Strategies for Small Business Administration 8(A) Business Development Program-Certified Firms in Program Years 4-6

Sherri L. Johnston., DBA, MPA, PMP | Columbia Southern University, Orange Beach, Alabama, USA

Michelle Preiksaitis, JD, PhD, SPHR, SHRM-SCP | Coastal Organizational Research and Learning Strategies LLC (CORALS LLC)
http://orcid.org/0000-0002-3064-2392

Contact: sherri.johnston@columbiasouthern.edu

Abstract

This study explored the practices of 8(a) principal-owners who were active in the Small Business Administration 8(a) social or economically disadvantaged business program during years 4 to 6 (midphase). The study aimed to determine whether specific practices contributed to federal contracting bidding outcomes during the competitive phase of the program and to create a taxonomy of best practices. The qualitative inquiry study employed the critical incident technique. Participants (N = 11) interviewed were 8(a) program principals who had completed at least Year 6 of the program. Critical incidents (N = 81) recollected from their bidding experiences during the midphase of the program were documented, explored, and analyzed. Thematic analysis data analysis process resulted in themes: From these themes, a taxonomy of strategic practices for use by 8(a) firms was created, which included: Developing additional relationships, learning to price competitively, creating high-quality proposals, and ensuring proper communication. The study was limited to the experiences of 11 individual principals from multiple businesses which operated and bid on federal projects during the midphase of the 8(a) program. The taxonomy may aid future principals in the early to midphases of the 8(a) program to build an overall strategy for successful transition from the program into a sustainable small business in the federal contracting sector. No other critical incident technique studies have been conducted on the midphase members of 8(a) contract bidders. The study filled a gap, providing valuable insights to current or potential 8(a) federal contractors.

Keywords: Economically and Socially Disadvantaged Small Businesses, SBA 8(a) Business Development Program, Small Business Survival, Federal Contracting

Introduction

Section 8(a) of the Small Business Act of the United States was designed, in part, to increase the participation of socially and economically disadvantaged small businesses in federal contracting. In 1997, the federal government assigned an annual goal to the Small Business Administration (SBA) to award at least 23% of federal contracts to small businesses (Schilling et al., 2017), with 5% specifically set aside for 8(a)-certified firms. While these goals have been met in some years (SBA, 2019), the complex, lengthy, and costly federal contracting bidding processes create challenges and barriers for small businesses owned by socially or economically disadvantaged principals. Often, contract dollars remained unclaimed by 8(a) bidders because of failing to continue through on bidding for the awards. To address this situation, this study collected structured insights from successful 8(a) bidders and compiled a taxonomy of practices for future 8(a)-certified (8aC) bidders.

Background

Many small businesses, including 8aCs, fail to win federal contract awards. In FY19, only 38% (2,273 out of 5,872) of 8aCs received new contract awards (United States Small Business Administration, 2020; USA Spending, 2020). Schilling et al. (2017) showed that small businesses fail to hold continuous contracts for successive years or win the awards of multiple contracts valid for more than a year, even with SBA aid and 8(a) program considerations. While SBA scorecards reflect how many contracts are issued or won by various types of small businesses, before our study, only two other studies have explored what successful business owners have done to win bids and sustain their businesses throughout the program years.

Coley (2015) and Wagner (2019) noted that strategic plans created early in the program lead to more successful graduates of the 8(a) program. Further, Bradt (2020) noted that the successfully negotiating the midphase of the program showed the highest likelihood of completing it successfully.

Studied Problem and Gap in Practice

Berteau and Swan (2018) reported that despite graduating from an 8(a) program, 10 years later, more than 60% of these businesses were no longer bidding on or receiving government contracts. Shear (2019) noted that 23% of 6, 7, and 8-year program participants during fiscal years 2014-2017 did not receive any competitive bidding awards; they lost out to larger businesses, according to Wagner (2019). Wagner noted that these 8(a) participants elected instead to apply only to the protected and set-aside contracts, which created false senses of fiscal security. By not competing for competitive contracts, a gap in practice occurs in these businesses, and their principals do not gain the skills and experience necessary to compete for federal contracts without relying on the benefits of the 8(a) program (Lewis, 2017). Due to the lack of competitive efforts, 8aCs were not learning how to transition from the program (Bradt, 2020). This study attempted to fill this gap in practice by creating a taxonomy of strategic practices for 8aCs to learn how to succeed during their transition.

Research Approach

The project employed a critical incidents technique (CIT) within a qualitative inquiry design using as participants, principals of 8aCs who had successfully maneuvered through the midphase of 8(a) competitive processes and had become a competitive bid award winner. CIT participants were asked to recall times when their behaviors or actions positively or negatively impacted the outcome of a competitive bidding event. Those instances were collected as data points called critical incidents (Bott & Tourish, 2016; Chell & Pittaway, 1998).

The CIT process allows for respondents to contribute numerous incidents, with the possibility of collecting hundreds or even thousands of incidents through several interviews (Flanagan, 1954). Data saturation aims to reach a point where new incidents' contribution does not add further information for analysis (FitzGerald et al., 2008).

CIT sampling strategy is different from most research techniques. Instead of a planned number of participants, sample size in a CIT project is based on the number of incidents collected (Butterfield et al., 2005), with varying numbers of incidents determined as saturation based on the study and various CIT experts. As few as 50 incidents (Lockwood, 1994) or as many as 100 critical incidents (Santha et al., 2016) have been used as targets for category building. It was assumed that each participant would contribute at least eight to ten incidents to set the a priori minimum sample size at eight participants and 50 minimum incidents. For this study, 11 participants were interviewed, providing 81 remembered incidents.

Research Question

What strategic practices do successful 8aC principals use during years 4 to 6 of the 8(a) program which they perceived contributed to winning (or losing) competitive bids on federal contracts?

Strategic Planning

Socially and economically disadvantaged small businesses experience challenges and barriers to federal contracting, including cost (Josephson et al., 2019; Orazem et al., 2017), complexity (Josephson et al., 2019; Schilling et al., 2017), and insufficient past performance (Cox et al., 2014; Manuel, 2015). Skrt and Antoncic (2004) concluded that achieving firm-wide support for a precisely formulated strategy can benefit smaller firms' growth. Improving strategic planning could have a positive effect on the development of 8aCs.

Strategic management often uses both the resource-based view (RBV) of the firm and the competitive-based view (CBV) of the organization to establish how to create a unique and sustainable position in a competitive environment. The RBV holds that organizations should look inside of the company at its capabilities and resources, instead of outside at the competitive environment, to find the sources of competitive advantage and gain a unique and sustainable position (Barney, 1991; Jurevicius, 2013; Luo

& Child, 2015). The CBV provides that small firms gain opportunities by leveraging commonly traded resources acquirable by other firms through relationships (Tehseen et al., 2019).

Applied Framework

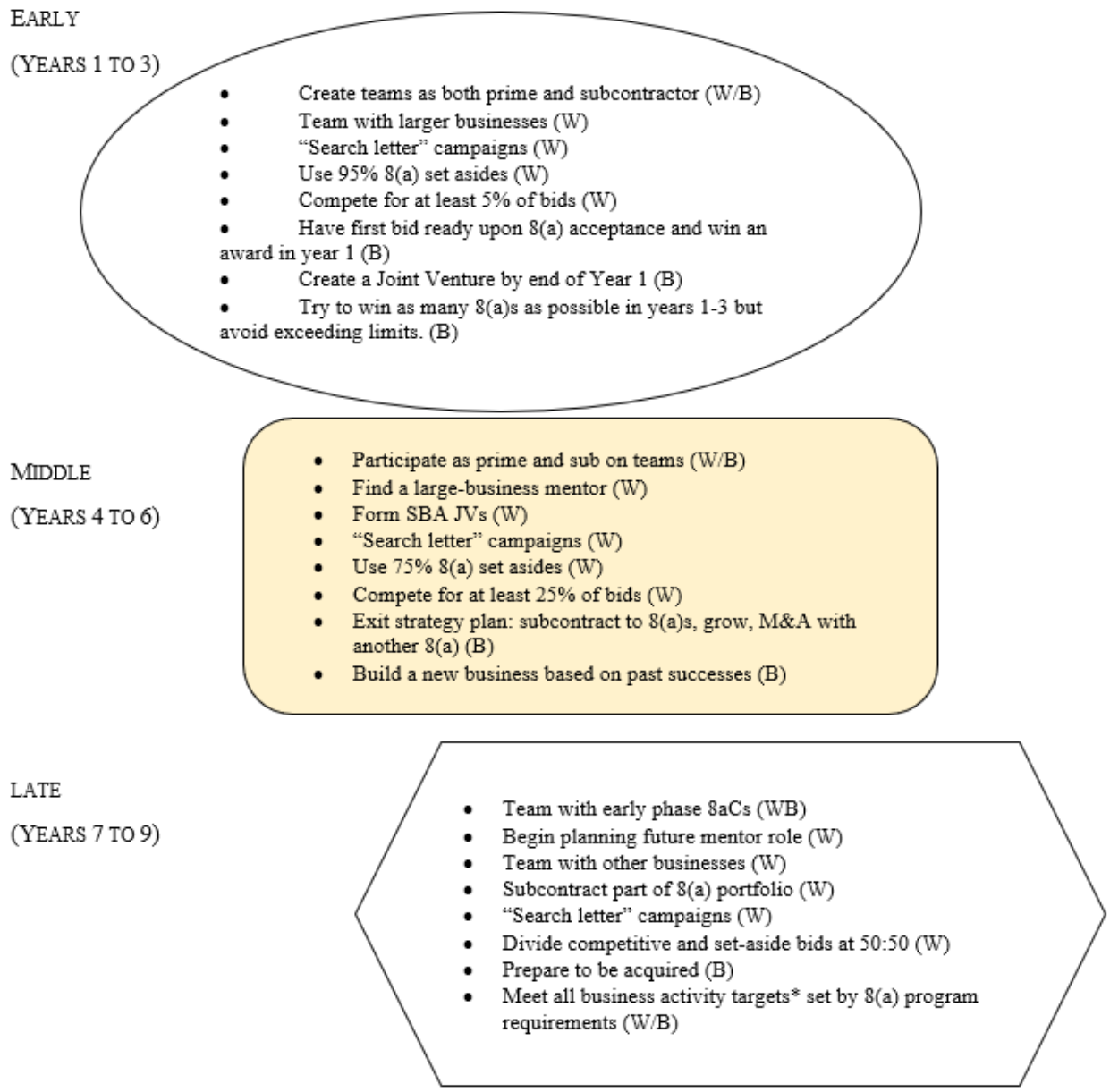
According to Wagner (2019) and Bradt (2020), earlier competition attempts can be combined with, and supported by, strategic use of unique benefits of the 8(a) program such as sole-source and set-aside opportunities and the resources the SBA provides to 8aCs. Both Wagner and Bradt identified the middle phase of the 9-year term of the 8(a) Business Development program as a pivotal developmental point in the program. This study employed an applied framework of dynamic capability-based strategic planning within the middle phase of the nine-year term of the 8(a) Business Development Program.

Three Phases of 8(a) Program

Wagner (2019) and Bradt (2020) described three phases for SBA 8(a) participation: early, middle, and late. Figure 1 shows the phases of the 8(a) 9-year program with phase activity suggestions from Wagner's and Bradt's research. This study focused on the middle phase (highlighted in Figure 1).

Figure 1

8(a) 9-Year Program Phase Strategies



Note. Lists created from research findings by Wagner (2019 [W]), and Bradt (2020 [B]).
*13 CFR § 124.509 provides specific "non-8(a) business activity targets" which are expressed as a % of an 8aCs total revenue. These targets increase over the 9-year period. See Table 1.

Table 1

8(a) Business Activity Target Timeframes

8(a) Participation Year in SBA Transition Phase	Business Activity Target
1	15%
2	25%
3	35%
4	45%
5	55%

SBA's Phases of the Program

Whereas Figure 1 shows three phases of the 8(a) program, the SBA looks at the program as two-phased: developmental and transitional. Within these two phases, the SBA requires that 8aCs have income other than federal contracts and sets business activity targets (BATs) to avoid over-reliance on set-aside contracts (What are Non-8(a), 2020). Table 1 sets out the BATs for the final transitional phase of the program, which Bradt (2020) had called out as an important strategic focus of late phased 8aCs.

As part of the developmental phase, the SBA and federal regulations also provide a 7(j) program which is available to 8aCs. Bradt (2020) outlined the need for 8aCs to actively seek training in critical business development activities using the 7(j) program to build business development skills. Further, the SBA provides a Mentor-Protégé and Joint Venture (JV) program to allow 8aCs to partner with larger and more experienced and resourced companies (Gallagher, 2015; Lewis, 2017). JVs mitigate barriers such as a lack of past performance records, or limitations in finances, infrastructure, resources, and capabilities (Wagner, 2019). A graduating company can partner with an 8aC protégé, provide 60% of the contract's support, and receive the 8(a) program's benefits while mentoring that organization.

Literature Review

Historically, challenges to participating in federal contracting include the costs, complexity, time factors, and past performance requirements. Orazem et al. (2017) found investment in time and resources to pursue a government contract and the required relationships is a significant barrier. The delay between bidding and acquisition of a government contract award financially constrains small businesses needing to sustain salaries and operations (Cox et al., 2014). Additionally, absent a guarantee for selection, the pre-bid costs

to establish the bid requirements can cripple small, fledgling businesses (Fortney et al., 2015).

To participate in federal contracting, companies must develop separate product lines and corporate systems for marketing tactics, audits, human resource management, operational activities, and social responsibility (Josephson et al., 2019). The expensive systems, learning and compliance investments (Josephson et al.), and lowered profit margins (Schilling et al., 2017) required to meet the government's strict standards often outweigh scale and efficiency benefits experienced while awaiting contract award (Josephson et al., 2019). A 1993 statute reform required the government to evaluate and document a contractor's performance on contracts and orders with a value higher than the simplified acquisition threshold (Manuel, 2015). Fortney et al. (2015) and Cox et al., (2014) noted that unique procurement processes and rules, such as highly specialized cost accounting practices, also reduced high-quality providers and bidders. These costs on disadvantaged small businesses create reliance on the set-aside bids, deterring them from competitive bidding.

Changes to size, definitions of disadvantaged, and the complex 8aC requirements also deter small businesses or lead to specific anti-competitiveness. For example, Alaska Native Corporations, NHOs, and tribes can own multiple 8aCs concurrently and an indefinite number of 8aCs over time, making them exempt from the one-time-eligibility rule (Koprince & Patterson, 2019). These can result in Super 8aCs that out-resource and out-bid the regular 8aCs.

Previous researchers identified challenges and barriers experienced by firms when attempting to participate in federal contracting, but not specifically on 8aCs. Orazem et al. (2017) used a survey of startups, venture capital firms, and angel funds and did not focus on disadvantaged small businesses. Cox et al. (2014) focused on nontraditional government suppliers, specifically contracting with the DoD. Although Schilling et al. (2017) identified challenges and barriers experienced by small businesses contracting with the DoD, they did not identify the experiences of 8aCs. Josephson et al. (2019) studied the performance implications of the business-to-government exchange on publicly traded firms but did not include privately held firms.

Existing literature did not offer 8aCs suggested solutions for reducing the identified challenges or mitigating the barriers beyond calling for changes in government regulations. The literature reviewed did not allude to the effects of the super 8aCs on regular 8aCs because the studies were focused on other groups of federal contractors. This study specifically focused on creating a taxonomy of the effects of critical incidents experienced by 8aCs on the bidding outcomes for federal contracts.

Participant Recruitment

The 11 participants (see Table 2) were recruited using a nonrandom, vertical, and horizontal snowball sampling process. Seed practitioners encouraged others to participate (Taherdoost, 2016) and to refer others (Geddes et al., 2018; Sharma, 2017). Screening requirements included: owning an 8aC as a principle (51%+), participating in the 8(a) program for at least 6 years, having bid on at least one competitive contract within the program, and having a DUNS and NAICS number and code (used to validate the contract award).

Table 2

Participant Profiles

P#	Primary Region of Business	NAICS Description	Products/ Services	Employees	Federal Contract Awards
1	Southeast	Management Consulting	S	0-50	$30-40M
2	Southwest	Computer Design	P&S	0-50	$20-30M
3	East Coast	Industrial Construction	S	0-50	$20-30M
4	Southwest	Site Preparation Contractors	P&S	0-50	$11-20M
5	Mid-Atlantic	Management Consulting	S	0-50	$11-20M
6	Mid-Atlantic	Commercial and Institutional	S	0-50	$11-20M
7	Southeast	Construction	S	0-50	$1-10M
8	Southwest	Scientific and Technical Con-	P&S	0-50	$1-10M
9	East Coast	sulting Services	S	51-100	$11-20M
10	Southeast	Commercial and Institutional	S	>100	$150-200M
11	Mid-Atlantic	Construction	S	0-50	$1-10M

Note. Reflects data as of February 20, 2021. Data retrieved from USASpending.gov.

Interviews were conducted via Zoom between January 29 and February 12, 2021. Interview lengths were 12 to 59 minutes, with the average interview at 37 minutes. A semi-structured interview protocol was used which had been reviewed by two field experts. Data saturation (81 critical incidents) ended the interview portion of the data collection (see Table 3). The data collection for this project was done during the second year of the COVID-based pandemic, and therefore, the project findings are relevant to the change to procurement and strategy which has become a new business normal.

Table 3

Critical Incident Classification by Bidding Outcome Type

Bidding Outcome Type	Count	Percentage
Successful	47	58%
Unsuccessful	34	42%
Total	81	100%

Data Analysis

Data analysis occurred in four phases, including a) compilation and review of data with analysis and descriptive coding, b) aggregating the codes into categories, c) interpreting the data, and d) and reporting, using Yin (2016) qualitative research analysis process, but adapted to the critical incident technique.

The interview data were analyzed by applying contextual codes relating to experiences bidding on federal contracts; codes were aggregated into categories by similarity. Twenty contextual codes were defined, and 148 instances of the codes were noted (see Table 4, also see Data Links for the full codebook).

Table 4

Associated Contextual Code Frequencies

Associated Contextual Code	Frequency	Percent-age
Assessing Costing for Bid	31	20.95%
Relationship with Sub Contractors or Teaming Partners	20	13.51%
Past Performance	19	12.84%
Proposal Quality	14	9.46%
Relationship with Customer	13	8.78%
Relationship with Contracting Officer	10	6.76%
Understanding the RFP	6	4.05%
Staffing Strategy	5	3.38%
Technical Writing	4	2.70%
Networking	4	2.70%
Small Bidder Pool	4	2.70%
Relationship with PTAC	3	2.03%
Unable to get Appropriate Bonding	2	1.35%
Business Development Effort	2	1.35%
Communication with Government	2	1.35%
Access to Government Facilities	2	1.35%
Marketing Strategy	2	1.35%
8(a) Company Insourcing	2	1.35%
Project Management Skills	2	1.35%
Government Insourcing	1	0.68%
Grand Total	148	100%

Note. Reflects the number of times an associated contextual code was assigned to the critical incident data and the percentage of the occurrence.

The participant responses were aligned with defined practice categories (Table 5)

Table 5

Practice Category Definition

Practice Category	Description
Relationships	8aC has established relationships with the Sub Contractors, Teaming Partners, Contracting Officers, Customers, and PTACs in various ways that affect the bidding outcome.
Technical Expertise	The 8aC has skills or experience that can show the government that the same or similar work that the 8aC has successfully completed affects the bidding outcome.
Proposal Preparation	The 8aC understands the requirements of the RFP and uses technical writing skills to prepare a high-quality proposal, including a technical description of work to be completed, pricing, staffing strategy, and the presentation that affects the bidding outcome.
Pricing	The 8aC can adequately price a bid that affects the bidding outcome.
Marketing and Business Development	The 8aC uses Networking through attending events, conferences, having association memberships, or other social networking channels, and undertakes marketing activities to promote the selling of a product or service that affects the bidding outcome.
Limit Competition	The 8aC makes use of set-asides and sole source contracting benefits or other potential contracting programs that create a smaller bidding pool that affects the bidding outcome.
Resourcing	The 8aC has created internal capabilities for tasks that are usually outsourced to subcontractors that may reduce costs that affect the bidding outcome.
Communication	The 8aC has an open line of communication between all parties, allowing questions to be answered, influencing the bidding outcome

Next, codes were aggregated into categories. Table 6 reflects the frequencies of the associated contextual codes applied to the critical incident data and the percentage of practice category occurrence. The practice categories with the highest frequencies emerged as relationships, pricing, proposal preparation, and technical expertise, comprising 85% of the total code frequencies. The data were aggregated into categories by codes and analyzed for frequencies.

Table 6

Associated Contextual Code Frequencies by Practice Category

Practice Category/Associated Contextual Code	Frequency	Percent-age
Relationships	46	31.08%
Relationship with Sub Contractors or Teaming Partners	20	13.51%
Relationship with Customer	13	8.78%
Relationship with Contracting Officer	10	6.76%
Relationship with PTAC	3	2.03%
Pricing	31	20.95%
Assessing Costing for Bid	31	20.95%
Proposal Preparation	29	19.59%
Proposal Quality	14	9.46%
Understanding the RFP	6	4.05%
Staffing Strategy	5	3.38%
Technical Writing	4	2.70%
Technical Expertise	21	14.19%
Past Performance	19	12.84%
Project Management Skills	2	1.35%
Marketing and Business Development	10	6.76%
Networking	4	2.70%
Marketing Strategy	2	1.35%
Access to Government Facilities	2	1.35%
Business Development Effort	2	1.35%
Resourcing	5	3.38%
8(a) Company Insourcing	2	1.35%
Unable to get Appropriate Bonding	2	1.35%
Government Insourcing	1	0.68%
Limit Competition	4	2.70%
Small Bidder Pool	4	2.70%
Communication	2	1.35%
Communication with Government	2	1.35%
Total	148	100.00%

The categories were then distributed and associated with the successful and unsuccessful outcomes (see Table 7).

Table 7

Practice Category Frequencies by Outcome

Outcome/ Practice Category	Frequency	Percentage
Successful	92	62.16%
Relationships	28	18.92%
Technical Expertise	20	13.51%
Proposal Preparation	17	11.49%
Pricing	12	8.11%
Marketing and Business Development	8	5.41%
Limit Competition	4	2.70%
Resourcing	2	1.35%
Communication	1	0.68%
Unsuccessful	56	37.84%
Pricing	19	12.84%
Relationships	18	12.16%
Proposal Preparation	12	8.11%
Resourcing	3	2.03%
Marketing and Business Development	2	1.35%
Technical Expertise	1	0.68%
Communication	1	0.68%
Total	148	100.00%

Note. Reflects the frequency of a practice category by category for assignment to critical incident data and the percentage of the occurrence.

Relationships (31%), pricing (21%), and proposal preparation (20%) topped the practices that emerged from both the successful and unsuccessful outcomes (see Table 8).

Table 8

Practice Category Frequencies and Counts

Practice Category	Successful Frequency	Successful Percentage	Unsuccessful Frequency	Unsuccessful Percentage
Relationships	28	18.92%	18	12.16%
Pricing	12	8.11%	19	12.84%
Proposal Preparation	17	11.49%	12	8.11%
Technical Expertise	20	13.51%	1	0.68%
Marketing & Business Dev	8	5.41%	2	1.35%
Resourcing	2	1.35%	3	2.03%
Limit Competition	4	2.70%	0	0.00%
Communication	1	0.68%	1	0.68%
Total	92	62.16%	56	37.84%

Findings from the Critical Incidents Data

When participants recollected a critical incident, this lent credence to how the event contributed to the success or failure of the bid. The following data provides both participant (P) comments as well as indication when those involved a critical incident (CI). A critical incident was defined as a bidding outcome, either successful or unsuccessful. From these data points, the practice categories emerged from the discussions with the participants and supported the final taxonomy from the research (Johnston, 2021).

Building Relationships

The literature noted that relationship building with subcontractors was critical to the success of the bidding process and the results of the study affirmed this. In CI-25, P3 won the contract after competing against five other contractors; P3 thought their win was due to their relationship with…"a great group of subcontractors, and we typically will team up with the right subcontractor." However, the literature did not mention relationships with customers, contract officers, or Procurement Technical Assistant Centers (PTACs). The study results did find these were pivotal relationships.

In CI-60, P9 indicated that the other relationships with the contracting officer and the customer had a positive impact on bidding outcomes and stated that:

The more you get into talk and see the contracting officer, the government program managers, the site leads and get to learn their requirements and then brief your company's capabilities and meeting the requirements, the more comfortable they are at maybe awarding you that contract, knowing that you know you're proven that you can meet those requirements.

In CI-43, P6 indicated that the onset of COVID-19 has placed a hardship on 8aCs building these relationships and stated that:

Just individual jobs they do that around here also the same people will bid a job, just at costs below just to get on the base so they can get access to the contracting officers...A lot, and of course this is pre-COVID but pre-911 we could go talk to the contractor officer anytime we wanted. Then it started tightening up a little bit on the bases, and it wasn't as open and now you can't get to them at all because they're all working from home. That's your end to get these jobs to get in with the contracting officer. Especially 8(a)'s, sole source.

In CI-65, P10 bid on an IDIQ contract and had a successful bidding outcome. P10 expressed the importance of an 8aC's relationship with the customer, saying:

Certainly, was based on our relationships. We had been working in [the area] doing [specialized] work along with bunch of other work for [other customers], and the new [customer's employee] came in…we got the contract because one of our clients in [the overseas location] had moved...looked around and

said wait a second, I need some help here you guys did...I need you...redo it here and we got a direct award...sometimes there's relationships with the customer and that works, really, really well.

Pricing

While pricing was not part of the literature review findings, the study results showed that strategic pricing was critical toward winning awards. In CI-47, P7 bid on the contract that required a long proposal with four parts and did not win the bid. P7 stated,

We are always skeptical on the price, and we always need help on that, and I think everybody do[sic] need help, because you don't know what the other people bidding, they might be bidding almost 50% lower than you.

In CI-29, P4 bid on a contract with subcontractors they knew well, and the subcontractor gave them a good price. This helped them to bid more competitively. P4 recounted,

Having the price advantage of people who were willing to, you know, really be thoughtful, put a good price to it on every single trade involved, and then we self-performed the [type of work], which was a small percent that really gave us competitive edge. We won that by about 20% and we still made overhead and profit we expected, so no misses.

CI-54 combined pricing with relationships: P9 bid on the opportunity with a mentor in the formal relationship under the Mentor-Protégé program. P9 was the prime, and the mentor was the subcontractor. P9 relied on the subcontractor's knowledge of the business and came in with a high price. P9 stated,

So, we relied on one of their individuals to have knowledge about [the customer], the requirements, as well as what it would take to hire qualified people. Which, as you know, informs our pricing. So again, we relied heavily on their corporate knowledge about [the customer] and what would it take to price it correctly, and unfortunately, we were high, so we're high on price which led us to not get the award.

Relying on the pricing of others without direct understanding can lead to a failed bidding attempt. In CI-37, P4's bid required using a specialized subcontractor. P4's subcontractor's high price inflated the overall bid. Due to lack of a previous relationship, P4 decided to overlap the work of the subcontractor to provide comfort. However, this duplication increase the costs and they lost the bid. P4 shared that

This one was another situation…where there's a lot of subcontractors, a lot of things were missed by the lowest bids from our subs…the [specific sub-contractor] bid with assumptions that may have been wrong and those assumptions brought the price up to keep them safe, as opposed to…going after exactly how it was written and…assuming that the government would be forgiving.

Proposal Presentation

The literature review explained that understanding the proposal and bidding process is a significant barrier

to 8aC success. This study validated this explanation and the barrier's significance and provided context through the use of the critical incidents reflected by the participants. Small business owners must understand the federal rules and regulations that favor their government experience over others in the same industry (Josephson et al., 2019). In CI-47, P7 lost a bid and stated:

The SBA small business folks...that teach us how to approach it...we didn't get more training on approaching these types of large contracts that we're bidding on…do you fit, how do you fit in this contract…is the company capital ready to handle this type of contract…you know you're trying to fit in, let's say that you know, because you're a small company.

In CI-49, P8 won a bid with competition from two companies for a Basic Ordering Agreement, stating,

I don't really feel like a whole lot put me above another contractor, other than already kind of knowing the system on how to do proposals. And knowing what the [customer] is looking for.

P8 felt that knowing how to put together a high-quality proposal was the tipping point.

In CI-57, P9 shared that they lost a bid despite knowing the work and the price line; a late cost submission by their partner contributed to a high price and negative outcome. P9 was the subcontractor to a primary that prepared an inadequate proposal, lacked a staffing strategy, and had inadequate technical writing skills. P9 stated:

It was right up our wheelhouse, and you know as a pretty good contract and when it came up for recompete, it…happened to be oasis contract vehicle which my company did not have...I did know a few other businesses that had the oasis contract, approached them to be the prime and we would be their subcontractor knowing that...we knew the work, we had all the people lined up for the positions, we knew how to bid the customer...relied heavily on this new prime to put together good proposal.

Past Performance and Technical Experience

A contractor's technical experience and past performance on contracts are known requirements to successfully bid on contracts. Past performances are stored in the Contractor Performance Assessment Reporting System (CPARS), indicating the level to which bidders have professionally conducted contract management, maintained proper business relationships, and conducted appropriate oversight of subcontracting efforts with smaller businesses (Manuel, 2015). Cox et al. (2014), McCuin (2017), and Orazem et al. (2017) noted the importance of past performance and technical expertise, and this study confirmed these previous findings.

In CI-54, P9, as prime contractor, used the mentor program to bid (unsuccessfully) on an opportunity with a subcontractor mentor. P9 relied on the subcontractor's knowledge due to P9's lack of past performance and technical experience.

We relied on one of their individuals to have knowledge about [the customer], the requirements, as well

as what it would take to hire qualified people (P9).

Because P9 did not have the past performance with the work for the customer, the 8aC had to rely too heavily on the mentor and came in with a price that was too high. P9 associated the unsuccessful outcome with past performance and technical expertise inexperience.

In CI-65, P10's past experiences led to a successful bid on an IDIQ contract:

[Our] team had really pulled together kind of here's what we've done for [the customer] here's what we've done, also for [another customer]…We could give them a solution that made sense, and we already had essentially a product that we could adapt to what they needed, and so that was…the ability to do that.

In CI-24, a successful bid on a design-build project stemmed from past experiences and technical expertise:

We've also had our project managers [who] have had experience working at the [customer location] for over 20 years…So, we were able to…check all those boxes (P3).

P3 referred to their previous technical experiences in later comments.

P1 reminded that past experiences only happen if you start bidding to learn.

Because I had invested time and research, I'm going to bid. Sometimes you got a bid, so you learn.

P3 agreed that the smaller contracts make sense to start with, for practice and learning:

Yes, yes, because when you look at the data, it's kind of like if you put a hockey stick sideways, you know your [years] 1-2-3-4-5 is very flat, and then it starts going up and hopefully year seven, eight, or years eight through ten it peaks a little bit higher.

Some other tips towards past performance include debriefing. P3 indicated:

A lot of times if I lose a bid, we asked for the debrief. Right, you always ask for a debrief.

Marketing, Business Development, Resourcing, and Communication

Building relationships is a strategic practice, although the marketing, business development, resourcing, and communication aspects of this were not discussed by either Bradt (2020) or Wagner (2019). Lacking these strategies led to failed bids, according to the critical incidents reflected by the participants of this study (Table 9).

Table 9

Marketing and Business Development, Resourcing, Limited Competition and Communication

CI	P#	Type	Comment
14	1	M&BD	You got to have some connections at these military bases.
60	9	M&BD	So one, you're very interested in the requirement, two, your briefing your company's capabilities, so you can perform…when they see your proposal come across their desk it's not just another proposal. This guy came in to see me, you know I remember them, and then they read your proposal, and then perhaps it gives you just that little bit of a leg up.
68	10	M&BD	We did have a relationship in that office, it was someone who I had worked with in the White House...and she had reached out to us and said hey, I'm standing up this office. I'm really struggling…I need someone, so we talked to her.
81	11	R	We went through the whole process and we lost it…but they were requiring some bonding and we couldn't fulfill that…I won, but I didn't get it. and We have the experience, we have all the manpower, we have everything in place to do the work, we price it, we get best price, but it was a problem which is one of the…bonding, it doesn't make sense, why the SBA does with bonding for the 8(a)'s. They're supposed to be something to help...it's not realistic for a small business to have $10 million in bonding…probably one of the biggest obstacles that we have in the program…we were probably the lower the price, but I didn't provide the bond.
28	4	R	The strategy of our company is finding jobs where the scope of work includes a lot of [type of work] because that is a heavy cost that not a lot of general contractors can do themselves. So, we have a unique advantage in that field that one was entirely because we insourced the [type of work] aspect.
12	1	R	They wanted us to stand up a contract…we built the program, we hired for the program, we structured the program, we built the entire program and then in year seven they insourced it...you can't control what the government wants to do it says that in your contract.
32	4	LC	

49	8	LC	The [customer] they've given us multi awards. So, we're in there with a smaller bidder pool, and those are successful getting task orders for us because…our strategy, it's just getting a smaller bidder pool…and that's kind of why we're going to be successful, getting out of 8(a) program, because of that past experience.
55	9	C	Every year there's someone else entering and…leaving the BOA...Every year it either stays the same or someone's leaving, and someone's coming in, but it's still limited group of contractors.
			My business partner is really our pricing guru, so we did a lot of research, this time not just leaning on them put together a great technical, very competitive price based on our research, submitted it and then unfortunately, when I check back with the contracting officer for some reason, they did not ultimately receive our proposal...it was it was entirely devastating

Note. M&BD = marketing and business development; R = resources; LC = limited competition; C = communication.

Summary of Findings

To create a taxonomy of practices, a critical incidents technique was used with 11 8aC principals recollected ideas and thoughts surrounding lost and won bid awards in the federal contracting system. The Johnston (2021) taxonomy was supported by relevant data from the study. The overarching findings of the study provided that creating relationships with other vendors, subcontractors, contracting officers, PTAC, and customers, having or finding technical expertise to create the proposals or relying on the PTAC assistance provided by the SBA program, creating well documented and accurate proposals, having appropriate resources in place to support the proposal, including a valid staffing strategy, using networking and business development to market the organization appropriately in order to meet required BATs and past performance requirements, take advantage of the small bidder pools in the early phases of the program to understand and overcome competition in later phases, and pricing appropriately to ensure that enough funding from winning the contract is earned to keep the organization running but not overbidding and losing the contracts.

The final and full strategic framework from the findings is found in the Appendix, which highlights the previously known ideas which were confirmed by this study, originally provided in Figure 1, combined with the new findings from this project. New findings included that participating on teams as a prime, sub, mentor-protégé, and joint venture member were all important and that developing relationships with contracting officers, customers and PTACS were critical incidents to successfully negotiating the middle phase of the program. Further, the final debriefing meeting request was an essential practice that the participants stated was used for both successful and unsuccessful bids in order to learn more about what

they did (or could have done) to win the bid.

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