

FYI For Your Information

December 2002

Michigan Small Business Development Center Takes Technology to the Next Level

Jill A. Wallace, MI-Small Business Development Center

The Michigan Small Business Development Center (MI-SBDC) network provides a full range of services for a variety of small businesses that are emerging and growing throughout Michigan — new venture companies, existing small businesses, expanding businesses, new technology companies, and innovators.

As Michigan continues its statewide technological advancements, the MI-SBDC has added four Technology Business Resource Consultants (TBRCs) to its list of services.

The TBRCs serve as catalysts for the growth of Michigan's small, high tech, innovative, and fast growing companies, building upon a strong foundation of assistance by traditional SBDC consultants.

TBRCs work with fewer clients than the general MI-SBDC business consultants and provide proactive facilitation, strategic planning for business development, assistance with intellectual property issues and help in accessing alternative financing.

In contrast, MI-SBDC general business consultants work with a wider variety of companies providing more typical business development assistance such as business plan writing, cash-flow projections, and marketing and human resource consulting.

Many of the general business consultants have areas of expertise that the technology consultants can use when assisting technology innovators. The MI-SBDC general business consultants also help technology consultants identify innovators and small businesses that may be Small Business Innovative Research (SBIR) eligible.

All TBRCs hold a master's of business administration degree or equivalent; have five or more years of business experience; and two or more years experience in a technology-related field. Their expertise reflects Michigan's technology initiatives and needs in four functional areas: advanced manufacturing, bio-medicine/life sciences, energy, and information technology.

The consultants work in a virtual office environment serving all of Michigan's 83 counties. Physical offices are located in West Michigan at Grand Valley State University's Seidman School of Business; in Southeast Michigan at Eastern Michigan University's College of Business; in East Michigan at Oakland University's School of Business Administration; and in Boyne City at Northern Lakes Economic Alliance.

<http://www.mi-sbdc.org>

Vision to Reality

This two-hour seminar, held at the Livonia Chamber of Commerce, is designed for persons interested in learning a practical step-by-step process for starting a new business. The session will provide participants with a network and resource to use when questions arise.

January 15, 2003	9:30 am – Noon
January 29, 2003	6:00 pm – 8:30 pm
February 12, 2003	9:30 am – Noon
February 26, 2003	6:00 pm – 8:30 pm
March 12, 2003	9:30 am – Noon
March 26, 2003	6:00 pm – 8:30 pm

\$20 per person

Please call 734-462-4438 to register.



**Schoolcraft
College**

**Business
Development
Center**

18600 Haggerty Road
Livonia, MI 48152

Phone:
734-462-4438

Fax:
734-462-4439

Email:
inforeq@schoolcraft.cc.mi.us

Integration of PRO-Net and CCR Databases

The Small Business Administration (SBA) is taking a big step to simplify the way small firms do business with the Federal government by changing how the Procurement Marketing and Access Network (PRO-Net) database operates. SBA has partnered with the U.S. Department of Defense's Defense eBusiness Program Office to integrate PRO-Net and the Central Contractor Registration (CCR) system by October 31, 2002.

Important notes

- The process is being streamlined so firms can automatically register in PRO-Net (<http://www.pro-net.sba.gov>) and CCR (<http://www.ccr.gov>) at the same time.
- Firms already registered in PRO-Net must check their record and be sure it contains a valid DUNS number. If a firm does not have a DUNS number, it should contact Dun & Bradstreet, Inc., at 800-333-0505 to obtain the free nine-digit identification number.
- Firms currently registered in the CCR should make all future PRO-Net and CCR profile updates via their CCR record.
- If the firm is not registered in CCR, it should visit the CCR website at <http://www.ccr.gov> and register immediately.

For additional questions regarding CCR or PRO-Net, please contact the BDC at 734-462-4438.

Government Contracting Seminar

January 9, February 6, or March 6, 2003
9:00 a.m. – 12:30 p.m.
\$35/person

Did you know that the Federal Government purchases more than \$200 billion dollars of goods and services every year? Find out what it takes to successfully sell your goods and services to the Federal Government and the State of Michigan. In addition, learn about the services and resources the Business Development Center has available to help your company with the contracting process.

Registration Assistance

January 16, February 13, or March 13, 2003
8:30 a.m. – 11:30 a.m.
\$15/person

Business Development Center clients looking for assistance completing their Central Contractor Registration (CCR), SBA's Procurement Marketing and Access Network (Pro-NET) or any other online registration are invited to the BDC's open lab. Counselors will be available to help clients understand and complete their registrations, using the BDC's computer lab.

RESERVATION REQUIRED

For more information on any of these seminars, contact the Business Development Center at 734-462-4438.

The Small Business vs. Contract "Bundling"

George W. Ash, Dykema Gossett PLLC

Two recent events suggest the trend toward bundling has not only slowed, it may even be in retreat. The first is the release of a report by the Small Business Administration Office of Advocacy (OA). The second is a bid protest decision issued by GAO (TRS Research, B-290644, September 13, 2002).

What is bundling? Under the Small Business Act, bundling is defined as, "consolidating two or more procurement requirements for goods or services previously provided or performed under separate small contracts...into a solicitation of offers for a single contract that is likely to be unsuitable for award to a small business concern..." As more and more goods or services get bundled, it tends to eliminate small businesses that perform some, but not all of the requested tasks.

How big of a problem is it? According to the OA, both the number of bundled contracts and the amount of bundled contract dollars were the highest in 10 years, up nearly 20 percent in the past 10 years.

Bundled contracts account for 16.4 percent of the 177,000 federal agency prime contracts, and a whopping 51 percent of all reported prime contract spending. While agencies awarded 105,000 out of the 177,000 prime contracts to small businesses, or 59.3 percent, small businesses received only 52.7 percent of the bundled contracts, representing only 16.7 percent of the bundled contract dollars.

According to the OA, contract bundling costs the small business sector nearly \$13 billion per year, with a decrease of 60 individual awards to small businesses for every 100 bundled contracts. Of the top 100 contractors receiving bundled contracts, only four are officially classified as small business.

Bundling is centered in the Department of Defense, which accounts for 65.6 percent of all bundled contracts over the past 10 years and 80.8 percent of all bundled contract dollars. Stated another way, 10 percent of all defense contracts and 55 percent of all defense dollars over the past 10 years were bundled.

It is against that backdrop that GAO considered the protest of TRS Research. TRS was protesting the award of a bundled contract for intermodel container equipment, and corresponding development and maintenance of a Web-based information management system. The solicitation was issued by the Army Military Traffic Management Command on an unrestricted basis, because it stated it had no expectation that two or more small businesses existed that could meet the requirements.

However, three of the nine vendors under the prior Indefinite Delivery/Indefinite Quality master lease agreements, which the bundled contract was replacing, were small businesses.

TRS contended the award violated the “unjustified bundling” restriction of the Small Business Act, while the Army argued that awarding a single contract to one contractor will “cure performance problems,” and was just a single broad procurement, not bundling.

In sustaining the protest, GAO stated it would not define “procurement requirement” as broadly as the Army, and in fact stated to do so would effectively defeat the Small Business Act restriction. The Army had also failed to coordinate its solicitation with the local SBA office.

In August GAO sustained another protest of a bundled contract issued by the Army concerning combining latrine services and fixed site waste removal (Vantex Services Corp. B-290415, August 8, 2002). GAO currently appears to be sympathetic to a small business challenges against procurement bundling.

Bundling has had a significant negative impact on small business. The good news is Congress is aware of it and openly expressing its concern, while GAO is taking a harder look at protests against bundled awards.

George W. Ash is a member of the law firm of Dykema Gossett PLLC in Detroit, where he specializes exclusively in government procurement issues. He may be reached at 313-568-6797.

Note: This update provides information of general interest presented in summary form, and does not constitute individual legal advice.

The Star Loan Program



The Defense Appropriations Act, signed by President George Bush on January 10, 2002, reduces the on-going fee charged to the lender on new 7(a) loans made to small businesses that were “adversely affected” by the September 11, 2001, terrorist attacks and their aftermath. Please refer to SBA Procedural Notices 5000-765 and 5000-769 for details on eligibility.

<http://www.sba.gov/news/star.html>

International Compliance: Friend or Foe?

Jeff Meyer, Van Andel Global Trade Center at Grand Valley State University - Grand Rapids

As an international manager, do you have concerns about your international exposure? Are you compliant throughout and across your organization? Have you ever received that call at the end of the day from overseas telling you that something terrible has happened and your products have been seized?

International trade compliance is perhaps the least appealing function of international business. It involves a myriad of details, changing rules, and exponential difficulty across large numbers of countries. In general, it is not seen as adding value, generating revenue, or making our lives easier. In the end, the way in which we look at compliance will determine whether it is our friend or enemy. Compliance should not be feared, it should be managed.

Compliance as a FOE

If you are involved in international trade of some type, international compliance is in your vocabulary. The more complex your business and products, the more complex your compliance issues become. The large number of details inherently means you must dedicate human resources to the issue. The potential damages demand that upper management devotes a portion of its time to this cause. International trade compliance can be your enemy if you look at it in these terms.

Labor turnover can be the worst enemy of compliance, especially if there are no documented procedures and policies for a compliance program. Once the compliance expert leaves, the methods and procedures of the company also leave, and the historical information cannot be retrieved.

One important point to remember is that compliance is not a person it is a function. Do not rely on any one individual to take care of your compliance issues in the absence of a program, process, and policies. While compliance champions are important, they eventually move on.

Lack of information dissemination is one of the key reasons compliance can be your company's foe. Compliance requires that information flow to and from many areas of the company to be successful. If information does not flow properly, or does not flow

at all, confusion is created and compliance problems appear.

The lack of a process or the presence of a flawed process can be the biggest obstacle to international compliance. Compliance is an afterthought for many companies that have expanded quickly into international markets. Many consider its existence a hindrance to international expansion. If compliance programs can be implemented in the initial stages of international growth, time and money can be saved as sales are realized.

Without the proper compliance program, all of these issues can ring true. Furthermore, the consequences of a failed program will ring loudly. Fines, penalties, and seizures can range from creating a little glitch to destroying all international activity. Customs agencies are focusing more and more on compliance issues within companies. More importantly, these issues can cause a loss of momentum in market penetration, as you suddenly divert resources to manage the problem.

The time it takes to solve the smallest compliance issue can pay for three compliance managers in your company. More than anything, problems with compliance can affect and detract from other business that you are trying to generate. Because compliance issues affect everyone up and down the chain, they can irreparably harm a good customer or supplier relationship.

Compliance as a FRIEND

Compliance can be your friend if you put it in the proper perspective and have the right mindset. Good company compliance practices can set you apart from other companies. Poor compliance can affect your customers and your suppliers adversely. A sound compliance record can make your company more attractive.

In the medium and long term, compliance programs reduce cost by limiting the number of individuals dealing with compliance and avoiding penalties for wrong doing. Most companies that have had any major compliance infractions will tell you it is better to establish your program and processes now rather than wait until problems occur. The excuse, "I didn't know about that," will certainly not work in the case of an audit.

Continued on Page 6

Upcoming Seminars and Events

TEAM SBA Financing Roundtable

December 5, 2002 OR March 6, 2003
9:00 am – 11:00 am
No charge

If you are starting or expanding a business and need financing, plan to attend a TEAM SBA Financing Roundtable. You will meet with bankers, SBA loan officers, and small business consultants to discuss your financing needs. The roundtables are limited to a small number of business owners, and you must register to attend. Please call the SBA at 313-226-6075 to register.

Certified: Woman Business Enterprise

December 18, 2002 OR April 18, 2003
9:00 am – 11:00 am
\$25 per person

The Michigan Women's Business Council invites women business owners to an orientation session to learn what it means to be certified as a Woman Business Enterprise. If you have a product or service that you would like to market to American corporations, here is your chance to explore certification. The Michigan Women's Business Council is a program of the Center for Empowerment and Economic Development (CEED), an SBA Women's Business Center. Please call the Michigan Women's Business Council at 734-677-1444 to register.

SBA Microloan Orientation

February 23, 2003
9:00 am – 11:00 am
No charge

If you have had difficulty obtaining a bank loan, or you need a small amount of money, a microloan may be the solution. Microloans are available from the Center for Empowerment & Economic Development (CEED), a non-profit intermediary and an SBA approved intermediary. CEED encourages you to attend an orientation before applying for a microloan. Microloans are available for businesses located in Washtenaw,

Livingston, Oakland, Macomb and Wayne counties, except Detroit. Please call the SBA at 313-226-6075 to register.

The Pros on Proposal Writing

February 11, 2003
9:00 am – Noon
\$15 for NCMA members and
\$35 for non-members

Contracting officials responsible for various commodities at Tank-automotive Command - Warren will discuss the key elements in writing a successful proposal. There will be a panel discussion and Q&A session. Topics include: spare and repair parts procurements; R&D and systems procurement; best value and low price contracting methods; cost and pricing information; and electronic proposal submission procedures. The seminar is sponsored by the Schoolcraft College Procurement Technical Assistance Center and the National Contract Management Association.

Government Contracting Networking Event

Many companies have expressed an interest in getting together with other small businesses for a chance to talk "procurement shop." If you are interested in the Schoolcraft College PTAC sponsoring a coffee and conversation program, please contact our office at 734-462-4438. Mention "Coffee and Conversation" and your preference for a 7:30 am – 9:00 am event or a 5:30 pm – 7:00 pm event. Thank you for your interest.

RESERVATIONS REQUIRED for all seminars!

Please register at least one week before the event – seating is limited! For more information on any of these seminars, contact the Business Development Center at 734-462-4438.

Continued from Page 4

Basic Steps to International Compliance:

- Identify all potential risk factors
- Establish company-wide policies, procedures, and guidelines
- Establish a compliance program that includes training, information dissemination, and documentation
- Use all service providers for support, assistance, and input
- Perform a self-audit on all international trade compliance related issues.

If you address compliance issues within your company now, you can prevent a lot of extra cost, time, and loss of credibility later. If compliance has not been a major focus for your company, first be thankful you have not been affected, and then establish a compliance program immediately. Just because you currently do not have a red flag, doesn't mean it isn't there. It just means you haven't seen it.

The Van Andel Global Trade Center is dedicated to increasing international business in the State of Michigan. If you have any questions or comments regarding this article please contact the VAGTC at 616-771-6811.

Obtaining Specifications and Technical Data

The Business Development Center is happy to announce that we now have access to AIA/NAS documents. Our library of specifications and standards now includes: military specifications/standards/drawings; SAE standards; ASTM standards; and AIA/NAS standards. For information on the availability of a document, please contact the BDC. All documents are \$1 per page.

In addition to specifications and standards, we also have access to procurement and technical data on products the government buys. To request a report, please fax, phone, or email the National Stock Number (NSN) or part number to us and we will send you a report within 24 hours.

Phone: 734-462-4438

fax: 734-462-4439

email: inforeq@schoolcraft.cc.mi.us



Schoolcraft College

Business Development Center

18600 Haggerty Road

Livonia, MI 48152-2696

BOARD OF TRUSTEES

Carol M. Strom Chairperson
Mary Breen Vice Chairperson
Brian D. Broderick Secretary
Richard J. DeVries Treasurer
Kevin McNamara Trustee
Gregory J. Stempien Trustee
Patricia Watson Trustee
Conway A. Jeffress, President