Teaming Arrangements

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Objectives

- Provide basic information on:
  - WHAT is a contractor teaming arrangement
  - WHY teaming arrangements may be beneficial
  - HOW to use teaming arrangements consistent with SBA's small business contracting programs

Definition of Teaming Arrangement Under FAR 9.601(a)

- Companies form a partnership or joint venture to serve as a potential prime contractor
- A potential prime contractor agrees to have one or more companies act as its subcontractor

Advantages of Teaming Relationships

- Mitigate the effects of contract bundling
- Leverage capabilities and capital
- Share or reduce risks
- Obtain experience in new markets or industries
- Receive credit for subcontracting with various categories of small businesses

Major Categories of Teaming Relationships

- Traditional prime/subcontractor arrangement
- Joint ventures

Joint Ventures

- Distinguishing characteristics include:
  - Co-management
  - Sharing of profits and losses
  - Limited duration

Advantages of Joint Ventures

- Enables companies lacking capacity or diversity to compete for large contracts
- Each party may have voice in management
- Each party shares in profits
- The parties have privity of contract with the government

Basic Requirements

- Limitation on duration of joint venture
- Joint ventures must comply with applicable size standards to participate in SBA's small business preference programs

Limitations on Duration of Joint Venture Relationship

- Joint ventures cannot be an ongoing permanent arrangement
- SBA promulgated new regulations allowing the same joint venture to compete for up to 3 specific or limited purpose contracts over a 2-year period

Size Standard Requirement

- The general rule is that joint venture members are deemed affiliated for SBA size rules

- SBA promulgated regulations providing an exception to this rule for large and/or bundled contracts

Joint Ventures for 8(a) Contracts

- At least one member must be an 8(a) participant
- Generally all members must qualify as small for the procurement
- SBA must approve the joint venture agreement
- The 8(a) firm must manage the joint venture
- An employee of the 8(a) firm must be the project manager
- The 8(a) firm must receive at least 51% of profits

Joint Ventures for HUBZone Contracts

- All members must be certified HUBZone firms

- All members must qualify as small unless the contract meets the size requirements discussed above

Joint Ventures for Service-Disabled Veteran-Owned Small Business (SDVOSB) Contracts

- At least one member must be a SDVOSB
- All members must qualify as small for the procurement
- Must operate under a joint venture agreement that includes specific terms

Points to Remember

- The specific goals and objectives of the business relationship influence the type of teaming arrangement that is most advantageous to your firm
- Teaming arrangements may affect small business size status under SBA's rules of affiliation
- Teaming arrangements are business relationships with resulting legal implications

Relevant SBA Websites

- SBA – www.sba.gov
- HUBZone – www.sba.gov/hubzone
- SDB – www.sba.gov/sdb
- 8(a) – www.sba.gov/8abd
- SBA Offices of Government Contracting – www.sba.gov/GC/indexcontacts.html
- Women: www.womenbiz.gov