discrimination Suits	1 2 3 4 5

Left Scale:

- 1 = Knew Nothing
 2 = Knew Little
 3 = Unsure
 4 = Knew About Topic
 5 = Knew A Lot

Right Scale:

- 1 = Extremely Unimportant
 2 = Somewhat Unimportant
 3 = Unsure
 4 = Important
 5 = Extremely Important

MARKETING		
1 2 3 4 5	Prospecting for Clients	1 2 3 4 5
1 2 3 4 5	Effective Personal Sales Techniques	1 2 3 4 5
1 2 3 4 5	Telemarketing Techniques	1 2 3 4 5
1 2 3 4 5	Development of Corporate Capabilities Statement	1 2 3 4 5
1 2 3 4 5	Brochure Development	1 2 3 4 5
1 2 3 4 5	Proposal Writing	1 2 3 4 5
1 2 3 4 5	Target Market Identification	1 2 3 4 5
1 2 3 4 5	Development of a Marketing Plan	1 2 3 4 5
1 2 3 4 5	Media Plan Development	1 2 3 4 5
1 2 3 4 5	Promotional Strategy Development	1 2 3 4 5
1 2 3 4 5	Direct Mail Campaigns	1 2 3 4 5
1 2 3 4 5	Advertising Strategy Development	1 2 3 4 5
1 2 3 4 5	Location of Government Contracting Opportunities	1 2 3 4 5
1 2 3 4 5	8(a) Certification Assistance	1 2 3 4 5
1 2 3 4 5	Public Relations Strategy Development	1 2 3 4 5
1 2 3 4 5	Use of Federal, State and Local Government Resources to Help in Business Development	1 2 3 4 5
PERSONAL DEVELOPMENT		
1 2 3 4 5	Stress Management	1 2 3 4 5
1 2 3 4 5	Time Management	1 2 3 4 5
1 2 3 4 5	Interpersonal Communication Skills	1 2 3 4 5
1 2 3 4 5	Teambuilding Skills	1 2 3 4 5
1 2 3 4 5	Managing Cultural Diversity	1 2 3 4 5
1 2 3 4 5	Self-Esteem Building	1 2 3 4 5
1 2 3 4 5	History of Minority Entrepreneurship	1 2 3 4 5
1 2 3 4 5	Assertiveness Training	1 2 3 4 5
1 2 3 4 5	Conflict Resolution Training	1 2 3 4 5
1 2 3 4 5	Relaxation Techniques	1 2 3 4 5
1 2 3 4 5	Balancing Family & Business Ownership	1 2 3 4 5
PRODUCT DEVELOPMENT		
1 2 3 4 5	Patent Acquisition Procedures	1 2 3 4 5
1 2 3 4 5	How to Obtain a Trademark	1 2 3 4 5
1 2 3 4 5	Metric System Use	1 2 3 4 5
1 2 3 4 5	How to Create a Prototype From an Idea	1 2 3 4 5
1 2 3 4 5	How to Bring a New Product to Market	1 2 3 4 5
1 2 3 4 5	How to Package a New Product	1 2 3 4 5
1 2 3 4 5	Total Quality Management Strategies	1 2 3 4 5
1 2 3 4 5	Scheduling and Sequencing of Manufacturing Procedures (Pert Charts)	1 2 3 4 5

APPENDIX C

Results From Pilot Study: 28 Course Subjects With an Importance Mean of 4.0 or Greater

#	Subject	Mean
1	Proposal Writing	4.9
2	Personal Sales Technique	4.9
3	Target Market Identification	4.9
4	Business Plan Development	4.7
5	Time Management	4.6
6	Presentation Techniques	4.6
7	Marketing Plan Development	4.6
8	Teambuilding	4.5
9	Strategic Planning	4.5
10	Forms of Business Ownership	4.5
11	How to Prospect for Clients	4.5
12	Interviewing Techniques	4.4
13	Interpersonal Communication	4.4
14	Effective Business Writing	4.4
15	Development of Corp. Capabilities	4.3
16	Bookkeeping	4.0
17	Collection of Delinquent Accts.	4.3
18	Financial Assistance Location	4.2
19	Tax Return Preparation	4.2
20	TQM Strategies	4.2
21	Recruiting Strategies	4.2

22	Lease Negotiation Techniques	4.2
23	Government Personnel Laws	4.1
24	Business Math	4.1
25	Brochure Development	4.0
26	Reading Improvement	4.0
27	How to Incorporate	4.0
28	Payroll Preparation	4.0

APPENDIX D

Results From Pilot Study: 40 Course Subjects With a Knowledge Mean of Less Than 3.0

#	Subject	Mean
1	Facility Location & Procurement	2.9
2	Computer Purchasing	2.9
3	Promotional Strategy Development	2.9
4	Benefits Plan Development	2.9
5	Office Furnishing	2.9
6	Compensation Planning	2.9
7	Payroll Preparation	2.8
8	Telemarketing Techniques	2.8
9	8(a) Certification	2.8
10	TQM Strategies	2.8
11	History of Minority Entrepreneurs	2.8
12	Prototype Creation	2.8
13	Public Relations Strategies	2.8
14	Tariff & Trade Laws	2.7
15	Govt. Personnel Laws	2.7
16	Tax Return Preparation	2.7
17	Selection of Software	2.7
18	Govt. Resources for Bus. Dev.	2.7
19	Investment Strategies	2.7
20	Employee Handbook Development	2.7
21	Spreadsheet Development	2.7

22	Selection of Computer Peripherals	2.7
23	Loan Application Development	2.7
24	Insurance Program Development	2.6
25	Computer Consult. Eval.	2.6
26	Comm. Real Estate Broker Selection	2.6
27	Fleet Purchasing & Maintenance	2.6
28	Media Plan Development	2.6
29	Database Devel. & Mgmt.	2.6
30	Direct Mail Campaigns	2.6
31	Property Mgmt. Selection	2.5
32	Marketing New Products	2.5
33	Financial Assistance Location	2.5
34	Packaging New Products	2.4
35	Intl. Marketing Techniques	2.3
36	Foreign Target Market	2.3
37	Patent Acquisition Process	2.3
38	Obtaining a Trademark	2.2
39	International Govt. Resources	2.2
40	International Joint Ventures	2.1

APPENDIX E
Tabulated Frequencies of Barriers Identified From Review of S.B.A. Letters

Company	Cert.	Access	Federal Agency	Lack of Fin.	Perf. Meas.	S.B.A.
101	1	1	1			1
102-LosAngeles,CA				1		
103-Bowie, MD			1	1	1	1
104-Reston, VA	1	1	1			1
105-Detroit, MI					1	
106-Jessup, MD		1				1
107-Rapid City, SD			1			1
109-Wichita, KS				1		
110-Fairfax, VA						1
111-Arlington, VA			1			1
113-Orange, CA						1
114-Greenville, SC						1
115-Harvard, MA	1					
116-Charlotte, NC						
117-Bethesda, MD						
118-San Antonio, TX		1				
119-Panama City, FL	1	1	1	1		1
120-Kansas City, KS			1	1		
121-Cypress, CA						1
123-Alexandria, VA						1
124-Minneapolis MN	1	1		1	1	1
125-Lanham, MD						1
127			1			
128-Norfolk, VA					1	

Company	Cert.	Access	Federal Agency	Lack of Fin.	Perf. Meas.	S.B.A.
130-San Rafael, CA						1
131-San Antonio, TX			1	1		
132-Wakefield, MA						
133-San Antonio, TX						
134-Honolulu, HI				1		
135-Plano, TX		1				
136-NY, NY			1	1		1
138-Towson, MD		1				1
140-Rockville, MD					1	1
141-Houston, TX						1
142-Denver, CO		1	1	1	1	1
145-Colorado Springs, CO				1		
146				1		
148-Chantilly, VA		1			1	1
149-Denver, CO		1	1	1	1	1
150-Visalia, CA						1
151-Boston, MA	1					1
152-Bethesda, MD						1
153			1			
154-Moorestown, NJ						1
156-Lake Worth, FL		1	1	1		
157-Memphis, TN		1	1			
158-Newton, MA		1				1
159-Gary, IN				1		1
160-San Antonio, TX						1
161- Marrero, LA			1	1		1

Company	Cert.	Access	Federal Agency	Lack of Fin	Perf. Meas.	S.B.A.
162-Southfield, MI		1			1	
163-Redding, CA		1	1			1
165-Chino, CA				1	1	
166-Pismo Beach , CA		1				1
168- Freemont, CA					1	
169-Detroit, MI	1		1			1
170-Knoxville, TN	1			1		
171-NY, NY	1		1	1		1
173-Oxon Hill, MD		1				1
174-Durham, NC			1			
175-Oak Creek, WI					1	
176-Anchorage, AL					1	
178-Arlington, VA			1			
179-Washington, DC			1			1
180-Mannassas, VA			1			1
182-Elm Grove, WI						1
183-Blue Ridge, VA			1			1
184-Tampa, FL		1	1			1
185-Albuquerque, NM	1		1			1
186-Cambridge, MA			1		1	
187-Seabrook, MD						1
188-Basalt, CO	1				1	
189-Fairfax, VA						
190-Oklahoma City, OK				1	1	1
191-San Francisco, CA						1
192-Rillito, AZ		1	1			1

Company	Cert.	Access	Federal Agency	Lack of Fin.	Perf. Meas.	S.B.A.
193-San Francisco, CA		1	1			
194-Hampton, VA					1	
195-Plano, TX						1
198-Newark, CA		1				1
199-Washington, DC						
200-Bethesda, MD					1	1
201-Azusa, CA			1			
203-Dallas, TX			1			1
204-Hinesville, GA						1
205-Riverside, CA						
206-Oklahoma City, OK					1	
208-San Diego, CA						1
209-El Paso, TX					1	
210					1	1
211-Olney, MD		1	1		1	1
213-Hampton, VA			1			1
215-Chicago, IL				1	1	1
216-Houston, TX				1		
217-Kensington MD						
218-San Antonio, TX		1	1			
219-Kansas City, MO	1		1	1		
220-Utica, KY	1	1				
221					1	1
222-Chicago, IL			1	1		
223-Palm Desert, CA			1			
224-Leawood, KS		1			1	

Company	Cert.	Access	Federal Agency	Lack of Fin.	Perf Meas.	S.B.A.
225-San Antonio, TX						
227-Guaynabo, PR						1
228-Louisville, KY			1			1
229-Fajardo, PR		1				
230-Chicago, IL		1	1			1
232-Sacramento, CA		1				1
233-Rockville, MD				1		
234-Chicago, IL						1
235-Hauppauge, NY			1			
236-Tacoma, WA	1	1	1		1	1
239-Downers Grove, IL			1		1	1
240-Atlanta, GA			1	1		1
242-Arlington, VA					1	1
243-NY, NY		1			1	
244-Remer, MN			1			
245-Fairfield, CA			1		1	
246			1	1		
247-Louisville, KY						1
248-San Ramon, CA					1	
249			1	1		
250-San Antonio, TX					1	
251-Moorestown, NJ						
252-Bellflower, CA				1		1
253-Des Moines, IA			1	1		
254-Petersburg, VA			1			1
255-Arlington, VA	1				1	1

Company	Cert.	Access	Federal Agency	Lack of Fin.	Perf. Meas.	S.B.A.
256-Bronx, NY			1			1
257-Pendleton, SC			1	1		
258-Middletown, RI						
259-Atlanta, GA						
260-Alexandria, VA			1			1
261-Oakland, CA		1	1	1	1	
262-Reynoldsburg, OH				1		
263		1				
296	1	1	1		1	1
51-Syracuse, NY			1	1	1	1
52-Wapato, WA	1					
53-Chesterfield, MO		1		1		1
54- Littlefield, TX		1			1	1
55-Philadelphia, PA	1	1	1			1
56-Chandler, AZ	1		1	1	1	
57-Montgomery, AL				1		1
58-Greenbelt, MD	1	1	1		1	
59-Luther, OK						1
60-Miami, FL			1			
61-Arkansas City, KS		1		1		
62-Chicago, IL				1		
63-Hamlet, NC			1			1
64-Salinas, CA			1			1
65-Elk Grove Village, IL						
66-Alexandria, VA		1	1		1	1
67-Gaithersburg, MD						1

Company	Cert.	Access	Federal Agency	Lack of Fin.	Perf. Meas.	S.B.A.
68-McLean, VA					1	
69-Pitts, PA	1		1			
70-Tampa, FL						1
71-Chantilly, VA					1	1
72-Vista, CA		1	1			1
73-Sandy, UT	1		1			
74-Orange, CA						1
75-Casper, WY		1	1			1
76-Frederick, MD	1	1	1	1		
77-Springfield, VA		1	1	1		
78-Alexandria, VA					1	
79-Salt Lake City, UT			1			
80-Lincoln Heights, OH				1		
81-NJ, Pinebrook					1	
82-Clifton Heights, PA	1	1	1	1	1	1
83-Lanham, MD			1	1	1	1
84-Grapevine, TX						
85-Flagstaff, AZ			1		1	1
86-Chicago, IL			1		1	1
87-Chesapeake, VA				1		
88-Silver Spring, MD	1	1		1	1	1
89-Murphysboro, IL		1		1		
90-Detroit, MI			1		1	
91-Indianapolis, IN						
93-Colorado Springs, CO		1	1	1		1
94-VA Beach, VA			1	1	1	1

Company	Cert.	Access	Federal Agency	Lack of Fin.	Perf. Meas.	S B A.
95-Oakland, CA			1			1
96-Ft. Lauderdale, FL					1	1
97-Arlington, VA				1	1	
99-Turlock, CA	1	1	1	1		
TOTALS	26	49	79	51	54	98
Percent of Respondents	14%	26%	42%	27%	29%	53%

Appendix F

Interview Schedule

Contracting Officer Questions:

1. How long have you been working in Federal contracting?
2. How long have you been working at your present agency?
3. What dollar value of contracts does your agency procure each year?
4. What dollar value does the 8(a) program represent to your agency?
5. How many 8(a)'s have you worked with in your career?
6. Generally what is your impression of 8(a) businesses?
7. Why is it that over half of all 8(a) contractors have never received a contract?
8. What competencies do you believe are required to successfully compete for Government contracts?
9. What competencies do you perceive that 8(a) businesses lack?
10. Does your agency procure more 8(a) competitive or 8(a) sole source contracts?
11. Is the 8(a) program easier than full and open competition in your opinion?
12. What do your colleagues think of the 8(a) program?
13. What do you perceive the benefits of the 8(a) program to be?
14. What barriers do 8(a) businesses face in attempting to acquire contracts?
15. What skills do you perceive are most important for 8(a)'s?
16. Do you perceive that the certification process is a barrier to performance?
17. Do you perceive that the inability to acquire financing is a barrier?
18. Do you perceive that access to Federal procurement are a barrier?
19. Do you perceive that Federal Contracting officers create a barrier?
20. Do you perceive that the S.B.A. processes and policies are barriers?
21. Do you perceive that the way in which the S.B.A. measures the performance of 8(a) companies creates a barrier.
22. Do you perceive that racism is a barrier?
23. What improvements could be made to the program to help make 8(a) businesses more successful?
24. If you could give one training course to all 8(a) businesses what would the topic be?
25. Can you comment on the educational and training background of the 8(a) businesses that you have worked with?
26. What is the most successful business that you worked with?
27. How did you learn about the 8(a) program?
28. How does your agency locate 8(a) firms?
29. How did you learn about the 8(a) process?
30. Was training on the 8(a) program included in any training programs you have completed?

8(a) Business Owner Questions:

1. How long have you been in business?
2. At what point in your company's age did you get certified?
3. When do you graduate?
4. How many employees did you start with?
5. How many employees do you have currently?
6. What percent of your business is 8(a)?
7. Why do you think that over 1/2 of 8(a)'s never receive a contract?
8. What competencies do you believe are required to successfully compete for Government contracts?
9. What, if any, competencies do you perceive that 8(a) businesses lack?
10. Has your company done more 8(a) sole source or 8(a) competitive contracts?
11. What benefits has the 8(a) program provided you?
12. What barriers do 8(a) businesses face in trying to procure a contract?
13. What skills do you perceive are most important for 8(a) businesses?
14. Do you feel that the 8(a) program has prepared you for competing in full and open competition?
15. These are barriers identified through my review of letters sent to the S.B.A. by 8(a) owners; please comment on each of them:
 - certification process
 - access to contracts
 - performance measurement
 - financing
 - contracting officers
 - S.B.A. processes and procedures
 - racism
16. What sources did you utilize to help you learn to maneuver the program successfully? What could the S.B.A. have done throughout your tenure in the program, to help you become more successful?
17. Are you aware of any certified businesses that have not received a contract that I could talk with?
18. If you had to recommend 3 courses for new 8(a)'s to take, what courses would they be?

Business Opportunity Specialist Questions:

1. How long have you been working as a B.O.S. for the S.B.A.?
2. What did you do prior to this?
3. What is your business management background?
4. How many 8(a)'s have you worked with in the past?
5. Generally, what is your overall impression of 8(a)'s?
6. Why do you think that over 1/2 the 8(a)'s have never received a contract?
7. What competencies do you believe are required to compete successfully for a contract?
8. Which, if any, of those competencies do you believe 8(a) businesses lack?
9. Does the S.B.A. do more 8(a) competitive or 8(a) sole source contracts?
10. What is your general opinion of the 8(a) program?
11. What do your colleagues think of the 8(a) program?
12. What benefits do you think the 8(a) program offers?
13. What barriers do you perceive an 8(a) business faces in trying to procure Federal 8(a) contracts?
14. What skills do you perceive are most important for 8(a) businesses?
15. Please comment on each of these barriers that were expressed by 8(a) business owners in their letters to the S.B.A.:
 - certification
 - access to contracts
 - Federal Government Procurement personnel
 - lack of financing
 - performance measures
 - S.B.A. Processes
 - Racism
16. What improvements could be made to the 8(a) program to help make more businesses successful?
17. If you could choose one topic that all 8(a) business owners must be trained in, what would it be?
18. Can you comment on the educational and training background of 8(a)'s you have worked with?
19. What is the most successful 8(a) business you have worked with?
20. How many firms in your portfolio have never received a contract?
21. How did you learn about the 8(a) procurement process?
22. Are there Standard Operating Procedure manuals for the program?
23. Did you receive any specialized training on the 8(a) program?
24. What is the GS range for B.O.S.'s at the S.B.A.?

Appendix G

Raw Data From Review of S.B.A. Letters

Note: This data is in the order that the letters were reviewed at the S.B.A. The numbers were assigned by the S.B.A. for their tracking purposes.

Legend of Symbols:

- 1-Certification Barriers
- 2-Access to Federal Contracts Barrier
- 3-Federal Procurement Personnel Barrier
- 4-Lack of Financing
- 5-Use of Wrong Performance Measures
- 6-S.B.A. Staff, Policies and Procedures
- E=Education
- M=Mentoring
- K=Marketing
- R=Racism

101.

-Buy only American products

- 3 -u.s. purchasing agents more aware of the program
- 2 -sba establish partnerships with smll bus and provide long term sourcing in lieu of "spot buy" contracting
- 3 -solicit less numbers of quotes per contract--costs are prohibitive for a small co. to support the bidding requ. with only sporadic business
- 1 -bus. can go broke while waiting on certification--theirs took 3 years
- 6 -sBA sponsered regional networking opportunities

102. Los Angelos, CA

- 4 -Low int. loans of \$250,000 for 8as in 2nd yr. for working cap

103. Bowie, MD

- 4 -increase avail of cap
- 6 -reduce reg. paperwork burden by govt. and legisl agencies
- 3 -discuss the performance of and related problems of working with govt. contracting officers
- 6 -sBa choose between max. part. or success of limited parti.
- 5 -some owners want or need more help or monitoring than others
- provide bus. deve advice and staff sba by former proposal mgrs, entr., marketeers and bus exec
- 3 -improve the negative perceptions that CO have of 8(a)s performance
- 5 -improve SBAs poor reputation for monitoring perf. of 8as
- M -develop a mechanism to encourage 8a graduates to work with younger companies
- 5 -If a small bus. operates for 9-14 years prov. jobs and then fails is it a failure--define failure
- obtain the support and coop. of the exec., legisl branches of govt and the bus. comm.

- 6 -develop a clear mission for sba
- 6 -help sb devel effective plans--mission, bus plan, strat plan, market plan fin plan
- E -involve retired busn. people to help small businesses
- 5 -devel. a strat. to iden. prob. in sB --if sb owners do not want to ident. their problems, perhaps they should no longer receive support ex. hi indir. costs, not making B&F cut
- M -require successful 8(a)s to help new owners
- 6 -ensure the BOS's have resources to fulfill SBA's mission

104. Reston, Va

- sales growth from \$290,000 in 1990 to \$3,000,000 in 1993, but not a single 8a contract received or inquiry.
- 1 -8(a) cert only increased expenses
- 6 -hire more BOS's
- WASH DC--45 co's per BOS
- 3 -use Procurement Ctr. Breakout Personnel to teach COs how to use the program
- E,3 *implement a training system for CO's at every govt. facility that has a resident SBA office
- 2 -Establish an Electronic Advance Notice Procurement Bulletin Board just for 8(a)s

105. Detroit, MI

- have received 13 8a contracts
- 5 -use a criteria other than elapsed time for determ. graduation
- self-marketing for 8a's is essential

106. Jessup, MD

- E *attended and benefitted from the Minority Business Executive Program at Tuck School in Hanover, NY recommend it to other minor. busin. exec.
- E *expand fin. asst. to support executive education programs for owners and managers of 8(a) firms
- *expand the DOD SDB Prog. to a Fed Govt.-wide program for all SDBs
- 6 -eliminate 8a prog. competitive contracts, making all 8a awards sole-sourc
- E -more and better marketing and business development assistance to 8(a)s
- 2 -provided easier, cheaper access to Fed. Data and solit
- 6 -more proactive BOS with bettr understandings of their portfolio
- market a new and improved 8a program to improv image

107. Rapid City, SD

- 3 -govt agencies do not want to go through the hassle and paperwork necessary for an 8a contract unless it is a large dollar amount
- 7j program has been the best help they could have ever asked for
- 6 -get a team of trained professionals to help small businesss

NO 108 IN FILES

109. Wichita, KS

- SBA has been useless to her company
- 4 -loan process too cumbersome
- improve avail. and access to capital
- applied and was turned down twice for a \$3,000 loan

110. Fairfax, VA

- 6 -SBa provides more and better assistance to larger 8(a) firms
- smaller 8as suffer when competing with largr 8as

- M -establish a mechanism to work with 8(a) graduates
 - HR-2662 pending to allow graduating 8(a)s the opportunity to compete for their expiring contracts
- 111. Arlington, VA**
 - 6 -processes surrounding the Remedial Action Plans should remain a private SBA-8a member matter
 - 3 -an 8a FAR supplement to help CO's
- NO 112 IN FILES**
- 113. Orange, CA**
 - M -create a department staffed by 8(a) firms that are nearing graduation and who had to commit at their introduction into the program to provide assistance to younger firms.
 - 6 -provide more knowledgeable experienced BOS
 - help CO's understand the program and manage the paperwork
 - provide a full-time marketing division to promote the 8a program itself.
 - to inform the govt. purch. agents of the program, its system to contract with 8as and to monitor agencies set-aside goals.
 - form an association of a/e 8as
- 114. GREENVILLE,, SC**
 - 6 -form Volunteer committees at the local, state and reg levels of 8a part. purchasing agents and govt. leadrs to monitor the program.
 - Keep participants informed about what is happening in the program
- 115. Harvard, MA**
 - 1 -reexamine 8a program certification process, it took them 10 months
 - Satisfied with 7j support
 - implement a bus. proc. improvement program for certification
- 116. Charlotte, NC**
 - simplify the reporting requir.
 - eliminate the program year and make it the same as a fiscal year
 - enforce compliance by govt. agencies with minority participation
 - EPA Officials in Res. Triangle Park have told them that 8a firms are not worth the time it would take to interview them
 - reevaluate the size standards for small business--the size standards are too broad
 - start the nine year limit from the time that the firm is first awarded its first 8a contract
- 117. BETHESDA, MD**
 - SUPPORT THE INCLUSION POLICIES
- 118. SAN ANTONIO, TX**
 - been 8a since 7/87 and never received a contract
 - 2 -need help identifying and locating a real contracting opportunity for his firm.
- 119. PANAMA CITY, FL**
 - 1 -cert. took 5 years
 - 4 -loan application declined
 - company cannot survive finacially, the long delays and the continuous resubmissions of data under the present SBA 8a process
 - 2 -no response through self-marketing
 - 3, 6 -govt. proc. agents show little enthusiasm for 8a contractors and the SBA shows little

- agressiveness
- K -more time spent on procurement assistance for the currently certified firms
- 120. KANSAS CITY, KANSAS**
- 4 -improving bonding process and amount of bonding available to 8a construction firms
- 3 -Govt. agencies are very demanding and more watchful of 8a contractors rather than trying to be informative and helpful
- 121. CYPRESS, CA**
- 6 -form an advisory committee of 8(a) owners to hold regular meetings with SBA Officials
- NO 122 IN FILES
- 123. Alexandria, Va**
- 6 -subject to a "witch-hunt" by th IG's office
- 124. MINN, MN**
- 6 -SBA literature raises false hopes by portraying the program as offering success
- 5 -shorter period for 8as is only way to accurately measure success
- 4 -remove all encumbrances in areas of bonding, financial and technical assist.
- 6 -propose competition within various levels of development by revenue
- 1 -limit number of applicants to those that the SBA can realistically support
- admit based on who can best be served
- 3 -some agencies are downright hostile to the 8a progrm
- 2 -trying to obtain contracts is next to impossible in some regions of the country
- 125. LANHAM, MD**
- 6 --progress to be a viable independent Government Contractor is frustrated and impeded by micro-mgmt of the procurement process after Pulsar has been selected by the agency and the contract has been negotiated
- 6 --eliminate SBA review of the contract content which has been negotiated by the Agency.
- 6 --eliminate dual negotiations with the Agency and then with SBA
- 126. BETHESDA, MD**
- 6 --was certified in 6/89 but not notified until 10/89
- they have won 3 out of 3 full and open competitive bids in one year
- 5 --reduce paperwork by 40% including the annual bus. plan update and the marketing plan the transitional firms are required to submit
- eliminate requirement for audited annual fin. stmnts. for firms with over \$1 million or increase the floor to \$8-10million; accounting and legal expenses average \$5,000 to \$8,000 annually.
- E **implement some type of a program which would "subsidize" the training dollars spent by 8a companies for employee empowerment/ career development
- E **7j program is ineffective--services are limited in scope, quality is poor
- 6 --process for 8a awards is too long; contrary to the quick process which made 8a attractive in the 70s; many agencies think it is just as easy to "go full and open"
- 6 --SBA needs to promote benefits of 8a program to agencies
- 127.**
- 3 -speed up the procurement process on military bases
- \$ 128. NORFOLK, VA**
- employ 50 people and are scheduled to graduate from the 8a program in 3/85
- 5 -need a longer participation term in 8a program to stabilize

§ 129. Commack, NY

- company has benefitted from the 8a program which has largely been responsible for their continued success
- selected as SBAs Minority Small Business Person of the Year for Region II
- 3 --COs move very slowly in awarding contracts
- problems: --limited or no knowledge of the 8a program
- K recomm: promote the 8a program and its benefits
- 6 prob: Due to the usually small dollar size of most 8a contracts, they usually fall to the bottom of the pile
- recomm: increase the role of the SB Offices at buyin agencies
- program should be preserved and improved

130. San Rafael, CA

- 6 -the 8a program is not as successful as it should be because the SBA contracting staff and BOS do not have any clout
- had a contract discontinued with CDC for no apparent reason; when the SBA staff tried to determine the reason they were told it was none of their business
- 6 -7j bus. dev. support was invaluable

131. SAN ANTONIO, TX

- 3 --exper. negative feedback from Washington, DC based Federal agencies who dislike the 8a program and refuse to set contracts aside
- D.C. Fed Agencies only want to work with beltway 8a contractors
- 4 --provide direct loans from the SBA to 8as who need help in amts of \$50,000 to \$500,000 with a five to seven year payout--consider direct loans

§ 132. WAKEFIELD, MA

- E ****"I asked by business development team to comment on the 8a program and one important theme emerged--EDUCATION****
- K --in early years 8as should be taught how to market and sell as an 8a with issues relating to requirements to how to market and build relationships with govt. customers
- prep for graduation should be a big educational emphasis--how to plan for long government lead times, how to compete, how to partner with other companies and how to choose a market
- they have won 39 SBIR contracts to date

133. SAN ANTONIO, TX

- only been in program for a year and are presently quoting their first solicitation

134. HONOLULU, HI

- 4 --difficulty obtaining bonding to bid on govt. jobs
- contradictory that in order to be eligible for the 8a prog. one has to prove they are financially impaired
- need a bonding exemption to be competitive

135. PLANO, TX

- 2 --problem with contracts being sole-sourced based on tech. knowledge when they are qualified.

136. NY, NY

- 3 --develop a rapport with govt. contracting officers
- ensure compliance with SBA regulations

- 4 --increase the opportunity for more SBA loans to be approved by removing impossible barriers in the banking industry
- 6 --work with current 8as to help them be more successful before letting more firms into the program

NO 137 IN THE FILES

138. TOWSON, MD

- 6 --hire more hispanic-amer. as Bus. Opportun. Spec. and SDB Advisors
- change the role of the BOS from generic, interchangeable job description and promotes a team approach; give BOS specialties within industry
- 2 --it has required 2 years of visiting each Prog. Mgr., each SABDU and each User--this has proven to be a hardship
- K --the SBA should provide more marketing support for new 8a firms
- currently BOS Mktg. Spec. are generalists who cannot help in all areas

NO 139 IN FILES

140. ROCKVILLE, MD

- do not eliminate the 2 year limit because if we have too many businesses in the program the SBA will not be able to service them
- 6 --eliminate duplication of effort by SBA and procuring agency; once an offer letter has been received and accepted by the SBA they should delegate administration to the procuring agency
- the SBA in the past has had little to offer in the way of bus. advice***
- 6 --very few, if any, of the SBA's staff are sufficiently knowledgeable of or "current in the business of the business" to make them qual. to provide consulting to 8as
- K --SBA should concentrate its efforts on improving its image and credibility with procuring agencies
- 6 --"the SBA is viewed throughout all federal agencies as being very rigid and a nuisance rather than a source of asst.
- expansion of opport. should be the respon. of the 8a companies
- 5 --graduates should be structured in order to continue its success without fear of SBA cancelling its 8a contracts--loosen its "ownership and transfer" requirements; this would make firms more attractive to outside investors
- currently there are severely restrictive regulatory constraints which prevent successful firms from mainstreaming
- 6 --the current process for requesting additional SIC Code and the related SBA approval process is a fiasco.
- 6 --the SBAs paternalistic attitude towards granting requested SIC Codes runs counter to the 8a programs intent
- ROW is recognized as one of the most successful firms (450 employees)

141. HOUSTON, TX

- 6 --SBA is so busy collecting Fin. Statements and other paperwork that the program's objective is forgotten
- K --we are willing to stay up all night or meet with whoever, to promote our business but we are small and cannot afford a lot of expense marketing so help us accomplish our goal

142. DENVER, CO

- 4 --Reinstate Business Development Expense into the program

- "" Surplus Property
- 5 --Remove 3 million 8a contract ceiling
- extend developmental stage in 8a program
- 6 --extend transition stage in 8a program
- 3 --SBDU-Gov. Agencies-direct pressure from SBA & Dept. Secre. for 8a Contracts
- 4 --Direct Loan Program and Bank Guarantee Program Improved & Implemented for Working Capital
- Raise Surety Bond Program from 1.2 Million
- 2 --Make Subcontracting plans from large Contractors Avail to 8as
- E --reinstate 7j asst.
- increase small business set-aside projects
- 143. DUPLICATE**
- 144. DUPLICATE**
- 145. COLORADO SPRINGS, CO**
 - been in program over one year
 - have been successful in competitive bidding, winning and performing serv
 - 4 --rate of growth has been hindered by the lack of capital to fund contract start-ups
 - need to be able to carry 45 days of payroll
- 146.**
 - 4 -- As an 8a contractor the answer to my problem to be successful is bonding and working capital
- 147. DUPLICATE**
- 148. CHANTILLY, VA**
 - feels their participation in the 8a program has been a fruitful one
 - BOS and Contracts personnel are responsive
 - multi-national, large corporations are spending millions of dollars lobbying for programs to support their downsizing or transition to the commercial sector--nothing is being done to mitigate the same pressures being faced by the small business and minority business communities
 - the last 8a reform bill enacted in 1988/89 reflects changes to the program which resulted from the attack of certain congressmen against the program due to WEDTECH ; this reform bill contains sig. added admin. reporting requirements and is contributing to to SBAs burden
 - 5 --adjust SIC code size standards to meet the type of industry involved
 - 2 --a mandatory 5-20% SDB Subcontracting requirement on large primes would be helpful
 - 6 --eliminate requ. for Standard SI Codes in a firms business plan; these restrictions do not allow a company to grow in a natural way.
 - 6 --establish mandatory procedures to enforce the search letter process; if an 8a program participant self-markets a potential contract, and it is not given the protection and consideration a Search Letter warrants, the contract opportunity may go to another company; search letter protects the initial company from such an event and increases the probability for bringing a contract into the 8a program
 - some agencies honor Search Letters and Some do not; mandatory procedures should be developed to enforce this process
 - M --establish and 8a Mentor-Protege Prog. to Allow Graduating Firms to keep thier 8a Contracts and help small firms grow

- 2 --streamline the 8a competitions so that 20 firms aren't bidding on the job; 19 of them will have wasted valuable resources
- 149. DENVER, CO**
- 6 --establish a process to collect customer feedback on agency and individual agency employee performance
- M --establish a mentorship program with successful 8a graduates
- 5 --raise the max ceilings in terms of \$ for sole Source awards
- 3,6 --ensure that both procurement officials and program personnel are aware of and knowledgeable of the process
- K --publicize successes
--publish a newsletter
- 5 --develop a graduated/scaled series of progressively more comprehensive levels of competition where the level of effort required to publish a proposal are directly proportional to the revenue to be gained
- 2 --increase opportunities for firms outside Washington, DC
- 4 --do more to encourage the financial community to support small emerging businesses
- 150. Visalia, CA**
- 6 --reduce paperwork burden
- 151. BOSTON, MA**
- 1 --cert. process very slow
- 6 --eliminate business plan requirement; use past business plans
- 152. BETHESDA, MD**
- 6 --train BOSs to become advocates for small business
- 6 --BOSs need education and exp
--pay them more than 10-12 per hour
--use former business owners for the BOS
- 153.**
- feels their BOS is exceptional and has helped them
- 3 --enforce requirements on COs to work with 8as
- 3 --hold COs resp. of successful negotiation of 8a contracts, and penalize those who continue to engage in institutional racism by refusing to use the 8a program
- 154. MOORESTOWN, NJ**
- 6 --major contractors are discouraged from working with 8a due to the stringent requirements of the SBA
- 155. NOT IN FILES**
- 156. LAKE WORTH, FL**
- 3 --agencies subject 8a to undue scrutiny
--new--in program since 5/93
- 2 --break down large contracts and don't include carpentry or asbestos removal in painting contracts
- 4 --has difficulty in obtaining bonding which limits his ability to compete for jobs over \$25,000.
--received a 35,000 loan by using everything owned for collateral in hopes of a contract and none have been received
- 157. MEMPHIS, TN**

- new to program
- 2 --need publications that exclusively list potential 8a contracts
- 3 --increase efforts to get agencies to classify procurements as 8a
- microcomputer purchases are seldom classified as 8a
- 158. Newton, MA**
 - cert. in 3/91 and have not received a contract
 - 2 -BOS says they must identify contracts before they appear in the CBD; we don't know how and he doesn't know how either
 - 6 --when BOS tries to help supervisor interferes
 - 6 --what is level of contract support?
- 159. GARY, IN**
 - 4 -too much bureaucracy in getting SBA guaranteed loans
 - 6 -SBA loses financial statements
- 160. SAN ANTONIO, TX**
 - 6 -must reduce regulatory paperwork--spends 20 to 30 hrs each quarter supporting status of the 8a regs.
 - SBA staff needs to understand each business operation they represent
 - **make sure each business knows what to expect from the 8a program for each business plan
 - SBA also needs to develop a baseline business plan for the 8a program
 - need an administration handbook defining the process of facilitating entrance and sustenance of each business in the program
 - legislative changes stifle the growth of the program
 - SBA does not have a clear understanding of goals established for each firm
- 161. MARRERO, LA**
 - it is universally accepted that minority companies tend to employ more minorities
 - 8a program puts people to work, gets them off drugs and welfare
 - 4 -give cash advance necessary to perform the contract
 - waiver at least one bond
 - 3 -monitor the govt. purchasing agencies and indiv. at SBA local offices
 - solicit more contract support from govt. purch. agencies
 - 6 -allow joint ventures on 8a competitive contracts
- 162. SOUTHFIELD, MI**
 - cert. in 1/88 and has benefited considerably
 - 2 --lately, a large number of projects are deliberately "bunched together" to exceed the \$3 million limit.
 - 5 --count competitive 8a work the same as full & open
 - a fair share of the sole source markets should still be avail to small emerging companies
 - K --SBA should promote the 8a program to federal agencies
- 163. REDDING, CA**
 - 2 -need better access to planned acquisitions
 - 3 -more direct accountability of procurement agencies to SBA requests (instructions on answering search/requirement letters in a timely manner)
 - 6 -More BOS's per participant in the San Francisco District Office
 - Title 13 CFR 24.308 states that "a requirement for possible award may be identified by the

SBA, a particular Program Participant or the agency itself. Once a requirement that appears suitable for the 8a program has been identified, SBA shall request the procuring agency to offer the requirement to the 8a program

****SBA SOP 80 05 2 - Chapt. 7**

Search Letter-a search letter is a general request by SBA that a procuring agency identify and reserve requirements to support a particular firm's business plan

Requirement Letter-a requirement letter is a written request by SBA which identifies a specific requirement for a particular 8a firm and asks the agency contracting activity to offer the acquisition to the 8a program for the firm

--SBA needs to followup on search letters and requirement letters that are sent

--SBA should send firms some sort of written record of their communications

3 --some procuring agencies are resistant to the 8a program; the requirement letter can be used to ensure compliance

--SBA seems reluctant to act on behalf of the programs participants using the authority of the Small Business Act

R --many agencies will readily offer service and supply 8a contracts, while shielding construction jobs for the "good old boys".

Requirement Letters are used for DoD & Search Letters are Used for Non-DOD
sba response to a letter he wrote

Four ways that a requirement may be set aside for an 8a program participant:

a. Search/Requirement Letters

--SBA has stated that the CFR does not provide guidance on how MSB&COD staff should proceed if Search/Requirement letters are not responded to by the Procuring Agency

--SBA tries to write the agency asking them to respond with an "offer letter" or a written reason for denying the request; the denial can be appealed by SBA

****the national average is 23-30 firms per BOS; Pat Spikner, Asst. Dist. Dir MSB**
8a Programs Mission:

1. Foster business ownership by individuals who are socially and economically disadvantaged

2. Promote the competitive viability of such firms by providing contract, financial, technical and management assistance

3. To clarify and expand the program for the procurement of the United States of articles, equipment, supplies, services, materials, and construction work from small businesses owned by socially and economically disadvantaged individuals

4. Increase the number of small businesses owned and controlled by socially and economically disadvantaged individuals from which the United States may purchase equipment, products and services.

164. Greater Washington IBERO Chamber Of Commerce, WASH, DC

165. CHINO, CA

-graduated from the program in July, 1993

5 -there should be a transition period at end of graduation; ex. they were offered a project but the negotiations could not be completed prior to the graduation date

4 -make bonding avail to 8a firms

M -mentor program; now that they have graduated they have lost complete contact with the SBA

- they have prospered in the non 8a sector more than the 8a sector
- SBA should stress that the 8a program is only a helping hand in the growth of a firm and not a complete support system
- 166. **PISMO BEACH, CA**
 - cert. since 1/91--last year grossed approx. \$300,000 from private and commercial
 - feels that the SBA has just wasted a lot of his time and money
 - 6 -has only negotiated one 8a contract and it was expensive due to the duration of the negotiations; then the contract was cancelled due to base closure
 - 6 -feels the SBA does not make efforts to locate contracts
 - 2 -8a solicitations are too large would like to see them in the \$500,000 range
 - does not feel that entrance into the program was a hardship
 - was not aware of a monitoring system; if he doesn't call he doesn't hear from them
 - E -7j firms are not qualified to provide technical asst.
 - 2 -need newsletter listing opportunities
- 167. (Duplicate)
- 168. **FREEMONT, CA**
 - been in program for 9 years; will graduate this month (9/93)
 - offer a mechanism for making companies aware of avail. govt. funded technologies and products; if a company can dev. a long term product orientation and a global mktg. outlook it will have a higher probability of growth and success after graduation
 - 5 -simply facilitating the acquisition of contracts is not enough to sustain a firm in the long-term
- 169. **DETROIT, MI**
 - CPA firm cert. since 8/90; have partners with Big 6 experience
 - 1 -initially was rejected because they were deemed undercapitalized; appealed and was admitted; took 1 yr and 5 mos.
 - feels the monitoring system is fine
 - 6 -Need more BOSs
 - 3 --COs do not want to work with 8as they feel it adds more red tape; need to provide incentives for them to work with 8as
 - keep graduates in portfolio and provide them assistance other than contracts
- 170. **KNOXVILLE, TN**
 - been in program 8 years
 - E **Educate the 8a Business Owner; Sponsor EXMBA programs for the owner
 - Private industry experience through joint ventures; minority/majority joint ventures and make them mandatory in the transition phase
 - 1 -provide a program that 8as can obtain during their first two years, CPA and Legal services directly from a creditable major corporation; you could compensate the corp. with tax credits
 - 4 -provide streamlined direct loans to 8a firms on a contract-by-contract basis
- 171. **NY, NY**
 - cert. since 1986
 - feels this company would not have survived without the 8a program
 - New York Region office was afraid to go after new contracts after the WEDTECH scandal
 - 6 --feels the SBA is impotent and has no faith in its ability to function as an advocate for SDBs

- 4 --firms need capital and SBAs guaranteed loan process is too slow
- feels that SBA loans are treated like welfare; "imagine what we could do if we were treated like Chrysler"
- 1 --facilitate entrance into the program by cutting paperwork in half
- 6 --BOSs aren't qualified to advise businesses; "this prob. is hard to solve, people who know what I need to learn don't work for the government or teach in universities--they are busy operating their own businesses"
- 3 --mandate that Department Secretaries direct "X" number of dollars to be spent in the 8a program
- R --the majority of private sector businesses, unless a tax credit is offered, will never voluntarily solicit work from a minority business without an incentive

172. LANHAM, MD (Duplicate)

173. OXON HILL, MD

- cert. since 3/90
- 6 -SBA needs to provide 8as with better guidance and support
- 2 -provide lists of procurement opportunities
- quicker response to questions

174. Durham, NC

- 3 --Agency COs will not set-aside contracts even after a firm proves they can perform; one was quoted as saying he would not set it aside because he did not believe in the program
- took 5 years to receive one small development contract

175. OAK CREEK, WI

- in program for 2 yrs.--has not received an 8a contract
- 5 -eliminate audited statements requirements and go with CPA reviewed statements

176. ANCHORAGE, AL

- has greatly benefitted from the program
- 5 -extend the program to 12 years
- retain a portion of contracts after graduation

178. Arlington, VA

- E,3 **develop a program on government estimating for contractors

179. WASH., DC

- feels frustration with the program
- however the program itself is wonderful and feels his company would not be as successful without it
- 3 **seems to be a lack of 8a program definition in contracting offices throughout the federal system
- 6 --need a participant-friendly program with "can do" SBA advisors
- 3 --had a letter from a CO at the Dept. of Army (Wayne Hardin, Asst. Chief of Staff Acquisition Management which stated "we must decline your sole-source proposal, as we solidly support full and open competition to best serve the interests of the 8th United States Army. Competition allows for maximum participation of the private sector in government contracting and affords all interested parties and equal opportunity for award of publicly-funded contracts.
- had a letter from his attorney asking if the 8th Army may categorically reject contracting under the 8a program

180. MANASSAS, VA

3,6 --SBA must move swiftly and at the most senior echelons of the federal establishment to not only improve rapport among purchasing agencies, but to better monitor and enforce the Small Business Act.

summary: shrinking defense budgets and expenditures, combined with sluggish economy, create problems for businesses but these problems are exacerbated for SDB as Large manufacturers begin to invade areas traditionally dominated by smaller firms such as replacement parts

181. LANHAM, MD (Duplicate)

182. Elm Grove, Wisconsin

6 --feels a general lack of support from the SBA

R --feels that minority firms are subject to unnecessary harassment and denial of services

183. Blue Ridge, VA

6 -SBA District offices do very little to assist 8a firms in getting business

3 -other govt. agencies do not take the program seriously; there should be a mandatory 5% rule for all agencies

184. TAMPA, FL

2,6 --SBA should introduce and sponsor 8a firms at Govt. Agencies

2 --almost impossible to get foot in the door at Federal Agencies in spite of 30 successful mechanical and electrical projects conducted in private industry

3 --Federal Agencies find that the paperwork involved in dealing with the 8a program does not warrant the effort; getting a list of qual. 8as from the SBA can take months; some carryover negative experiences with other firms to new 8as

185. ALBUQUERQUE, NW

1 --streamline program application process; initial cost to enter the program is very expensive

6 --BOS must understand the operation of small businesses before giving advice

3 --a large number of agencies are not aware or do not understand the 8a program

186. CAMBRIDGE, MA

-the program has proven to provide effective assistance for minority small businesses like hers

5 -ease restrictions on personal finance

3 -in spite of tech. abilities of 8a companies, many federal agencies do not have incentives to set aside 8a contracts

5 -\$3 million threshold does not allow firms to go after large project

-primes use 8as for the % required and not a penny more

-many primes never utilize the 8a companies

-hopes that one day we will live in a society where we will not need special programs

187. SEABROOK, MD

--feels you cannot legislate a person's heart; if they want to help they will otherwise they will always find a way to get around legislation

R --the intent of the 8a program is viable but the problem is that humans that are in power to make the goals work put up roadblocks

6 --it is hard to market the firm and generate the paperwork that the SBA requires

188. BASALT, CO

1 -entrance into the program takes too long; it took them one year and they only spend one

- week in preparation
- 5 -reduce paperwork burden; quarterly financials are a waste of time for 8a business and the BOS; yearly financials should be more than adequate to assess financial status
- tailor program to assist the larger small business and the truly small business
- 189. FAIRFAX, VA**
 - graduated in late 1992
 - E **let 8a choose a provider for its technical assistance and use 7j funds to support it
 - **let 8a use 7j funds to train its staff
 - **educate primes on FAR small business criteria and PL 95-507
 - give extra eval. points to proposals submitted by an SDB; this can be justified because majority employers receive extra points on their proposal for subcontracting to an SDB.
- 190. OKLAHOMA CITY, OK**
 - 6 --level the playing field on 8a competitions; a developmental stage company should not have to compete with a larger transitioning company
 - 5 -raise the \$3 million cap on sole source set asides to \$6 million; this removes the opportunities to self market and forces developmental companies to compete for opportunities with established companies
 - broad the self marketing capability; 8as should be able to self market in any region
 - stronger enforcement of set-aside goals
 - 4 -provide better funding to companies at the front end of the 8a process; their experience showed that having a contract in hand was not enough to get a loan
 - M -provide incentives for companies to mentor 8a companies
 - E **provide a means for 8as to receive quick advice and council on technical issues such as Overhead, General and Admin, and Fee rates; negotiation strategies, contract types; legal questions; human resource policies and issues
- 191. SAN FRANCISCO, CA**
 - been in program 7 yrs
 - 6 -streamline paperwork burden
 - 6 -former business owners should be given a deciding voice within the hierarchy of the SBA administration staffing
 - provide on-going business development by former business owners
 - M -establish a mechanism to work with graduates
- 192. Rillito, AZ**
 - cert. since 9/89
 - 3 -SBA needs power to force Federal Agencies to maintain minority contracting level requirements
 - 6 -SDB contracts should not require the preliminary paperwork to prove that there are firms capable; this preliminary effort is usually for naught because CO's take it out of SDB competition saying that not enough firms responded or not in the manner indicated.
 - problems with 8a competitive: 8as become brokers actually passing the work to large business status contractors; large business do the work and the 8a gets a fee for doing virtually nothing; also many 8as "low ball" the work
 - 2 --need to break down larger dollar contracts so that small businesses and 8as can bid on them
 - 3 --a lot of Federal Agencies believe the program is too costly

- 6 --also hear complaints about the 8a process being too long
- 6 --8as are often given a short turn-around time for their RFPs (2 weeks); this is unfair because the minimum time given to competitive bids is 30 days; therefore the contractor does not have adequate time to get subcontractor and supplier prices
- SBA needs to show the President that his promise of stimulating the economy, by providing jobs to rebuild America's infra-structure, can be done utilizing the 8a program to provide jobs for the disadvantaged and minority.

193. SAN FRANCISCO, CA

- K -reduce the learning curve; it takes too long to get started; it takes 3-4 years to get a handle on Mktg. to the Fed
- Make it mandatory for 8a firms to attend a Mktg to the Federal Govt. seminar
- have the SBA assist new comers and provide introductions
- 2 -spread the work around; the Fed discriminates against firms on the West Coast
- 3 -numerous agencies claim they have never heard of the program
- K -sba should be more involved in marketing assistance

194. HAMPTON, VA

- have had a good experience
- done well within and outside of the 8a program
- Sales in 1991 were \$4million; In 1992 sales were \$23 million and \$33 million in 1993.
- has received outstanding support from the District Office
- excellent cooperation from most COs
- In 1992 more than 50% of contracts were awarded through competitive bids
- 5 --"our very success is now placing us in an early graduating position, long before our 1997 chronological graduation date; the fact that competitive awards also counted as revenue within the 8a system actually penalizes us for learning how to be successful.
- suggestion is that competitive awards not be counted within a contractor's income for purposes of measuring the contractor's eligibility within the program
- increase SIC dollar ceilings to a more realistic dollar value
- graduate program whereby a graduating firm works with newly developing firm

195. PLANO, TX

- 6 --SBA needs a new direction of partnership between the SBA staff and 8a participants

196. NOT IN FILES

197. THE GREATER LOS ANGELES AFRICAN CHAMBER, LA, CA (NOT 8A)

198. NEWARK, CA

- cert. for 3 years; found the program to be unsupportive
- 6 -feels the SBA does not serve the contractors
- suggestions:
 - trim top and mid-level mgmt staf
 - increase staff for BOS position
 - eliminate need of unnessary paperwork
- M **train BOS to solicit project work form Fed Agencies
- take clerical work away from BOS so they can market
- devel. substantial liaison activities with federal government purch. agencies
- 2 -create a mechanism to break down large project work so that 8as can participate
- R -most OSDDBU seem hostile toward minority business

199. WASH., DC

-PL 100-656 destroyed the fabric which the 8a program was created and/or designed for

200. BETHESDA, MD

6 -reduce the stifling regulations imposed on participating companies

5 -raise the \$3M cap

**a 1986 Senate Survey and a 1991 SBA study showed that graduates of the 8a program from 1987 to 1990 had failure rates between 48% to 66%

201. AZUSA, CA

-ensure that entering companies are viable businesses with competent personnel

-SBA reps at bases should be conversant in Military Regulations

3 -some CO's are adverse to 8as

203. DALLAS, TX

3,6 -eliminate red tape and bureaucratic double talk when doing business with the federal agencies

204. HINESVILLE, GA

6 -if SBA is to be the Prime Contractor then they should be the Prime Negotiator

-8a bids should not have to show cost break-downs that non-competitive bids don't have to

-reports to the SBA need to be simplified and streamlined

-need more offices in more locations; they are 250 miles from the nearest office

205. Riverside, CA

-been in program 4 yrs and employs 600 people with rev of \$10,000,000

206. Oklahoma City, OK

-SBA provided a great deal of assistance and helped him to acquire his first 8a contract

-currently do \$2,500,00 in revenues

5 -they won a large \$2 million 8a competitive contract which caused their 8a and non 8a mix to be off. the SBA informed them that they would not be awarded any more 8a contracts until they met their competitive mix

-competitive 8a bids should not be counted as an 8a contract

NO 207 IN FILES

208. San Diego, CA

-cert. in April of 1991, have received no contract work

6 -local SBA is unresponsive and counterproductive

-feel there was some corruption in how 8a set-asides were awarded

209. EL PASO, TX

-Employ 200 people and will graduate in 9/94

5 -in reality very few if any graduating 8as can compete on even footing with IBM, Hughes, Westinghouse, Unisys etc.

210.

-importance of ease of entry into any sheltered program should be secondary to the quality of services and the business development aid provided by the program to its firms

6 -cert. in 1986 the downturn in the economy and the lack of help from their district office has made their tenure less successful than they feel possible

--aid in procurement (when the participants efforts are deserving of program assistance

5 --flexible program tenure keeping in mind economic and other conditions; extensions should be granted if outside conditions inhibit program effectiveness

6 --competition of procurements should be an option

211. OLNEY, MD

- cert. in 10/90 have done well in commercial market place
- for the past 3 years, "even after aggressive marketing" have not received a single 8a award and next year they will be in the transitional phase without any benefit in the Developmental stage
- 6 --feels the BOS is there to control so they can hurt more than help; however, they are overloaded and are eval. in how efficient they are in filing required reports rather than in making 8as succeed
- Suggestions:
- 5 -start 8a clock from time of contract award
- 6 -let agencies directly award 8a contracts to qual. 8as
- 2 -large umbrella contracts are killing opportunities for Small Business
- M -help small new 8as to team with large graduating companies
- 3 -Fed agencies are silent partners in cheating SB and SDBs out of subcontracting promises made at contract award time

213. HAMPTON, VA

- been in the program 3 yrs.
- 6 -SBA needs more power to negotiate; SBA must mediate or vaulable procurement opportunities will by-pass qual. 8a firms
- 3 -COs reluctant to work with 8as; past mishaps have instilled poor images for 8as
- K **do an evaluation of 8a performance nationally and use the results to combat poor image through PR
- if you wont pull a job and th only way we know of job is CBD, how can we utilize our personal marketing tools
- overall the 8a program is helpful, but there is room for improvement

214. CHESAPEAKE, VA (DUPLICATE)

215. CHICAGO, IL

- 4 -SBA needs a venture cap fund controlled by SBA; traditional Vent. Caps wont lend to minority business
- 6 -SBA cannot provide business advice with SBA employees
- M -encourage large graduated 8as to assist smaller 8as by allowing them to bid on 8a competitive contracts for the duration they are mentoring the small business
- 5 --due to the length of the Federal Procurement Cycle extend the 8a program to 15 years
- 4 --revamp the direct loan and advance payment program;

216. HOUSTON, TX

- 4 -their main obstacle is lack of bonding capacity
- dont want a free ride, just the opport. to prove their capabilities as often as possible on profitable jobs

217. Kensington, MD

- have been very pleased with the SBA 8a prog.
- SBA should require and monitor prime contractor's use of 8a firms
- provide more assistance to transitioning firms

218. SAN ANTONIO, TX

- cert. since 1987

- due to poor economy, large firms are looking at business in the size that transition company need to make the transition
- 3 -any initiative to make the procurement offices sensitive to our concern would be beneficial
- 2 -large blanket contracts favor large contractors
- primes are reluctant to follow their subcontracting plan
- 219. KANSAS CITY, MO**
- 1 -speed up entrance by giving approval auth. to regional office
- E **-provide 7j assistance for classes through local colleges and universities
- 3 -give agencies incentives for expanding opp for 8as
- promote benefits of negotiated project versus open bid
- M -promote a way for 8a grads to work with new 8as
- reduce restrictions on Joint Venture agreements
- provide 7j funds to 8a graduating firms for assisting participating 8a firms
- 4 -redevelop the Business Development Expense
- give incentives to agencies to waive bonding requirements; eliminate bond requ. for 8as
- **mgmt. program for all 8a firms
- **assist 8as to dev. job costing and computer generated bids
- 220. UTICA, KY,**
- 2 -meetings with 8a parti. and purch agents
- 1 -took 8 years to be accepted in the program
- to date have not sold any coal
- 800,000,000 TONS PER YEAR OF COAL BURNED IN US.
- 221.**
- 6 -need more govt. deregulation; increased regulations have bogged down 8a programs intent
- 5 -eliminate the 3 mill. threshold
- bidding against one another seems to defeat the assistance program
- eliminate transition stage which forces the underbidding of non-8a work to stay in the program
- M -let graduates assist new companies**actual assistance to prepare a proposal to develop an accounting system and technical expertise cannot be comprehended in classroom training as well as on-the-job training***
- 222. Chicago, Il**
- cert in 12/92 but been in business 10 yrs
- 4 -need help raising capital
- 3 -urge govt. agencies to pay on a more timely basis
- make interim financing avail to firms receiving their first project
- regulators such as FEEd REs., Comptroller of Currency and FDIC shield banks from punishment for noncompliance to the Community Reinvestment Act.
- 223. PALM DESERT, CA**
- 3 **-there is enormous opportunity for educational effort with fed agencies
- many agencies have not heard of 8a program or consider it complicated, slow and expensive
- 224. Leawood, KS**
- 5 --increase size standard for SIC Codes 8711 and 12 (Constr)
- 2 -advise Fed agen. to limit fees for environ. projects to tay under \$3. per year

225. SAN ANTONIO, TX

-issues to complex for letter; would like to meet in person

227. GUAYNABO, PR

-only one negative comment relating to SBA 8a program

-been cert since 9/83

-have not received any contracts even though they are one of the best in the field of metal fabrication

6 -expend an estimated 200 hours per year preparing documentation with no benefit

228. LOUISVILLE, KY

-Louisville SBA are very knowledgeable of the SBA 8a program

--the screening process is a must;it eliminates marginal companies

-circulate a list of 8a contracts with projects completed and evaluations received

3,6 -SBA needs more personal contacts and visits with Fed Agencies

M -8a meetings where new 8as can meet graduates

229. FAJARDO, PR

-been in program over a year hand have not received a contract

2 -the same participants continue to get the contract

230. CHICAGO, IL

2 -entrance into the program is not a problem; it is access to contracting opportunities

3 -some fed agencies choose not to set-aside contracts and there is no enforcement measure

6,K -SBA should help firms market

6 -after certification the continuous requirement and flow of paperwork does not serve a useful purpose

232. SACRAMENTO, CA

6 -regional rep is lax in prov. info concerning potential up-coming contract

2 -been in program 5 years and have not rec. info on contract

-do not understand the support level idea

233. ROCKVILLE, MD

-their beginning and continued success would not be possible without 8a program

--greatest diff. was obtaining their first contract

--had knowledge and abilities, but without a track record it was hard to get new bus.

4 --has not been able to obtain an SBA direct loan or a sba guaranteed loan

234. CHICAGO

6 -let SBA do business with 8a firms

235. HAUPPAUGE, NY

3 -Purchasing agencies are not coming forward with 8a contracts that are significant in size and scope

-this needs to be addressed at a high level

E,3 **educate purchasing agencies

236. TACOMA, WA

6 -streamline requ. for bus. plan

-reduce joint venture documentation

1 -simplify paperwork for prog. entrance

3 -hold govt. proc. agencies and officers for meeting goals in each sector of their procurment

-require U.S. Citizenship for 8a prog. part. and loan guar.

- M -match graduates with new 8as
- pursue non traditional 8a SIC for inclusion in 8a procurement
- 1 -substitute indiv. exp. for bus. exp. on entrance into the prog
- provide sample application forms
- **strengthen 7j contractor asst. by util. 8a part. and grads to assist prog. participants
- E- better utilize SCORE personnel
- 2 -SBA respons. for forecasting future 8a procurements
- 5 -extend part. term
- 238. FREMONT, CA (DUPLICATE)**
- 239. DOWNERS GROVE, IL**
 - successful engineering consultant accepted into the program in January
 - somewhat disappointed in the features of the program as it is presently organized
- R --stereotypes is a barrier(ex. unqual., inexper. low prod.,)
- 3 -fed agencies feel program is cumbersome and interruptive
- facilitating teaming with 8as-let 8as circulate a request for a teaming partner through the SBA
- 6 -don't arbitrarily assign cases to BOS; do it based on industry
- 5 -de-emphasize SI Codes
- M -graduates should be required to mentor new firms
- 240. ATLANTA, GA**
 - 4 -need start-up capital and working cap
 - 6 -remove SBA from contract administration
 - 3 -no mechanism for compliance to agency SDB goals
 - comp. by nonprofits is a problem
- 241. ASIAN CHAMBER OF COMMERCE DENVER**
- 242. ARLINGTON, VA**
 - supports the bill "Business Improvement Act of 1993" which reduces the administrative burden of 8as and increase their contracting opport.
 - 5 -extend the 8a status
 - 6 -let 8as deal with agency one-on-one after award
- 243. NY, NY**
 - cert. since 10/89
 - 5 -12 year term instead of nine; they only had two small jobs in the past 4 years
 - 2 -reduced rate for Commerce Bus. Dail and other govt. pub.
 - 5 -2 fin. stmts per year instead of quarterly
- 244. REMER, MN**
 - 3 -fed agencies are very cautious when working with 8a contractors;they generally feel that 8as cost too much
 - two items avail by law but not in fact are 1)perf. bond exemptions and 2)excess equipment-
 - enforce the avail of these
- 245. Fairfield, CA**
 - 3 -fed agencies publicize target goals
 - hold COs and Procurement personnel accountable for spec. goals
 - 5 -grant firms in the program a 3 yr extension due to recession
- 246.**

- 8a program is a good program for helping minority and small businesses dev, learn and grow
- K -provide ongoing bus. dev. advice
- 3 -dev. a closer relationship between SBA and govt. purch
- M -mentor program using graduates
- 4 -bonding is a problem
- have successful grads give programs on insight regarding obstacles and opportunities and how they dealt with them
- 3 -some agencies try to make the 8a firm look bad
- it takes too long for FEDs to get a project up and running
- 247. LOUISVILLE, KY**
- 6 -louisville region understaffed
- upgrade staff to 1 BOS to every 5-10 firms
- train the BOS in business/construction, procurement, bonding, govt. procedures and forms and laws
- K -8a staff should market the program and be knowledgeable of the program
- 248. SAN RAMON, CA**
- 5 -due to cash flow limitations, small bus. cannot handle large contracts for tens and hundreds of millions of dollars; break these down
- 249. GARDEN GROVE, CA**
- cert. since 5/89
- 3 -every govt. agency should support SBA for setasides at least 50%
- 4 -sba should give bond exemptions
- sba administrator should hear from the community at least once a year
- 250. SAN ANTONIO, TX**
- 5 -extend the program 12 years due to the recession
- 251. MOORESTOWN, NJ**
- cert. 4/92--no contract received although"have spent substantial efforts marketing they are Systems Software and Engineer
- 252. BELLFLOWER, CA**
- 4 -make SBA Bank Loan guarantees a priority when contract award is made
- 6 -give teaming agreement approval author. to Dist. Admin at local level
- 253. DESMOINES, IO**
- cert. since 1/91
- 4 -avail. of capital is the most critical need
- R -difficult to discern if loan denial from banks is based on appl or inherant bias
- reactivate capital acquisition program
- 3 -took two years to secure first contract; delay not due to lack of marketing, it is because the door to most govt. agencies are "not as open as we are led to believe"
- sdb's have diff. competing with 2nd and 3rd generation majority firms
- E -SBA should use minority firms as 7j consultants
- 254. PETERSBURG, VA**
- 6 -"based upon our interaction, the SBA serves as a punitive agency"
- the SBA's hands are tied by conservative policies and regulations which began evident during the Reagan admin.

E,3 ***SBA should educate agencies about the purpose and original intent of the 8a program

255. ARLINGTON, VA

- 8a program is an import. vehicle for economic and entrepreneurial growth among minorities
- 6 --however, it is burdensome and difficult to navigate
- there is a general lack of service; seldom a "can do" attitude
- seems that BOS tries to find problems that create barriers to getting contracts
- allow contracting agency to deal directly with the contractor
- 5 --require reviewed statements for firms under \$5 mill and audited statements for those over
- took 2 years to obtain first contract
- 5 -9 years should commence with date of award of first contract
- 1 -took them 3 years to be certified
- support Congressman Bill Richardson's bill H.R. 2662

256. BRONX, NY

- 3 -govt. contracts seem to exploit the minority businesses with "poverty contracts for minority firms"
- 6 -paperwork burdens are extremely costly
- allow 2-3 months to respond to contracts

257. PENDLETON, SC

- 4 -make more capital avail.
- 3 -have govt. agencies and primes award more technical projects to the 8a program

258. MIDDLETOWN, RI

- employ 30 and will graduate in 1997
- supports Congressman Bill Richards bill HR 2622 the Business improvement Act

259. ATLANTA, GA

- was not allowed to bid on follow-up work for the Welfare Reform conferences

260. ALEXANDRIA, VA

- 3,6 -decrease amount of work the agency has to do for a sole-source justification

261. OAKLAND, CA

- 4 -SBA guar. loans take too long
- 5 -remove requirement for audited financial statements
- 3 -encourage more agencies to make better use of the program
- 2 -break down larger contracts
- fed govt. should apply pressure to primes to subcontract

262. REYNOLDSBURG, OH

- been in business for 5 years,
- 4 -has opportunities for more business, but cannot perform because of lack of working capital
- 4 -SBA create a contract loan guarantee product

263.

- 2 -don't let agencies bundle small purchases into large single-source contracts,
- R -minor. SB face continued prejudice and discrimination in a "good ole boy" dominated large business industry

296. ANONYMOUS

- 2 - ALL 8A PROJECTS SHOULD BE LISTED IN CBD
- 6 -if the program is set up to mainstream, they cannot if they are operating within an entirely different system

- 1 -cert appl. too lengthy
- 5 -quarterly reporting requ. too burdensome; most reports are not used and many times info is misplaced
- 6 -BOSs are unqualified to assist SMll. Bus., need prof. with bus. exp.
- vocie mail used as a tool to dodge request from small businesses
- 3 -SBA reps at agencies are powerless and often do not understand their organization
- agencies do not like the program because of its serious disorganiation; contractor and agency have to literally "push the contract through".
- there is chaos and inconsistency in how 8a contracts are procured
- 51. SYRACUSE, NY**
- K,6 -encourgae 8a specialists to seek greater opportunities for firms in their portfolio
- 3 -**request an Exec. order** that each federal agency be required to set aside 3 to 5 percent of the purchase for 8a
- 4 -enhance financing opportunities including contract financing, fixed assets and Personal guarantees
- 5 -provide clarity on SIC Codes, some tasks fall into different SIC Codes hampering the development of 8(a) firms
- don't expand the portfolio, utilize the firms currently in the program.
- 5 -let firms that have received less than five contracts remain in the program beyond graduation date.
- 52. WAPATO, WA**
- 1 -takes too long to get certified
- only legitimate minority businesses should be accepted
- M -joint ventures with graduates provide excellent learning opportunities**there is no class that has been offered that could have taught them as much
- develop an 8a matching program that matches graduates with new 8as, the sba could monitor the joint venture
- E -feels that the majority of SBA workshops and training seminoras have done little to help his company.
- 53. Chesterfield, MO**
- 2,6 -SBA provides no mechanism to approach and present the capabilities of his organization to COs
- He identifies four entities in this process:
 - a. Small Business Opp Spec
 - b. Small Business Liason Officer
 - C. COs
 - D. 8a Firms
- B&A seem to be doing nothing; one or the other could be eliminated
- E 7j program does not seem to be producing results, perhaps eliminate it and use the extra money in a loan program. 7j consultants have told him that the program does not work anyway (8a).
- 4 -access to capital is a severe problem, banks do not want to lend small businesses money; SBA needs to clarify and streamline their guarantee process
- 54. LITTLEFIELD, TX**
- cert. since 7/89 and never received a contract;

- 6 -first SIC Code was wrong; then most agencies he marketed to did not use SIC codes
- Still not sure what to do to get an 8a contract
- 2 -projects announced in CBD come out too late for 8a consideration
- 5 -participation needs to be extended because he is aware of several firms that have not gotten contracts
- problem is caused by not knowing where and how to market their firms
- being in the program costs time and money and it is frustrating not to receive a contract

55. PHIL, PA

- **PA Senator Harris Wofford made a similar request in 1/93.
- 2 -there is a run-around and lack of support when trying to market to primes that, by law are supposed to use at least 5% small, disadvantaged businesses
- **will make hisself avail to discuss
- it is extremely difficult for small disadvantaged firms even after being certified
- Sen Wofford is on the Small Bus committee and says that the Congress is proposing to extend the program from 9-12 years
- 2 -**small businesses are not knowledgeable in how the govt. operates
- E,6 -there is a tremendous learning curve to overcome and often the SBA themselves are not sure of the regulations.
- 1 -Took this co. 15 months and one appeal to become certified
- Problems:
- 8a firms cannot seek set-asides from the CBD
- 2 -8a firms do not have the economic resources to travel to and sometimes mail to COs
- 3 -Most SADBUS are not helpful, and don't seem to understand the 8(a) program
- 6 -SBA regs are interpreted diff. by each CO and from office to office
- E,3 **educating the contracting officer on the 8a program would eliminate a great deal of misunderstanding
- DKM had to get a law firm to assist them in interpreting the do's and don'ts of the program
- K -if 8as could travel to and expose themselves to the market in a big way, then they wouldn't be small and disadvantaged.

56. Chandler, AZ

- 1 -first problem was the application and then the period it took to get approved
- then it took them two years to get a contract
- Problems:
- 4 a. SBA Bonding not readily avail
- b. need direct loan assist. for new firms
- K,3 c. self-marketing program is not workable ; most agencies do not like to do business with 8a contractors
- need mandatory set-asides for all agencies
- 5 -disagree with SBA classification of small business a \$600,000 firm cannot compete with a 5,000,000 dollar firm
- program that lets 8a contractors get equipment through the SBA was Very helpful
- they will graduate in 1997, only because of the time period, not because they are a stable business

57. MONTGOMERY, AL

- 6 -CHANGE the regulations to allow 8a bus. to contract directly with the government agency

- instead of the SBA--this will reduce paperwork and time in awarding the contract
- 4 -make bonding exemptions feasible
- make working capital more easily accessible
- provide access to surplus govt. equip.

58. GREENBELT, MD

- 1 1. Facilitate entrance into the program-process applications through an electronic bulletin board; also use BB to inform 8a applicants of their status
- 5 2. Streamline the monitoring process, bus. with gross rev. under \$500,000 should only have to submit financials every 6 months
- K 3. Provide ongoing Bus. Dev. advice
- E **GMUs SBC courses too basic--classes should reflect the realities of the current market place not theoretical approaches; subbing to large business for them was the best education
- 3 4. Dev. a rapport with govt. purch. agencies in order to expand opportunities for additional contracts for participants
- M 5. Establish a mechanism to work with graduates; provide incentives
- 6. Vastly improve our success ratio
- 7. Lower costs through efficiencies; re-engineer the SBA's business functions
- 2 8. Bundling of procurements: for the govt. this is a cost saver for SDBs is a losing strategy because it reduces the number of opport. they are able to pursue

59. LUTHER, OK

- 6 1. in oklahoma CO's say they do not like to work with SBA because it takes too long on paperwork or it costs us too much to put out the 8a contracts
- 6 2. Need more staffing and highly trained people in 8a field offices

60. Miami FL

- certified in 3/90 and **never received a contract; program has only created expenses and wasted time
- 3 -develop an honest rapport with agencies; many of their set-asides are a joke, they know the job is too complex for the 8a firm to qualify
- M -establish a mechanism to work with graduates

61. Arkansas City, KS

- 4 -cannot finance large projects due to lack of funding at local banks
- have survived 9 years but cannot grow due to lack of operating capital
- wants equipment sales placed in the 8a program
- K -dont have time or funds to market to FEDs wanted the 8a program to do this
- 2,4 -set-asides are so large that they cannot finance them

62. Chicago, IL

- 4 -access to capital has not been enhanced, the requirement of denial by three banks still exists and the SBA seems to use the banks decision to substantiate their denial
- K -self-marketing does not work

Recommendations:

- an adequate capital fund should be established exclusively for 8as
- 3 -establish an agreement with agencies for set-aside targets

X 63. HAMLET, NC

- manufacture povidine-iodine and have been in the program for almost 1 yr.
- have not received any 8a awards even though they are fully approved by FDA, EPA and DOD and the Fed buys over 5million of this product
- they have competitively won non-8a large contracts
- 3 -SADBUS unhelpful and nonresponsive
- 6 -SBA in Charlotte refused their request for certain SIC Codes which hampers their ability to do business
- feels that the staff is too large and doesn't perform, they only have 70 companies at Charlotte and he estimates the SBA has not spent more than 24 man hourse on their co.

- 64. Salinas , CA**
- 3 -there is an overall distrust of 8(a) contractors and manufacters by FED Contracting officers
- 6,K -SBA has to more aggressively represent the 8a company with the Federal Govt.
- 65. Elk Grove Village, IL**
- has a contract to provide dehydrated onion soup canned in 1 lb. tin cans--feels that specs are to stringent and process of waiver is to cumbersome
- 66. ALEXANDRIA, VA**
- 3,2 -contacted all agency directors, subheads or asst through mail, fax, visits or all three. In all cases, OSDBUS indicated they had no work and refererred them to CBD or to call program managers; others simply filed away cap statements
- 6 -they feel they "naively wasted large sums of money, time and efforts on a useless drill. The SBA has never recommended or contacted them for 8a work.
- 5 -the main connection they have had with the SBA is a demand for reports; to which they have had to hire Accountants, CPAs, Consultants and clerical help to respond to.
- they have had to use reg. mail, FAX and hand delivery to get the items delivered to dispense with the "usual threatening letters, i.e., "Unless we hear from you in "x" days, you will be terminated from 8(a) status
- required reports are redundant and voluminous:eg quarterly and annual reports, capability review and requirement request
- 2 -large umbrella contracts eliminate sDBs
- 67. GAITHERSBURG, MD**
- M -establish a mentor program with large successful contractors
- 6 -BOS is an important contact, however theirs is unable to provide assistance technical or otherwise
- E **need more training and technical assistance programs
- 68. MCLEAN, VA**
- 5 -extend the nine year term by 1 or 2 years
- 69. PITTS, PA**
- 1 -certification takes too long
- sba is going a good job of providing business development advice
- 3 -develop a better rapport with Govt. Purch Agencies
- 70. TAMPA, FL**
- own experiences would enable them to complain ad nauseum, they will restrain themselves and offer 3 recommendations:
- 6 1. MSB&COD must establish a sense of partnership with 8a firms not the prevalent

adversarial role

2. realign the decision-making authority regarding acceptance of 8a Contract Offer Letters and the acceptance of 8a Contracts

3. establish a one-year test site to eval. the impact of the above proposal

71. Chantilly, VA

- 6 -feels SBA 8a Program regulations are slowly destroying our \$40 million a year company that it took 13 years to build
- 5 -since he cannot recompet after graduation his revenues will drop \$8 million this year and \$12 million next year despite the fact that they are winning competitive contracts. "Not even General Motors can lose 50% of its revenue in two years and hope to stay in business.
- without an opp. to recompet on 8a contracts, a graduate company is forced to lay-off the technical staff upon which it has built its customer base and then loose its customer base.
- **HR 2662 a congressional bill which would 1) eliminate the thresholds for sole-source 8a contracts and 2) establish an agency-wide SDB program 3) require Congress to re-examine the participation term in the SBA 8a program**

72. VISTA, CA

- originally given list of SBSpec. and assistance with marketing plan through 7j
- 3 -contacted specialists regularly, but due to turnover, they are constantly replaced
- 2 -diff. spec. would give conflicting statements on how to obtain a procurement
- 6 -have received an additional two years because the San Diego Director was replaced because of illegal activity.
- 2 -needs to be a more definitive, centralized way for the 8a contractor to locate contracts
- most owners cannot spend travelling and visiting time to reach procurement agents
- 8a program does not assist newly emerging bus., if they had not had a strong foothold in the public sector, they would have went out of business in year 1

73. SANDY, UT

- 1 -length of time and paperwork required for certification is cumbersome
- recommends an 8a advisory committee composed of 8a businesses new and old
- E ****require mandatory attendance to 8(a) meetings which provide training in the areas of workshops and other development seminars that teach firms how to do business with the government and to make btter business decisions**
- E -also need seminars on team building, goal setting and marketing, FAR and SBA rules and regs
- 3 **** -there is a degree of ignorance among government purchasing and contracting personnel in that many haven't learned the diff. in neg. and admin. an 8a contract verses a comp. bid**
- 3,E ****COs participation in training should also be mandatory**
- ** an national (semi-annual) 8(a) conference**
- **A Mechanism to work with graduates**
- **senators and congresspeople should be educated about the concept and benefits of the 8a program**

74. Orange, CA

- cert. since 8/92 and is disappointed and disillusioned with the whole 8a program and here is why:
- 6 1. No help received from local office
2. Local office slow to respond

- E 3. No help thru 7j even after repeated calls and applications
- 4. Increased costs due to paperwork and no work has been generated from the 8a program
- 5. No leads have been established to procure business
- M 6. No introduction received to any graduates of the program

75. CASPER, WY

- been in since 3/1990 and only rec. one \$50,000--need contracts of significant size to survive
- 6 -feels the 8a program was designed to keep an inefficient bureaucracy alive and prospering
- similar to a welfare system and its "clients" except that welfare clients are getting something for staying permanently on the welfare roles
- 2 -don't want welfare, want projects in which they can use tech exp. to accomplish meaningful goals
- 3 -sba needs to make federal agencies aware that an 8a program exists for their procurement purposes
- 3 -some agencies designate contracts as 8a when they dont have enough money to fund them properly--the 8a cant perform under cost either

76. FREDERICK, MD

Certified in 8/92--prior to cert were doing 99% commercial business, now they are doing 87% commercial and 13% government--NONE OF WHICH IS 8a

- 4 -increase availability of capital, banks do not know how to do business with service businesses
- reduce regulatory paperwork burden on small businesses
- M -sessions combining new entrants and companies in the latter part of Phase I for info exchange
- K -provide ongoing business development assistance
- 2 -strategy sessions on how to obtain an appointment with a SADBUS
- Update and centralize use of SF-129
- 3 -establish guidelines for contract specialists regarding how to provide opportunities to small businesses who lack government experience
- establish a mechanism to work with graduates
- E -establish SBA workshops to help small business plan and handle growth
- Prime contractors do not know how to find 8a companies, how to interview them or qualify them
- 1 **Implement methods to help businesses determine if the 8a program for their product or service will be profitable

77. SPRINGFIELD, VA

- cert. in 8/89 has not gotten any govt. contract due to their small size and llimited resources.
- 2 -always cited on size as why contracts not awarded--however, they do not understand why they cannot have a portion of a large contract.
- Suggestions:
- 4 -increase avail. to capital
- 4 -help establish a credit line
- Reduce paperwork
- M -mandate larger firms to develop mentoring programs to help small firms in their area of specialities

- 3 -establish a mechanism to ensure that various federal agencies are in compliance with the law in awarding contracts or some portion of the contracts to small businesses

78. ALEXANDRIA, VA

- E ***Share the vision internally as one of "Building a Small Business University" or use "Delivering the Dream".
**construct and operate a "degree" program in which SBA staf provides the framework (students, schedules, etc) and the agencies provide the curricula, instruction and contracting opportunities
- 5 -graduation should be determined when a firm demonstrates it is 100% capable of competitively supporting a particular agency's requirements
--should not take additional resources, just a redesign of and reengineering of the administrative operation

79. SALT LAKE CITY, UT

- K -lack of knowledge and unwillingness to go out and market the 8a firms for and by themselves--firms just sit and wait to be handed a contract
--many graduates go out of business because they have never learned to market themselves
--was not even aware that you can market to the govt. until 5 years ago.--therefore**the SBA needs to promote its mission and services to the public
--feels nine years is plenty time in the program
--a "projected project report" avail to all 8a participants
- 3 --also, it should be emphasized within the agency that if they have a poor experience with one 8a, it should not carryover to all 8as; everyone is different and everyone deserves an equal chance to prove themselves
***the most important issue is marketing; teach participants to market themselves, market the program to various agencies and markety yourself (the SBA).

80. LINCOLN HEIGHTS, OH

- an 8a firm graduating at the time of this letter, have rec. great support including loans which were repaid in full and contracts totalling over \$40 million in 8a contract awards
- E -technical assistance through the 7j program
-the support level of graduating 8a firms be reanalyzed and strengthened
- 4 -access to capital is a problem for minority-owned firms--perhaps a special fund is needed for firms who have graduated from the program
- M -and SBA mentor-protege program

81. Pine brook, NJ

- the enthusiasm and attitude of the base admin. toward small bus. (8a or not) has a sig impact on the awareness and willingness of its technical personnel and proc. personnel
-most primes are not awarding subcontract opportunities to SDB as they promised in their proposed plan--they are not monitored closely and enforced
- 5 --the quarterly financial statement requirement has created extra expenses (about \$2000 to \$3000) per year with little financial change within 3 months--recommend a 6 month reporting period except at certain levels
- 5 --size determination in dollar amount under SIC Code has not been updataed, before certain firms could gain enough experience it was kicked out of the program

82. CLIFTON HEIGHTS, PA

--will graduate at year end
 --could not have achieved their current level of success without 8a or some similar program to bid on large govt. contracts
 areas for improvement:

- 1 -amt. of paperwork required for certification
- 2,6 **after acceptance, no one explained "How do you get a contract awarded to your firm?"
 Day-to-day frustrations of the program were:
- 5 -requirement of audited statements
- the annual awards limitations
- 3 -we follow the rules while DOD pays lip service and does not
 --losing a contract because the govt. has the authority to pull a contract after bids have been submitted
 --losing contract to low ballers who cannot perform satisfactorily based on their bids
- 6,5 --being pushed from phase to phase for graduation, whether you are ready or not
- 4,E --being told of avail help loans & educations; and after applying for it (7j and SBA guaranteed loans) being told it does not exist
 --the Competitive 8a program is damaging--the SBA **provides no assistance in how to prepare a competitive proposal

83. LANHAM, MD

- 4 -eliminate the capital gains tax to increase the availability of capital
- 6 -simplify the process to apply for additional SIC Codes
- 6 --let the procuring agency make the 8a award directly to the firm; this reduces a duplication of effort
 --have period forums with 8as and have booths at major trade shows to promot 8a companies
- 6 **--there is confusion among BOSs about their role--it ranges from "an auditor trying to catch the 8a making errors or doing somethin wrong, to that of helping the 8a market new business and facilitate the 8a process
 **--the role and respon. of SB Coordinators assigned to agencies requires clarification, definition and coordination; typically this indiv. plays a very passive role
- 3 --***lack of knowledge on the part of the govt. end-user agencies and the major vendors; they need to be educated on why the program works
- 3 ***--many agencies only use the 8a procurement process when their other procurement attempts have failed, not as a routine way of doing business
 **many agencies believe that most 8a's are fronts for larger companies
- K **need an ongoing campaign to educate inform and publicize the regulations regarding the use and benefits of the 8a process
 **Literature regarding the process should be written in plain English not legalize, designed to dispel the rumors and speculation and innuendoes concerning the 8a program
 *****THE BENEFITS OF THE PROGRAM SHOULD BE PROMOTED INCLUDING THE SHORTENED PROCUREMENT CYCLE AND THE FLEXIBILITY OF PROCURING PRODUCTS AND SERVICES THE END-USER REALLY WANTS AND NEEDS AT A FAIR AND REASONABLE PRICE*****
- 5 --provide SIC Code Size Standard levels that more accurately reflect today's economic and business conditions.

84. GRAPEVINE, TX

- newly certified;
- offer a technology suggestion box in each agency with suggg. on how technology could improve operations. Post these ideas on a bulleting board with a POC with no obligation;provide cash bonuses to POCs who successfully implement the program

85. FLAGGSTAFF, AZ

- prior administrations have shown a degree of contempt for the SBA and its programs
- the program has staggered and nevery really realized its full potential as an economic and social stimulant
- 3 --8as frequently meet with reluctance and apprehension from COs in rural areas
- both 8as and COs are inexperienced with the program and its objectives in rural areas
- 5,6 --participants do not have enough time to get rolling before their transition and graduation

86. Chicago, IL

- former VP of Mesbic
- have been awarded over 23 national 7j contracts
- talked with Ron Brown about moving 8a program to Commerce and disagrees
- problems with program entrance are overstated; Many MBEs are not prepared to commit the approx. 80 hrs needed to complete appl; too many get into the program for the wrong reason
- 5 --firms should not measure program success in contract dollars but in capacity building
- E ***suggests a full day workshop for applicants on (not how to complete the forms)--a comprehensive discussion on bus. dev., capacity building and graduation
- 6 --no two regions have the same monitoring procedures; increase # of BOS and institute TQM
- increase requirements for 7j providers; do not contract with major acctg firms that use the contract as training ground for inexperienced accountants
- 3 --8a is readily acceptable at certain agencies and unacceptable at others
- 8a program has two customers--8a firms and various agencies
- K --need public relations and customer satisfaction initiatives at the agency level
- K --make changing the image of the 8a program a top priority
- SBA should use its public relation budget to manage expectations; the 8a program is servicing the highest risk segment of the population--race and first generation entrepreneurs***
- E --more specialized management and technical assistance for 8a firms

87. CHESAPEAKE, VA

- in 4th yr of cert.
- 4 --feels the banks dont provide loans to minority businesses; SBA loan programs dont work

88. SILVER SPRING, MD

- 4 1. Access to capital faster
- 2 2. more contracts avail. to SB that are lucrative rather than small dollar contracts under \$50k
- 5 3. Increase 8a sole-source cap from \$3M to \$10M
- 1,6 4. Make 8a cert. date effective when the 8a concern receives it's first 8a contract;rather than program acceptance date.
- 5. create a partnership with big businesses

6 6. reduce regulations so 8as can grow

89. MURPHYSBORO, IL

4 --small. min firms need working capital and a relationship w/ a bank

R --banks in South. Ill will not work with black 8a contractors--even if contracts are in hand

--last year contacted 27 banks by phone or in person with 8a Government Backed guaranteed contracts

--need direct loans, advance payment, or a percentage of a contract

2 --break large jobs down in 1/2 or 1/4 so that small black contractors can perform

--high costs of bonding and insurance is also a barrier

90. DETROIT, MI

--in program several years indiv. contract amounts have not exceeded \$500,000

--just completed an addition/renovation of a middle school in the amt of 4.1 million dollars; also awarded a \$3 million high school job

--feels that 8a contracts are "throw away" amounts, rather than projects that would be an asset

--however, does not want to minimize the importance of the contracts received

5 --\$3 mill. ceiling for 8a work is rather hypothetical

3 --feels that the Contract Rep. in a recent 8a contract was very negative toward their representative who was an architect with over 30 yrs of exp.--felt he was being put down--not nurtured

91. Telamon, Indianapolis, IN

--if the program has resource limitations, then limit the SIC codes e.g. five SIC codes per company

--feels many companies are trying to obtain contracts in too many fields

92. Not an 8a firm

93. COLORADO SPRINGS, CO

3 --MSB officials do not understand the program or its importance to the minority business community

2 --local buy rule unfairly penalizes firms outside the WASH area

4 --working capital is a problem; SBA does not have a proper mechanism in place for Contract funding

--prime contractors do not even try to subcontract 5% of the project to SDB's or 8as

2 --projects too large and need to be broken down so smaller firms can bid

6 --obtaining additional SIC codes in their region is almost impossible

94. VA BEACH, VA

3 --make a 5% goal mandatory

--increase the 5% goal to a level consistent with percentage of minorities that rep. the U.S. population

4 --help 8a firms secure loans; use potential contribution of the firm as a criteria

6 --give immediate attention to firms that have been in the program 3 yrs and have not received a contract; abolish statement that the SBA does not guarantee an 8a contract

--set up a toll-free number for complaints of nonresponsiveness in SBA

--require all DOD contracts to be awarded within 60 days of due date

6 --make it mandatory that an expert in both the FAR regulations and Government Contracts exist at every SBA District

5 --do away with quarterly financial statements; yearly should be enough

95. OAKLAND, CA

--critical selection of participants, capable of success within the program's realm is paramount to 8a success. --8as need more interaction with knowledgeable SBA staff

6 --SBA needs to be more forthcoming with what and where these resources exist

--encourage networking among 8as

E --sba should provide contract specialists that are knowledgeable in the business they'r selling and in contract pricing methods

3 --there is a widespread negative opinion of 8a contractors as you're aware

--sba needs to demonstrate a conviction to its constituency

96. FT. LAUDERDALE, FL

5 --different participation terms should be developed for different industries within the program

--SDB program should be expanded govt.-wide and include all SDBs not just 8as

6 --eliminate competitive contracts

--program participants should be allowed to compete on a one-time basis for follow-on business opportunities

97. ARLINGTON, VA

4 --failure to obtain sufficient capital is a primary impediment towards growth and stability in the SB mrkt.

--provide SBA capital to ensure the avail. of low interest loans to eligible SBs

5 --extend 8a program for participants who were not provided adeuate loan guarantees and ongoin bus. devel

99. TURLOCK, CA

--graduates and current 8a firms can help new appl. through consultation

1 --have a sample completed application package available for applicants to review

--do not reduce monitoring because there are already abuses in the system that are not being caught; providing financial statements is not cumbersome

E --the 7j program is beneficial, but not timely--it takes to long to get assistance and many times the need has gone by the time the assistance is avail

3,E --**COs, administrators and engineers of an agency need to be educated on how the 8a program and the negotiating process works from start to finish; people tend not to want to try something that is new or that they don't fully understand

2 --mandate that agencies provide 8a forecasts

**educate SADBUS who work directly with the contractors, manu. and suppliers and make sure they are knowledgeable about the companies they represent

4 --bonding is the biggest issue for SB in the construction industry

**it seems that bonding companies require more from small businesses, women & minority firms in the form of exp. and fin. strengths

--The Miller Act should be avail to 8a firms for the duration they are in the program (bonding exemption?)

--New 8a firms should have a training and orientation process; I have been in the program since 1985 and it wasn't until a couple of years ago that I started to understand how the system works


Heather M. Brown

Heather M. Brown is an Assistant Professor of Business Administration and Chair of the Business Administration program at Mount Vernon College. Additionally, she is Owner of and Consultant for Professional Solutions, Incorporated. Ms. Brown has over eight years experience in organizational development, training, marketing, technical writing and quantitative research. She has a B.S. in Business Administration with a major in Marketing from Old Dominion University and an M.B.A. from George Mason University. Ms. Brown has 12 hours of post-graduate, Psychology courses from Marymount University. This enables her to combine her business acumen with psychological theory in the facilitation of group processes and organizational development.

Ms. Brown has over seven years of management experience in business and government including positions in Marketing Management for a national magazine and an economic development authority. Her experience includes consulting and training to government, private industry and non-profit associations in the areas of management, marketing and customer service.

Ms. Brown has applied her technical writing skills in developing training manuals, software documentation, capabilities statements, marketing brochures, and speech writing. She has also facilitated focus groups and round tables on business and management issues.

As a management consultant and an educator, Ms. Brown draws on her experience in marketing, business management, human resource development and education. Ms. Brown was born on August 31, 1963.

A handwritten signature in black ink that reads "Heather M. Brown". The script is fluid and cursive, with the first letters of each word being capitalized and prominent.