



# Teaming Arrangements

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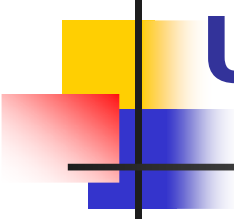
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# Objectives

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- 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)

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- 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

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- 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

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- Traditional prime/subcontractor arrangement
- Joint ventures



# Joint Ventures

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



# Advantages of Joint Ventures

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- 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

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- 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

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- 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

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- 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

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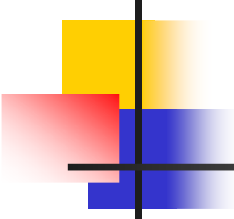
- At least one member must be an 8(a) participant
- Generally all members must qualify as small for the procurement
- SBA must approve the joint venture agreement
- The 8(a) firm must manage the joint venture
- An employee of the 8(a) firm must be the project manager
- The 8(a) firm must receive at least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



# Joint Ventures for HUBZone Contracts

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- 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

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- 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

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- 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

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