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# THESIS

BARRIERS FACED BY MINORITY  
BUSINESSES IN OBTAINING  
GOVERNMENT CONTRACTS

by

Sandra Lee Wright

December 1988

Thesis Advisor: David V. Lamm

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**Barriers Faced by Minority Businesses in  
Obtaining Government Contracts**

by

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Submitted in partial fulfillment of the  
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**ABSTRACT**

This thesis examines specific commodity areas lacking minority business participation; namely, Federal Supply Classes (FSC) 3100 (Bearings), 4700 (Pipe Tubing, Hose and Fittings), and 4800 (Valves). This research examines why these areas lack minority business participation. The focus is on factors keeping minority businesses out of these commodities and what can be done to encourage firms to obtain Government contracts in these areas.

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## I. INTRODUCTION

### A. OVERVIEW

Passage of Public Law (PL) 99-661 titled "Contract Goal for Minorities", accentuates the Federal Government's interest in seeing contracts placed with minority businesses. The effectiveness of the law appears suspect since, in certain areas, minority businesses simply are not participating. There is a need to analyze why minority firms are not actively seeking contracts in specific commodities under this law. Exactly what is keeping them out of Government contracts? Section 1207 of PL 99-661, establishes a goal for the Department of Defense (DOD) to award five percent of the total dollar value of DOD contracts to small disadvantaged businesses in Fiscal Years 1987, 1988, and 1989. This program places DOD contracts directly with small disadvantaged businesses, rather than subcontracting through the Small Business Administration (SBA) under the section 8(a) of the Small Business Act.

Under SBA's Section 8(a) program, any amount of the contract price exceeding the estimated fair market price is eligible for funding by SBA as a business development expense. In contrast, PL 99-661 stipulates that any excess of the contract price over the fair market price is paid by DOD. A limit of 10% over the fair market price has been set as payable to contractors under this Section.

Section 1207 implements a new rule requiring contracting officers to reserve acquisitions exclusively for competition among small disadvantaged businesses and other minority institutions. Contracting officers must determine that:

1. Offers can be expected from at least two responsible small disadvantaged offerors.
2. The contract price will not exceed the fair market price by more than 10%.
3. Scientific and/or technological talent consistent with the demands of the acquisition will be obtained [Ref. 1].

DOD is not attaining the five percent goal. During the first 11 months of FY 1987, DOD awarded only 2.3% of its contract dollars to small disadvantaged businesses [Ref. 2:p. 179].

This thesis examines specific commodity areas lacking minority business participation; namely, Federal Supply Classes (FSC) 3100 (Bearings), 4700 (Pipe Tubing, Hose and Fittings), and 4800 (Valves). This research examines why these areas lack minority business participation. The focus is on factors keeping minority businesses out of these commodities and what can be done to encourage firms to obtain Government contracts in these areas.

#### **B. SCOPE OF THE EFFORT**

Of main importance in the development of this study was the examination of DOD buying records where commodity areas lacking minority business participation were identified. Valves, pipe fittings and hosings, and bearings were chosen

because they represent businesses operated by typically small machine shops. The areas selected all lack minority vendor participation, but do have high involvement among small businesses.

The researcher studied minority owned manufacturers and distributors listed in either the Small Business Administration's Procurement Automated Source System (PASS) or the Minority Business Development Agency (MBDA) PROFILE data base. Interviews were conducted with the primary buying agencies that procure valves, pipe fittings, hosing, and bearings. Along with buyer interviews, those individuals within the Government associated with small minority businesses, such as the MBDA, SBA, and the Small and Disadvantaged Business Utilization (SADBU) office were contacted. Finally, representatives from McDonnell-Douglas were contacted to determine how they are able to exceed the five percent goal for minority subcontracting at their division in Tulsa.

### C. RESEARCH QUESTIONS

In light of the issues presented above, the primary research question for this study was: What are the significant barriers preventing minority businesses from engaging in Federal Government contracts and what steps can be taken to assist these businesses to obtain Government contracts?

The subsidiary questions were as follows:

1. What are the commodity groups which experience little or no minority business participation?
2. What are the principal reasons minority businesses fail to participate in these commodity areas?
3. What actions can the Federal Government take to increase minority business participation in these selected commodity classes?
4. To what extent is the SBA Section 8(a) program effective in attaining the five percent goal?

#### D. METHODOLOGY

Two distinct methodologies were employed during the course of this research to examine the questions put forth previously: 1. The 8(a) program was examined to determine what it has done to help minority firms. The possibility of using some of the 8(a) programs to apply to all minority firms will be explored. 2. Interviews were conducted with the owners of minority businesses and with the SADBUs representatives at Government buying offices to determine problems in identifying and awarding contracts to minority businesses. The types of questions asked during the various interviews of the owners of minority businesses are included in Appendix A, and the questions asked of the buying agencies are in Appendix B.

#### E. ASSUMPTIONS AND LIMITATIONS

The researcher interviewed nine minority companies. Several other companies either did not want to take the time

to be interviewed or were no longer in business. The researcher has assumed that companies interviewed are representative of other small businesses in the industry. It was noted that most companies listed in the various sources are distributors as opposed to manufactures.

#### F. ORGANIZATION OF STUDY

Chapter II is a historical review of the minority business and 8(a) program and contains a synopsis of the events leading to this particular study. Chapter III is a presentation of the data collected through various interviews, research, and readings. Chapter IV is an analysis of the data in Chapter III. Chapter V is a general synopsis of the effort, and the researcher's final conclusions and recommendations concerning the information gathered.

## II. BACKGROUND

### A. RESEARCH EFFORT RATIONALE

With the advent of Public Law 99-661, there is now greater pressure on the Government procurement process to place contracts with minority businesses. Several commodity areas lack small minority business participation. There is a need to analyze why minority firms are not actively seeking involvement with the DOD in these commodities.

The United States is the world's largest buyer of goods and services in the economy today. Congress intends for small businesses to be given an equal opportunity to provide a fair proportion of those goods and services; thus stimulating a robust economy [Ref. 3:p. 2].

The Federal Government uses its acquisition process to achieve social and economic goals. One national goal is to bring minority-owned businesses into the economic mainstream. Three socio-economic programs have been developed to assist minority businesses: the 8(a) minority business contracting program; the program for direct award of Government contracts to minority businesses, and the program for awarding subcontracts to minority businesses [Ref. 4:p. 1].

## B. HISTORY

Our country began with a primitive economy, in which no single firm or individual was dominant. In such an economy, the Government had few areas to control. As Adam Smith maintained in "Wealth of Nations", each individual was "led by an invisible hand," the profit motive, while promoting the public interest [Ref. 5:p. 1]. Initially, the Government followed a policy of non-intervention, viewing competition as the only regulator of the economy.

As the economy became more complex, and shifted from an agricultural to an industrial base, businesses grew in size and amassed large amounts of capital. By the 1880's, big businesses engaged in discriminatory pricing practices, exclusive buying and selling, and other practices eliminating competition [Ref. 5:p. 2]. At the same time, monopolistic railroads were imposing unacceptable burdens on the farmers. It became clear that Federal intervention was necessary to correct abuses. In 1887, the Interstate Commerce Act created the Interstate Commerce Commission. This legislation was followed by the Sherman Act of 1890. These acts marked the end of "laissez-faire" [Ref 5:p. 2].

The early legislative actions were regulatory in nature and designed to protect the public. By 1933, the trend shifted from regulatory actions to legislation designed to promote the general welfare and prosperity. This "new deal"

philosophy was expressed by President Franklin D. Roosevelt  
in an address on September 17, 1937:

In our generation, a new idea has come to dominate  
thought about Government- the idea that the resources of  
the Nation can be made to produce a far higher standard  
of living for the masses if only Government is  
intelligent and energetic in giving the right direction  
to economic life [Ref. 5:p. 2].

The policies and programs of the SBA began as far back as  
1942 when Congress established the Smaller War Plant  
Corporation and the Smaller Defense Plant Administration  
[Ref. 3:p. 3]. The laws established the Smaller War Plant  
Corporation and gave them authority to make loans to small  
businesses. These loans assisted small businesses in their  
endeavor to support the war effort and concurrently helped  
small businesses obtain subcontracts from large companies.  
Through the diligence of the Smaller War Plant Corporation,  
small businesses were given 58,385 prime Government contracts  
with a value of over \$5.7 billion and more than 52,000  
subcontracts valued at \$30.6 million [Ref. 3:p. 3]. The  
Smaller War Plant Corporation was abolished after World War  
II. In 1947, the Reconstruction Finance Corporation took  
over the duties that the Smaller War Plant Corporation had  
but was dissolved after suffering accusations of scandal.  
[Ref. 3:p. 4].

The Small Business Act of 1953 then created a Small  
Business Administration subject to a two-year sunset  
provision [Ref. 6:p. 13]. The new agency lacked the

authority of its predecessors to "contract without regard to any other provision of law..." but did have the authority to contract with the United States. It also could arrange for the performance of these contracts without competition.

Public Law 85-536, amended the Small Business Act by establishing a permanent agency with traditional contracting authority [Ref. 6: p. 13]. The declared policy as stated in the Small Business Act is to "aid, counsel, assist, and protect...the interests of small business concerns" and "ensure that a fair proportion of the total purchases and contracts or subcontracts... be placed with small business enterprises [Ref. 7:p. 1]." To achieve this objective, certain advantages have been given to small businesses and to small businesses owned by disadvantaged persons.

The Small Business Act emphasizes the value of competition to the economic well-being of the Nation. Loans or working capital may be provided "to be used in the manufacture of articles, equipment, supplies, or materials for war defense, or civilian production or as may be necessary to ensure a well-balanced national economy [Ref. 5:p. 5]." The act states "research and development are major factors in the growth and progress of industry and the national economy" and recognizes the expense of such programs is beyond the means of many small business concerns. This places small businesses at a competitive disadvantage, and

weakens the competitive free enterprise system preventing the orderly development of the Nation's economy [Ref. 5:p. 6].

The racial turbulence of the 60's brought about greater social consciousness. The Economic Opportunity Act of 1964, directed attention to labor surplus areas and to small business concerns owned by economically disadvantaged individuals [Ref. 6:p. 12]. In 1969, the office of Minority Business Enterprise was created [Ref. 6:p. 13]. President Nixon established a task force to implement a program for placing noncompetitive Federal Contracts with minority firms. This began today's 8(a) minorities Contracting Program. In 1978, Public Law 95-507 was passed focusing on the goal of increasing the small and socially/economically disadvantaged business' share of the Federal procurement dollar [Ref. 8:p. 10].

Section 1207 of the 1987 Defense Authorization Act (PL 99-661) places more emphasize on contracting with minority firms. The goal is to have five percent of the total dollar value of DOD contracts awarded to minority firms in fiscal years 1987, 1988 and 1989 [Ref. 9:p. 304].

### **C. THE 8(a) PROGRAM**

The intent of the 8(a) program is to "foster business ownership by individuals who are both socially and economically disadvantaged" and to "promote the competitive viability of such firms by providing such available contract.

financial, technical and management assistance as may be necessary." [Ref. 6:p. 13]

To be admitted to the 8(a) program, a firm must be owned and operated by "socially and economically disadvantaged individuals who have a reasonable prospect of success." [Ref 7:p. 14] For a firm to be eligible, it must be a small business. The substantial economic benefits available to disadvantaged firms include the award of Federal Government contracts on a sole source basis, interest-free loans in the form of advance payments, and the outright gift of Government funds known as a Business Development Expense (BDE). The maximum amount of time a firm can stay in the 8(a) program is five years. An extension for up to two years is possible [Ref. 7:p. 15].

Small business is defined as a "concern that is independently owned and operated, is not dominant in the field of operation in which it is bidding on Government contracts and can qualify regarding industry size standards." [Ref. 8:p. 29] An applicant must also show that it is at least 51 percent owned by and that its daily business operations are controlled by, one or more "socially and economically disadvantaged individuals." [Ref. 7:p. 14]

Socially disadvantaged individuals are "those who have been subjected to racial or ethnic prejudice or cultural bias because of their identity as members of a group without regard to their individual qualities." [Ref. 6:p. 10]

Members of certain groups are automatically presumed to be socially disadvantaged. These include Black and Hispanic Americans, as well as Native Americans and Pacific Americans. If an applicant is in one of the above listed groups, he/she need only show that they are economically disadvantaged [Ref 6:p. 10].

If an applicant is not in one of the groups automatically assumed to be socially disadvantaged, they must demonstrate their social disadvantage with clear and convincing evidence. This requires the following [Ref. 7:p. 14]:

1. The individual's social disadvantage must stem from his or her color; national origin; gender; physical handicap; long-term resident in an environment isolated from the mainstream of American society; or other similar cause not common to small business persons who are not socially disadvantaged.
2. The individual must demonstrate that he or she has personally suffered social disadvantage, not merely claim membership in a non-designated group which could be considered socially disadvantaged.
3. The individual's social disadvantage must be rooted in treatment which he or she has experienced in American society, not in other countries.
4. The individual's social disadvantage must be chronic, long-standing, and substantial, not fleeting or insignificant.
5. The individual's social disadvantage must have negatively impacted on his or her entry into, and/or advancement in, the business world. SBA will entertain any relevant evidence in assessing this element of an applicant's case. SBA will particularly consider and place emphasis on the following experiences of the individual, where relevant: education, employment, and business history....

The disadvantaged small business must be able to show that with contract, financial, technical, and management support he/she will be able to perform contracts that may be awarded to them. The SBA considers the firm's potential and the finite resources available for assisting 8(a) firms. [Ref. 3:p. 2]. The firm must submit a business plan that shows how the 8(a) program will assist them to prosper and expand its capabilities so that it will be able to participate in the economy as a self-sustaining, profit-oriented small business. The individual must be of good moral character, have good personal habits, a desire to succeed, and the business devoted entirely to the 8(a) plan. An individual can only be granted eligibility in the qualification of one business. The long range goal of the 8(a) program is to develop participating firms into self-sufficient companies capable of competing in the market place without the assistance of the program [Ref. 6:p. 14].

Contracting activities submit proposed requirements to the SBA for 8(a) consideration. The agency then has ten days to accept or reject the proposed procurement and to notify the contracting activity of its decision. For accepted procurements, the agency represents the 8(a) contractor in negotiating a fair market price with the contracting activity. If the total proposed price is greater than the fair market price estimated by the contracting activity, SBA

officials can choose to fund the difference as an expense for business development.

After accepting the contract price, the contracting activity drafts two contracts: one for use with the SBA and one for use between the administrator and the contractor. Normal procedures govern contract administration except that the contracting activity must work closely with the SBA. SBA is authorized by law to provide technical, management, and financial assistance to its subcontractors in meeting contract requirements [Ref. 8:p. 17].

Recently, the General Accounting Office (GAO) reported to a congressional committee that a high percentage of the SBA 8(a) contract dollars are being distributed to a low number of firms. GAO feels the program is inadequate [Ref. 10:p. 332]. GAO reported in 1981 that 50 8(a) firms received only 31 percent of all contract dollars awarded under the program. In FY 1987, the GAO study showed the top 50 8(a) firms had obtained 35 percent of the dollar volume of 8(a) contracts. Also in FY 1987, 1,225 of all 8(a) firms received no contracts and another 555 companies did less than \$100,000 worth of 8(a) business [Ref. 10:p. 332].

In their study, GAO evaluators examined a representative sample of 8(a) firms that had received assistance for seven or more years. They found that 11 of the 35 firms in the sample will graduate from the program without having developed their non-8(a) business base. Another 16 companies

remain dependent on 8(a) for at least 38 percent of their sales. In contrast, only 8 of the 35 firms in the sample had become competitive to the extent that 75 percent of their sales came from non-8(a) sources. These companies tended to be smaller than the more dependent firms, with average sales of \$2 million [Ref. 10:p. 333].

Many congressmen feel the 8(a) program needs reform, citing the Wedtech case [Ref. 10:p. 333]. The New York based contractor hired well-connected consultants and developed relationships with senior Federal officials to influence the award of Government contracts. In 1982, the company received a \$24 million sole source contract. Two years later Wedtech received a \$134 million Navy contract, the largest 8(a) contract ever awarded. Wedtech remained in the program even though it was no longer owned by a socially and economically disadvantaged person. The owner, John Mariotta, had become a multi-millionaire. By 1986, Wedtech had been in the program 11 years, but had not developed a business base independent of the Government.

Senators Dale Bumpers (D-ARK) and Lowell Weicker (R-CONN), have introduced a bill that would require competition among 8(a) firms for manufacturing, construction, or service contracts valued in excess of \$2 million [Ref. 10:p. 333]. The measure also requires 8(a) firms to develop their non-8(a) business to maintain their eligibility. The bill sets goals for limiting the share of 8(a) awards as a

percentage of sales. For example, 8(a) contracts cannot account for more than 70 percent of a firm's sales during their fifth year in the program [Ref. 10:p. 333].

#### D. PUBLIC LAW 95-507

P.L. 95-507 amendments deleted some provisions of the 1958 small business act and added others to enhance small business procurement opportunities. The major changes resulting from the enactment of the law are listed below [Ref. 11:p. 4-7]:

1. Deletes the concept of "minority business enterprise."
2. Adds the concept of "small business concerns owned and controlled by socially and economically disadvantaged individuals."
3. Adds a requirement to reserve Federal agency acquisitions under \$10,000 for small business firms.
4. Adds a requirement for subcontracting plans for negotiable and advertised Government contracts over \$500,000 (\$1,000,000 for construction).
5. Directs each Federal agency having procurement powers to:
  - Establish an office for small and disadvantaged business utilization.
6. Establishes goals for participation by small business concerns, and small business concerns owned and controlled by socially and economically disadvantaged individuals, in procurement contracts of \$10,000 or more.
7. Submits annual reports to the SBA containing appropriate justification for failure to meet the goals established.

8. Directs the SBA to submit to the Senate Select Committee on Small Business and the Committee on Small Business of the House of Representatives the following:

- Annual reports on Government procurement subcontracting plans which SBA determines do not provide the maximum practicable opportunities for participation by small businesses.
- Annual reports of information obtained from other Federal agencies to include their justifications on why they failed to meet their established small business goals.

9. Directs the administrator of the Office of Federal Procurement Policy to:

- Promulgate a single, simplified, uniform Federal procurement regulation.
- Establish procedures for insuring compliance with provisions of the new regulation by all Federal agencies.
- Make the final determination when the SBA and head of any federal agency fail to agree on established goals.

The Small Disadvantaged Business Utilization (SADBU) specialist at the contracting activity level, is appointed by the commander of that activity and is not subject to the direction of contracting, contract administration or technical personnel.

The SADBU shall [Ref 8:p. 18-19]:

1. maintain a program designed to locate capable small business, small disadvantaged business and labor surplus area business sources for current and future acquisitions, through SBA or other methods;
2. coordinate inquiries and requests for advice from small business, small disadvantaged business and labor surplus area business concerns on acquisition matters;
3. prior to the issuance of solicitations or contract modifications for additional supplies or services in

excess of \$2500 which have not been reserved nor set aside by the contracting officer, review the contracting officer's justification for such action;

4. be responsible for establishing an education and training program for personnel whose duties and functions affect the activity's small business, small disadvantaged business and firms located in labor surplus areas;

5. advise and assist contracting officers in discharging their responsibilities by; monitoring and reviewing contractor performance to determine compliance with small and disadvantaged small business subcontracting plans; developing and maintaining records and reports that reflect such compliance or noncompliance.

SADBU directors work directly with the SBA Administrators to develop and implement small/disadvantaged business policies and programs. The SBA, in furthering this objective, may assign their own representative(s) directly to DOD contracting or contract administration activities. This option depends upon the size of the activity and the overall opportunity for small/disadvantaged businesses based on the nature of the contracting work [Ref. 8:p. 23].

It is the contracting officer's job, along with the technical and SADBU personnel, to actively pursue and encourage the participation of small/disadvantaged firms. Section IV of the Federal Acquisition Regulation requires the SADBU to make every effort to regularly surface data, brochures and other descriptive information concerning the competence of relevant small/disadvantaged business firms to contracting and technical personnel [Ref. 8:p. 17]. DOD

contracting activities must "solicit all minority firms on an activity's bidders' mailing list for each procurement."

[Ref. 1]

#### **E. SECTION 1207, PUBLIC LAW 99-661**

Section 1207 of Public Law 99-661 and Section 806 of Public Law 100-180 established an objective for the Department of Defense of awarding five percent of its total contract dollars during each of fiscal years 1987-89 to Small Disadvantaged Business (SDB) concerns, Historically Black Colleges and Universities (HBCUs) and Minority Institutions [Ref. 1]. This is intended to maximize the number of such entities participating in Defense prime contracts and subcontracts.

Defense Acquisition Circular #86-15 instituted some major changes involving contracting with small disadvantaged businesses. In trying to obtain the five percent goal, a contract must be set-aside exclusively for SDB participation if the contracting officer determines that there is a reasonable expectation that [Ref. 1]:

1. He will obtain offers from at least two responsible SDB concerns who can comply with the limitations on subcontracting in the clause at FAR 52.219, or in the case of regular dealers, will provide the supplies of other SDB's (except as provided in Alternate I of the clause at 52.219-7006)
2. The award can be made at a price not exceeding the fair market price by more than ten percent.

There are some exceptions to using SDB set-asides. They can not be used if the product or service was previously acquired using a small business set-aside, if the acquisition has been reserved for 8(a) competition, or the acquisition is conducted using small purchase procedures. SDB set-asides will not be used in construction or Architectural and Engineering (A & E) contracts [Ref. 1].

The contracting officer will presume that there are two responsible SDB concerns eligible if the following circumstances are present [Ref. 1]:

1. One responsible SDB concern was within ten percent of an award price on a previous procurement of similar supplies or service within the past 12 months.
2. If either one responsible SDB responds to a presolicitation notice in the Commerce Business Daily or at least one responsible SDB appears on the activity's solicitation mailing list for similar supplies or services.

The contracting officer may have partial set-asides with preferential consideration for SDB concerns. SDB concerns are given certain preferential consideration over non-SDB, small business, and small business-labor surplus areas. The award of the set-aside portion may be made at a price up to ten percent more than the fair market price.

The ten percent evaluation preference given to SDB concerns does not apply when using the following [Ref. 1]:

1. Small purchase procedures;
2. Total SDB set-asides;
3. Partial set-asides for Labor Surplus area concerns;

4. Partial small business set-asides;
5. Purchases under the Trade Agreements Act, when the acquisition equals or exceeds the dollar threshold referenced in FAR 25.402;
6. Purchases where application of the evaluation preference would be inconsistent with any international agreement, Memorandum of Understanding, etc. with a foreign government;
7. Total small business set-asides.

To the extent practicable and when necessary to facilitate achievement of the five percent goal, advance payments will be made to small disadvantaged businesses.

#### F. SUMMARY

History has shown that the Government has had an increasing interest in doing business with minority firms. The Government has set up many agencies whose purpose is to assist minority firms. Even with all the legislation and agencies providing assistance, statistics show that we do very little contracting with minority firms. With the increased emphasis on socio-economic objectives it is important to analyze what is keeping minority businesses out of Government contracting.

### III. INTERVIEW/RESEARCH FINDINGS

#### A. CHAPTER OVERVIEW

The purpose of this chapter is to identify those sources the researcher used to determine which commodities lack minority business participation and the reasons for this condition. The researcher contacted Small Business Administration personnel and obtained a print out from the (PASS) database, and spoke with the personnel at the Minority Business Development Agency of the Chamber of Commerce to obtain a printout from the Minority Vendor PROFILE System. From the PASS and PROFILE system, the researcher selected and interviewed nine minority businesses; three manufacturers and six distributors. The researcher also contacted four DOD buying agencies that procure large quantities of bearings, valves and pipe fittings.

#### B. DOD ACQUISITION CATEGORIES

At the end of each fiscal year the Department of Defense delineates the dollar amounts spent by each buying agency. These amounts are broken down by large businesses, other than large businesses, small disadvantaged businesses, and 8(a) contractors. Appendix C is a breakdown showing the

percentage of business contracted with small and disadvantaged businesses by Federal Supply Group.

### C. SOURCES FOR LOCATING SMALL DISADVANTAGED BUSINESSES

In the course of this study, the researcher discovered that there are many sources, both Government and private, to locate small minority businesses. It is a very confusing process to determine which are the best sources to use. This process of identifying sources is especially important to Government procurement personnel, who continually attempt to find new small disadvantaged business suppliers. Unique to every buying agency is their mechanized bidders' list. This list is made up of companies that have sent a Standard Form 129, solicitation mailing list application, to that agency.

A common source for all buying agencies is the Procurement Automated Source System (PASS), established by the Small Business Administration (SBA) in the mid-1970's. It's goal is to provide small businesses with opportunities to bid on Federal procurements and to help eliminate the administrative cost of buying offices maintaining their own bidding lists. Information was first distributed about PASS by mass mailings. Efforts are now concentrated on soliciting firms through workshops and conferences held periodically by the SBA.

Through the use of a PASS terminal, a large company or a buying agency searching for a small or minority-owned firm

with particular capabilities or located in a specific area, may ask the system to provide profiles of firms that meet the requirements. Information such as the capabilities of the company, the number of employees, its quality assurance description, and many other facts are available through the PASS network

PASS offers a wide variety of search criteria, such as the company's product or service, geographic location, labor surplus area, and type of business (e.g., minority-owned). The system also searches by Standard Industrial Classification (SIC) codes and Federal Supply Codes (FSC). The data base is searched using keywords or combinations of keywords including "and", "or", and "not" conditions. The information available on each firm is updated annually. New profiles are entered on a daily basis. For a buying agency to use the PASS system they must have a terminal set up costing \$24.00 per hour, or they can call the local regional SBA office requesting a print out.

The U.S. Department of Commerce's Minority Business Development Agency's (MBDA) National Automated Minority Business Source List Service and Census Patterned Identification Project, known generally as PROFILE, is another source of minority owned businesses. Listings are provided free of charge to the Government and private sector. Listings are obtained by calling the Minority Business

Development Agency and giving them the information you desire, either by SIC, FSC or commodity.

Numerous minority business directories are published by private agencies, and different agencies within the Government. The Government publishes a directory which lists over 100 minority business directories. These are available for purchase, or free of charge. Dunn and Bradstreet has a Purchasing and Procurement Information System (PPIS) . PPIS has the following unique features:

1. Small business capabilities, known or possible.
2. Firm ownership and location, along with minority, women ownership, and labor surplus area notations.
3. The use of a seven-digit product code which provides very fine articulation for the capability of the firm.
4. Searches conducted by SIC codes, keywords, or Federal Supply Classification.
5. Small businesses can indicate whether they wish to deal with Government only, private industry only, or both.

There are also eleven different source lists created by non-DOD agencies, such as the General Services Administration, Department of Labor, and Department of Energy.

#### **D. RESULTS OF INTERVIEWS WITH COMPANIES**

The researcher interviewed nine minority owned businesses; three manufacturers and six distributors. The first three of these companies are unwilling to do business with the Government, the remaining six desire

Government business. A brief discussion concerning experience with Government contracts will be presented for each of these nine companies.

Company A feels the Government regulations are unreasonable and the Government does not know what it is doing. On a previous Government contract, Company A misunderstood the shipping requirements and the cost of shipping was not included in their proposal. When it surfaced, the company was told the shipping requirements were stated in the contract and the company would bear the costs. The company felt this was unreasonable and that they should have been compensated for the shipping costs. Company A does alot of subcontracting with Government prime contractors. They feel that the primes are easier to deal with than the Government and that the paperwork with the primes is less burdensome. They also stated that when they did deal with the Government, often times the specifications were stricter than necessary. They attributed the strict specifications to the feeling that the Government buyers do not understand what it is that they are buying.

Company B, is a distributor of valves and pipe fittings. This company also has previous experience with the Government. Company B states they have been asked to bid on Government contracts many times. They experienced no problem getting awarded a contract, but feel the DOD procurement personnel are hard to deal with, find the paperwork too

cumbersome and the profitability of Government business to be too low. Company B does not do any subcontracting with Government prime contractors.

Company C is a distributor of valves and pipe fittings. This company has never contracted with the Government. Company C feels that the Government continually goes to the same companies and that Government contracting is a closed network. Company C stated they have enough commercial business and would rather stay exclusively in the commercial world because it is much easier. All three companies that do not desire Government business stated that there is plenty of commercial business available and they do not need the Government's business.

Out of the six companies desiring to contract with the Government, all but one has experience with the 8(a) program.

Company D, a manufacturer of bearings, valves and pipe fittings, is in the process of applying for the 8(a) program. In conjunction with the 8(a) application, Company D has done the following to get Government contracts:

1. Became registered in the PASS system.
2. Sent out a Standard Form 129, solicitation mailing list application, to DISC Columbus.
3. Hired a consultant, who was paid \$75.00 a day, to come in once a week to fill out paperwork strictly to get into Government contracting. The owner of company D feels that the paperwork is too burdensome and confusing for him to try to do himself.

Company D did receive a solicitation to bid on a contract, only to find that they could not meet the quality requirements. The quality specifications required them to have a manual outlining procedures, which they did not have. In order to establish a manual, it would cost approximately \$3000. The company was unwilling to expend this not knowing if they were going to get any future Government contracts. The owner of Company D stated that he needs production work, and skilled labor is difficult to find.

Company E is a manufacturer of valves and pipe fittings. Even though Company E is in the 8(a) program, it has never been asked to bid on a contract. Company E has undertaken the following to get into Government contracting:

1. Became registered in the PASS system;
2. Sent out a Standard Form 129, Solicitation mailing list application, to the Material Readiness Command in St. Louis;
3. Has been accepted in the 8(a) program;
4. Has hired consultants and sought assistance from Government personnel to meet Government quality requirements.

Company E is presently in the process of bidding on two Government contracts and is awaiting results. Based on the owner's experience of trying to get into Government contracting, he feels the following reasons contribute to fewer minority owned valve and pipe fitting businesses:

1. Start up costs are too excessive;
2. Taxes are too high;

3. Accounting systems are too difficult to establish. The owner of Company E noted his business began in a garage and has grown over the last five years.

The researcher interviewed Company F, a distributor who would like to become a manufacturer. He has worked in a factory making valves and pipe fittings for 23 years and has the necessary experience required to start his own plant. Based on experience, he approached the Small Business Administration for a loan to start his business. He was informed that he must already be in the manufacturing business in order to get a loan. Since he could not get the capital to start manufacturing, he became a distributor. As a distributor, Company F, has done the following to get into Government contracting:

1. Filled out numerous Standard Forms 129, solicitation mailing list applications;
2. Became registered in the PASS system;
3. Became registered in PROFILE;
4. Attended many Government conferences;
5. Has been accepted into the 8(a) program.

The owner of Company F compares getting Government contracts to wandering through a maze. He has made a lot of effort to get into the system but still does not know which door to knock on. He finds the entire process to be totally frustrating. He contends Government buyers take the path of least resistance and contract with companies they have used

in the past staying away from the novice. He also feels that since he is a small minority business he is being discriminated against, implying the Government only pays lip service to minorities. He has never been asked to bid on a contract under the 8(a) program and concludes he is not being given an equal opportunity to bid on non-8(a) contracts.

Company G, a distributor of valves and pipe fittings, has applied for the 8(a) program, but has not yet been accepted. This company actively pursues Government work however it has been unsuccessful in obtaining a contract.

In the past 12 months Company G bid on six Government contracts with no results. In all cases, their price was not competitive. The owner of the company felt that as a distributor bidding against a manufacturer he does not have a chance. He stated that 90% of valves are imported and that there are too many manufacturers acting as fronts for foreign companies. He felt the Government needs to have more stringent certification requirements.

The researcher encountered one distributor, Company H, who was not very helpful. Oddly enough, he has no problems getting Government contracts and is very happy with the Government. When asked what factors fostered his success he replied, "I don't know." Some of the things he has done are as follows:

1. Became registered in PASS;
2. Became registered in PROFILE;

3. Filled out numerous Standard Forms 129;
4. Currently is trying to be accepted into the 8(a) program;
5. Reads the commerce business daily.

The last company polled, Company I, is a distributor of pipe fittings and hosing. Company I is not an 8(a) program applicant but is familiar with it. Company I has done the following to get into Government contracting:

1. Filled out numerous Standard Forms 129;
2. Became registered in the PASS system;
3. Has received assistance from a small business specialist at a Government buying activity;
4. Became listed in the "Try us" directory;
5. Attended many Government conferences.

Because its prices are not competitive, this company has not been awarded a Government contract. The owner of Company I feels that the Government should do something about private agencies charging a price to help companies get Government contracts. He feels they use deceiving names such as the Federal Procurement Association; this leads companies into thinking they are associated with the Federal Government when in fact they are not.

Table 1 is a summary of the results of the researcher's interviews. Table 1 shows that of the three companies that have had prior experience with the Government only one still desires further business. The six companies that do want Government business are all actively pursuing it.

TABLE 1

SUMMARY OF COMPANY INTERVIEWS

	Company A	Company B	Company C	Company D	Company E	Company F	Company G	Company H	Company I
Wants to do business with the Government	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Has had previous experience with DOD	Yes	Yes	No	No	No	No	No	Yes	No
Is in the 8(a) program or has applied	No	No	No	Applied	Yes	Yes	Applied	Applied	No
Received contracts under 8(a)	N/A	N/A	N/A	N/A	No	No	N/A	N/A	No
Reads the CBD	No	Yes	No						
Is in PASS	Yes	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Actively solicits Government contracts	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes
Manufactures valves	Yes	No	No	Yes	Yes	No	No	No	No
Manufactures pipe fittings	Yes	No	No	Yes	Yes	No	No	No	No
Manufactures bearings	Yes	No	No	Yes	No	No	No	No	No
Distributor	No	Yes	Yes	No	No	Yes	Yes	Yes	Yes
Number of times solicited in past year	0	10+	0	0	2	0	6	10+	0

## E. INTERVIEWS WITH BUYING AGENCIES

The researcher consulted with the small business specialists of the Defense Construction Supply Center, Columbus, Ohio; the Aviation Supply Office, Philadelphia, Pennsylvania; the Ships Parts Control Center, Mechanicsburg, Pennsylvania and the Naval Regional Contracting Center, Philadelphia, Pennsylvania. These activities were selected because of the extensive amount of contracting they perform for valves, pipe fittings and bearings.

The Ships Parts Control Center (SPCC) has two people working in their small business office. They use the PASS system on a limited basis. They do not have a terminal but call the local small business office if they need information. They do not use the PROFILE system and are not familiar with it. They have a mechanized bidders' mailing list which is their principal sourcing method. To enhance their bidders' list, SPCC has received minority business sources from DCAS, and their prime contractors. SPCC does not solicit distributors, SPCC contracts directly with manufacturers for valves, bearings, and pipe fittings. SPCC has strict quality requirements. Most of the items SPCC procures must meet level one sub-safe quality requirements. These specifications often are too restrictive for most small businesses to meet. SPCC experience indicates that most small businesses can not be competitive with the more established firms. The number of manufacturers is limited

and the ones available are highly competitive. SPCC has solicited bids under the new small minority business set-aside procedures, however, no responses have been received.

The Aviation Supply Office (ASO) does not use the PASS system and did not find it to be useful. Recently ASO learned of the PROFILE system and intends to investigate its potential. ASO presently has a mechanized bidders' list and is in the process of creating a minority owned businesses listing. ASO also obtains sources through DCAS. They find that the new Defense Acquisition Circular dated 1 July 1989, DFARS 5.207 is a very useful tool. This change allows ASO to advertise a contract as a small minority business set-aside, yet allows others to be solicited. The clause states the following:

The proposed contract listed here is being considered for 100 percent set-aside for small disadvantaged business (SDB) concerns. Interested SDB concerns should, as early as possible but no later than 15 days of this notice, indicate interest in the acquisition by providing to the contracting office above evidence of capability to perform and a positive statement of eligibility as a small socially and economically disadvantaged business concern. If adequate interest is not received from SDB concerns, the solicitation will be issued as \_\_\_\_\_ (enter basis for continuing the acquisition), without further notice. Therefore, replies to this notice are requested from \_\_\_\_\_ (enter all types business to be solicited in the event an SDB set-aside is not made; e.g., all small business concerns, all business concerns, etc.) as well as from SDB concerns. [Ref. 1]

It has been their experience that small minority businesses can not meet their quality requirements or specifications.

The valves they buy have very stringent specifications, often requiring a specific grade of metal. Only well-established firms normally have the capital and enough skilled labor to meet the Government's requirements. Bearings have stringent tolerance requirements, very high quality requirements and are very costly to produce. They also require very intense inspections both within house and by the Government.

The Defense Construction Supply Center (DCSC), Columbus, Ohio has an active program to locate minority businesses. DCSC has a PASS terminal. The DCSC interview indicated little use of the PASS system but with the advent of P.L. 99-661 they intend to use it more. PROFILE is not used because they are unfamiliar with the system. The Defense Logistics Agency, headquarters sends DCSC a listing of minority businesses by Federal Supply Class each quarter. DCSC personnel also obtain minority businesses from DCAS.

DCSC is limited in the number of businesses from which valves can be purchased because of the high quality and strict specifications required. DCSC does contract with distributors, but finds manufacturers are more competitive.

The Naval Regional Contracting Center (NRCC), Philadelphia procures valves and bearings. The Center has one SADBUs representative and a SBA representative. The Center uses the PASS system and a mechanized bidders' list to locate sources. NRCC personnel are unfamiliar with the PROFILE system. When a contract is expected to exceed

\$25,000, it must be advertised in the CBD, giving everyone an opportunity to bid. When a contract is advertised in the CBD, NRCC does not send out solicitations to companies on their mailing list, instead they send solicitations to all who respond to the CBD. If a company has marketed itself by trying to get listed in all the Government data bases he will not be solicited for contracts over \$25,000 if he does not read and respond to the CBD. The SADBUI stated that many requirements for valves and bearing are urgent and therefore are competed orally. This limits the opportunities for minorities because with urgent requirements, companies are solicited that have done previous Government work and have proven reliability, since stringent specifications and quality requirements are mandatory.

The SADBUI representative feels the five percent goal is unrealistic because the minority businesses do not exist to provide the type of goods the Government buys and she maintains that the NRCC does not have the staff to actively seek out minority businesses.

Personnel from all of the buying agencies contacted attend conferences and have "fairs" to inform small minority businesses of the procedures to obtain Government contracts.

The researcher attended a conference sponsored by the Minority Business Development Center in Los Angeles, California. The conference was very informative and provided the opportunity to speak with several minority business

owners. The general response from these owners was that they were interested in Government business but were unable to negotiate the bureaucratic maze. The conference was intended to inform businesses of the necessary steps in order to bid on Government contracts. Minority businesses must now actively market themselves. The researcher questioned 34 conference participants. The results of these questions are presented in Chapter IV.

The researcher communicated with the office of Congresswoman Nancy Johnson regarding the acquisition of bearings from foreign sources. There is a concern that the United States will not be able to meet national security needs due to reliance upon foreign suppliers. Congress passed an interim rule to the DFARS on 4 August 1988, prohibiting the Department of Defense from buying bearings from foreign sources for the next three years. In addition, all bearings being procured must be certified as produced in the United States. This stricter certification ruling is the result of tariff problems with bearings produced in foreign countries. Foreign bearings are smuggled into the United States, and then sold as American made. Investigations of major fraud and counterfeiting in the bearing industry are on going. Foreign companies have been found falsifying the value of their bearings thus paying less in tariffs. Once the bearings are in the U.S., they are sold for their true value. Currently, only two of the top ten bearing producers

in the world are American companies. They are ranked fifth and sixth in size. The other eight are Japanese, Swedish, and German firms.

Currently, there is an international cartel that is buying bearing companies in the U.S. This cartel appears to be ruthless. If the company the cartel attempts to buy from will not sell, they slash their competitive prices so low that it forces the target company out of business. The cartel then raises prices after the demise of its competition [Ref. 12].

In addition to the three year ban on buying bearings from foreign sources, the Department of Defense is trying to put together a consortium of bearing producers. Under the consortium, the Government will provide a grant to be matched by industry. The consortium would coordinate improvements in the bearing industry hopefully making U.S. companies stronger and more competitive with foreign markets. The U.S. now has a consortium of industries in the semi-conductor field which is working well [Ref. 13]. However, there is resistance in the bearing industry to such an arrangement because the top two U.S. companies are unwilling to share their knowledge for fear of greater competition.

The ban on buying from foreign companies has caused the price of American-made bearings to rise [Ref. 12]. American companies are now able to make more of a profit. It is hoped that the U.S. manufacturers will be able to improve their

equipment and become more efficient. The bearing industry involves very expensive equipment operated by highly skilled individuals. Therefore, it is very unlikely that there will be very many small, disadvantaged companies going into this business. The most likely area for small minority businesses to reap the benefits of this change is to be producers of components for bearings.

The 1989 Defense Authorization Bill makes a modification to Section 2507 of Title 10. During fiscal years 1989, 1990, and 1991 funds will not be used to buy powered and non-powered valves for Naval Surface Ships and Submarines that are not produced in the United States or Canada. The Secretary of Defense can waive the requirement if it is determined [Ref. 14]:

1. The restriction would cause unreasonable costs or delays to be incurred;
2. United States producers of the item would not be jeopardized by competition from a foreign country and that country does not discriminate against defense items produced in the United States to a greater degree than the United States discriminates against defense items produced in that country;
3. Satisfactory quality items manufactured in the U.S. or Canada are not available;
4. The restriction would impede cooperative programs entered into between the Department of Defense and a foreign country and that country does not discriminate against defense items produced in the United States to a greater degree than the United States discriminates against defense items produced in that country;
5. The procurement is for an amount less than \$25,000 and simplified small purchase procedures are being used; or

6. The restriction would result in the existence of only one United States or Canadian source for the item.

#### **F. INTERVIEW WITH MCDONNELL-DOUGLAS BUYER**

Quarterly, McDonnell-Douglas distributes a newsletter for their purchasing personnel. The purpose of the newsletter is to identify new small business sources. It gives recognition to the small business liaison representative who obtains the highest percentage of contracts with small minority businesses. This award has consistently gone to their division in Tulsa, Oklahoma. The researcher interviewed the Tulsa small business representative to discover those factors contributing to her success. She indicated that being aggressive and rewarding her personnel are important factors. The buyers aggressively seek out minority businesses by attending conferences, scanning sources that are already in existence and advertising. She feels that rewarding her buyers gives them more of an incentive to be more aggressive. Each quarter she gives a certificate to the buyer who brings in the most minority businesses. In addition, they also get a close parking spot and special recognition in a local newsletter.

#### **G. STATISTICS CONCERNING MINORITY BUSINESSES**

Every five years, the Census Bureau conducts the economic census. The purpose of this census is to obtain data for a wide range of economic activities, such as manufacturing,

agriculture, retail trade, and similar activities. A survey of Minority-Owned Business Enterprises was first conducted as a special project in 1969 and was incorporated into the economic census in 1972. It provides basic economic data on businesses owned by Blacks, persons of Spanish or Latin American ancestry, and persons of American Indian, Asian, or other minority origin or descent.

The Bureau of the Census is prohibited by law from publishing any statistics that disclose information reported by individual companies and their establishments. Publishing the number of firms is not considered a disclosure by the Bureau of Census rules. Therefore, these data can be obtained, even when other data must be withheld.

The Bureau of the Census obtains their statistics from the companies that file IRS Form 1040, Schedule C (sole proprietorships); 1065 (partnerships); or 1120S (subchapter S corporations). Names and addresses of minority-owned corporations that filed a regular 1120 tax return are assembled by a review of files of Government agencies, public sources, and contacts with representatives of minority development programs. The IRS provides the Census Bureau with the name, address, and employer identification number of the firm; social security numbers of the owners, partners or shareholders (up to 10 partners or shareholders per firm).

principal industrial activity code; dollar receipts; and legal form of organization for businesses filing the forms identified above.

The Bureau of the Census classifies a business as minority owned if the sole owner or at least half of the partners of the business are minority.

The census of minority owned businesses is taken every five years; the latest taken in 1982. The 1987 census will be available in 1990. Information is available down to the first three digits of the SIC code. The Bureau of the Census also has an enumeration of establishments engaged in manufacturing activities in the U.S. [Ref. 15]. Valves and pipe fittings fall under SIC codes 3491, 3492, 3494, and 3498; bearings fall under SIC code 3463. The SIC major group 34 consists of fabricated metal products, except machinery and transportation equipment. Steel pipe and tubes fall under SIC code 3317. To be classified as a small business, a company producing valves, bearings or pipe fittings can not exceed 500 employees.

Table 2 is a breakdown of the statistics for the areas under study [Ref. 16]. The table shows that only .004% of all companies under SIC 3400 are owned by minorities. SIC 3400 consists of several other commodities other than bearings, valves and pipe fittings, indicating that their percentage would be less than .4%. It clearly shows that there are very few minority businesses in the bearing, valve

and pipe fitting industry. It does not appear logical that the Government can spend five percent of its dollars on .2% of the producers.

**TABLE 2**  
**STATISTICS OF MINORITY BUSINESSES**

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Total number of manufacturers for SIC 3400	102,665
Total number of minority manufacturers for SIC 3400	458
Percent of Minority firms in SIC 3400	.4
Total number of manufacturers for SIC 349_	13,504
Total number of minority manufacturers for SIC 349_	39
Percent of Minority firms in SIC 349_	.28
Total number of manufacturers for SIC 331_	2,343
Total number of minority manufacturers for SIC 331_	6
Percent of Minority firms in SIC 331_	.25
Total number of manufacturers for SIC 346_	7,614
Total number of minority manufacturers for SIC 346_	25
Percent of Minority firms in SIC 346_	.3

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#### H. SUMMARY

This chapter has provided the reader with the accumulated data which will be used to analyze the barriers keeping minorities out of Government contracting. The interviews with the owners of minority firms and Government buying agencies were discussed. In addition, foreign competition in

the bearing industry was discussed. Chapter IV will be an analysis of the data presented in this chapter.

#### IV. INTERVIEW AND SURVEY ANALYSIS

##### A. OVERVIEW

This chapter will present an analysis of the researcher's findings from interviews. The researcher will also discuss the findings resulting from a survey taken of 34 minority businesses.

From the information gathered, the researcher will discuss the following questions:

1. What are the significant barriers preventing minority businesses from engaging in Federal Government contracts and what steps can be taken to assist these businesses to obtain Government contracts?
2. What commodity groups experience little or no minority business participation?
3. To what extent is the 8(a) program effective in helping the Government to obtain the five percent goal?

##### B. ANALYSIS OF INTERVIEWS WITH MINORITY BUSINESSES

In locating minority businesses, the researcher used PASS and PROFILE system printouts. The PASS printout listed all machine shops in the system. This list had only five companies that manufacture or distribute valves, pipe fittings or bearings. Three of these companies are manufacturers and two are distributors. Of the three manufacturers, one did not want Government business, one can not meet its quality requirements, and one was not available for interview. Of the two distributors, one was satisfied

with the Government, and the other one was unavailable for an interview. There were seven companies interviewed that were actually in the PASS system, when only three are officially listed.

The PROFILE printout listed over 100 companies for bearings, pipe fittings and valves, but as the researcher reviewed this list and contacted the companies listed, it was discovered that all but seven are distributors. The seven on the list are all manufacturers of valves and pipe fittings.

The researcher also used the "Try Us" minority business directory to identify sources and found that all the companies listed under the category "Industrial Equipment and Supplies" are distributors. Based on the researcher's exhaustive examination of the sources, it is apparent that one of the reasons the Government does not do more business with minority firms is simply because minority companies do not exist!

Through the researcher's interviews it was revealed that the main reason for the lack of minority firms in the valve, bearing and pipe fitting industry, is the tremendous capital outlay required to start these companies and the difficulty and associated cost of finding highly skilled labor required to meet Government standards for these products.

When analyzing the companies interviewed, it was important to note that of the three with past Government experience, two do not want any further Government business.

The only contractor interviewed and content with Government business did not want to do anything to assist other minority businesses. It appeared to be the knowledge-is-power syndrome. The contractor did not want to provide any information that might help his competitors. The only action this contractor takes, that the other companies do not, is to read the Commerce Business Daily (CBD). This appears to be a very significant difference. The researcher heard several complaints from companies stating that they are not given the chance to compete. The CBD is available to everybody, and it appears, that through ignorance, many companies are missing out on Government contracts by not availing themselves of readily available information.

Of the six companies wanting Government business all but one is either in the 8(a) program or has applied and is awaiting response. Only one company presently in the 8(a) program is a manufacturer. Even with the scarcity of 8(a) manufacturers this company has never been solicited to bid on an 8(a) contract. The other company, a distributor in the 8(a) program, has never been asked to bid on an 8(a) contract. This implies that simply being in the 8(a) program does not in itself facilitate the awarding of contracts to those companies.

Some common attributes that all companies desiring business with the Government have are as follows:

1. They all have attended Government conferences to aid small businesses.
2. They all have filled out SF 129's and submitted them to various commands.
3. They all have contacted the SBA to learn of the steps necessary to obtain Government contracts.

#### C. ANALYSIS OF INTERVIEWS WITH GOVERNMENT BUYERS

The researcher interviewed the SADBUs specialists at four buying activities. These four were chosen because they spend a significant amount of money in the area under study. One reason common to each of the buying activities as to why the Government does not do business with minorities, is the Government's strict specification requirements. When buying a valve, a bearing or a pipe fitting for submarines, aircraft or ships, very strict specifications are required in order to ensure the safety of the operating personnel. If a company can not meet these specifications, they are not competitive.

All SADBUs specialists believe the competition in the areas under study is very fierce. There are only a few established companies who are equipped to meet the Government's specifications and standards. These companies possess sophisticated and specialized equipment operated by highly skilled personnel.

All SADBUs interviewed use primarily their mechanized bidders' list and the CBD to locate companies for solicitation of a contract. The consensus among all of the SADBUs is that efforts are being intensified to find minority

businesses due to P.L. 99-661. Additional sources are being generated from their DCAS offices. In an interview with the Head of the Small Business Section at the DCAS Regional Headquarters in Los Angeles, the researcher learned that DCAS obtains sources through the Procurement Technical Assistance Cooperative Agreement Program. These sources are augmented through small business conferences.

The PASS system is not used extensively by any of the SADBUs; and the PROFILE database is not used at all. With the emphasis on doing business with minorities, one agency is in the process of making an internal mechanized bidder's list, that displays only minority businesses.

#### D. ANALYSIS OF SURVEY RESULTS

The researcher attended a minority business conference sponsored by the MBDA, where she had 34 of the attendees complete a survey (see Appendix D). Table 3 is a breakdown of the companies surveyed according to business area. The survey was distributed at random. From the sample of businesses that completed the survey, it appears that the majority of small minority businesses at the conference were in service related industries or distributorships. The two machine shops that responded to the survey have worked as subcontractors but never as prime contractors. Neither company listed exactly what their machine shop could do, nor

did they list their company name, so the researcher was unable to follow up with these companies.

TABLE 3  
COMPANIES SURVEYED

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<u>Type of Business</u>	<u>Number Surveyed</u>
Machine Shop	2
Service related	14
Construction	3
Distributors	6
Consulting work in Computers	4
Print shops	2
Leasing Computers	1
Landscaping	1
Biomedical repair	<u>1</u>
Total firms surveyed	34

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The first seven questions involved demographic data. The results of these questions can be found in Appendix D. Question #4 is further categorized in Table 3. All other survey questions are analyzed in this Chapter.

Table 4 is a breakdown of the questions asked on the survey.

TABLE 4  
SURVEY RESULTS

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Total firms in PASS	11	32%
Total number of firms who have filled out SF 129	8	23%
Total in PASS who have also filled out SF 129	4	12%
Total who are not in PASS and have not sent out SF 129	19	56%
Total who are not in PASS, but have filled out SF 129	5	15%
Total who have received assistance from a Small Business Specialist	5	15%
Total not familiar with the 8(a) program	21	62%
Total familiar with 8(a) but have not applied	5	15%
Total who have applied for the 8(a) program	7	20%
Total in the 8(a) program	1	3%
Total asked to bid on a Government contract	7	20%

---

The results of the survey indicate that those in attendance at this conference did not know how to get into Government contracting. Only 12% of the participants who filled out this survey were in both the PASS system and had filled out a SF 129. In addition, 62% of those surveyed were not familiar with the 8(a) program. The survey indicates

that those who are familiar with the 8(a) program try to get in it. Consequently, because the firms surveyed have not extensively marketed themselves, only seven have ever been asked to bid on a Government contract. The common feeling among those surveyed is that the DOD procurement system is so complex that they don't know how to find their way through its bureaucratic maze. Again, the survey results confirm that a majority of the firms were not familiar with the mechanisms to break into Government contracting. A trend reflected in the surveys and through conversations the researcher had with minority business conference attendees, is that Government procurement personnel are perceived as non-supportive and not very helpful. The following comments were made:

1. They don't know what buying offices to approach to market themselves.
2. Solicitations are often ambiguous, and buying agencies are not very helpful in explaining them.
3. The whole process of getting on different agencies bidders' lists is too time consuming and confusing and they feel that the Government should have one source.
4. The Government buyer always thinks he's right and the supplier is wrong. There is minimal cooperation when problems arise.

Even with all the agencies to assist minorities and the conferences hosted on their behalf, coupled with numerous booklets published, minorities continue to feel the Government is only paying lip service to include them in Government contracts.

## E. BARRIERS FACED BY MINORITY BUSINESSES

The researcher studied the specific area of bearings, valves and pipe fittings because these commodities are representative of Government contracting sectors lacking minority small business participation. When selecting the commodities for study, the researcher initially assumed that numerous manufacturers existed and that the items in question would not be difficult to manufacture. This study yielded results to the contrary. After delving into the subject matter in detail, it became apparent that this researcher, like so many others investigating Government procurement practices, did not comprehend the complexity of the items the Government buys. The Government is often severely criticized for specifications, which many tend to eliminate competition. After discussions with the SADBUs, and accessing what the items are used for, the researcher concludes the strict specifications are frequently necessary and warranted.

A substantial amount of capital is required in order to commence manufacturing. It also requires a skilled work force. Even if a firm has the capital and could acquire the skilled work force, the competition with older established firms is very antagonistic. In a recent interview with Frank Carlucci, Secretary of Defense, by "Minority Business Today". Mr. Carlucci made the following statement [Ref. 17:p. 16]:

It is not the business of DOD to finance some contractors to the exclusion of others. We can not subsidize a firm and we can not finance a firm, whether minority-owned or

not. In brief we are not in the business of financing minority firms; that is the business of banks, venture capitalists, and creative entrepreneurs.

As pointed out in Chapter III, foreign competition is hindering the ability of American companies as a whole to compete and grow. The Government has taken steps to lessen this burden by placing restrictions upon the procurement process and detailing certification requirements. The Government is also forming consortiums to support domestic industries. In forming a consortium, the Government gives a grant which is matched by industry. This arrangement tends to eliminate many smaller firms and underwrite larger corporations in a particular industry [Ref. 12].

The researcher believes that the lack of a master source system for locating minority businesses is a barrier to their participation in Government business. Companies are often confused, frustrated and thwarted in their efforts to enter the world of Government procurement. This in itself diminishes the number of businesses from which the Government can draw. If this process were simplified, there would be less confusion and more companies would be made available to buying agencies.

#### **F. COMMODITY AREAS EXPERIENCING REDUCED MINORITY BUSINESS PARTICIPATION**

Minority businesses are retreating from manufacturing instead of pursuing it. Minority manufacturers account for

only 1.5% of all firms owned by Blacks, Hispanics and Asians. This figure is down from 2.2% five years ago [Ref. 18]. DOD's acquisitions primarily involve manufactured products, including hard tangible output from foundries, steel mills, forge shops, automated production lines, chemical processing plants and refineries. If a minority business is to become a major contributor to defense, it must transition to a manufacturing capability. Data from the Bureau of the Census shows that minority businesses are concentrated in service areas and in wholesale and retail trade.

#### G. 8(a) EFFECTIVENESS

Statistics from the DOD Acquisition Report of contracts over \$25,000 show that in FY 1987, the Government spent \$504,083,000 with small minority businesses; of this \$275,120,000 or 61.2% was through the 8(a) program [Ref. 19]. Before P.L. 99-661, the 8(a) program had been the only program that emphasized doing business with minority firms. The statistics contained in the DOD Acquisition Report of 1987 clearly demonstrate that few contracts are placed with 8(a) companies. However, the contracts that are placed are for very large dollar amounts. As discussed in Chapter II, GAO reports conclude that the 8(a) program is not effective in making companies competitive. Nevertheless, in 1987, 65% of the Government dollar spent with minority businesses was with 8(a) contractors. Despite the fact that the 8(a)

program is not making minority companies more competitive, it contributes substantially to total Government expenditures to minority firms.

#### H. SUMMARY

Based on the researcher's interviews with both the Government buyers and the owners of minority businesses the following is a list of significant barriers preventing minority businesses from engaging in Federal Government contracts:

1. High cost of capital to enter the market which the Government needs most, namely manufacturing.
2. Lack of skilled labor.
3. Foreign competition.
4. Not having a centralized master data bank which lists minority firms.

Because of the strong barriers there are very few firms that manufacture valves, pipe fittings and bearings.

## V. CONCLUSIONS AND RECOMMENDATIONS

### A. CONCLUSIONS

This thesis investigates the barriers minority businesses face when attempting to acquire Government contracts. The researcher narrowed the scope of this thesis focusing only on valves, bearings and pipe fittings. The following conclusions were reached:

1. The areas under study lack minority business participation because the companies are non-existent, because of the high start up costs, the high degree of skilled labor required and fierce competition. As discussed in Chapter III, these areas lack minority firms because of the tremendous capital outlay it takes to start these companies and the difficulty and associated cost of finding highly skilled labor.

2. The five percent goal is not attainable with manufacturers in the valve, bearings and pipe fittings industry. With the Government's position of not financing or subsidizing contractors combined with the decline of firms engaged in manufacturing, the prospect of attaining the five percent goal with minority manufacturers is bleak. It does not seem logical that we can spend five percent of the dollars with firms that comprise less than .4% of that industry. Since there is a dearth of minority manufacturers,

the ten percent advantage allowed minority firms on unrestricted contracts will have very little impact in reaching the five percent goal.

Most minority businesses act as distributors of manufactured products. Unfortunately, the ten percent advantage only applies if the distributor provides an end item that is manufactured or produced by another small disadvantaged business. The ten percent advantage consequently is not very effective.

In looking at the numbers compiled by the Census Department and considering the types of items the Government buys, it does not appear that the five percent goal is attainable in the manufacturing areas. This goal, however, has made Government buyers much more aware of the Government's socio-economic interest in contracting with minority businesses. This new legislation piques buyers minority business awareness.

With the lack of minority participation in manufacturing, the Government will have to explore making its goal through service type contracts. The perception to non-minorities may be one of reverse discrimination.

3. There is no centralized data base to locate small minority businesses. The new goal makes one aware of the need for a centralized data base to locate minority businesses. Because of the lack of emphasis placed on

minority businesses in the past, this area has not received the attention it deserves.

The PROFILE system has been in place for several years but very few agencies are cognizant of its existence. PROFILE and PASS are not comprehensive lists. Of the 70 companies who manufacture valves, bearings, and pipe fittings, PASS and PROFILE list only nine of these companies.

4. The Federal Government is making a very strong effort to assist minority businesses. The Federal Government has numerous programs designed to ensure small business survival and to aid economically disadvantaged minorities. The scope of the Federal assistance, including loans, loan guarantees, and other aid programs reaches over \$100 billion annually [Ref. 20]. The Government has programs within the DOD, the Small Business Administration, and the Department of Commerce.

The Government also has several publications, which outline all the various steps on how to contract with the Government. In addition, hundreds of conferences are sponsored annually by the Government throughout the U.S.. The researcher asserts that the Government makes a strong definitive effort to search out and aid minority businesses. It is incumbent that minority businesses learn about the Government's procurement system and market themselves.

The Competition in Contracting Act (CICA) stresses full and open competition. In order to obtain a Government

contract, a company must be competitive. Since the ten percent goal applies only to unrestricted contracts and can not be applied to contracts that were previously small business set asides, minority businesses must still be competitive to win Government contracts.

## B. RECOMMENDATIONS

Through evaluation and analysis of the findings the researcher has formulated the following recommendations:

1. Create a master source data base from the information available through the Bureau of Census to locate small

minority businesses. The Bureau of Census has a comprehensive list of minority businesses broken down by SIC codes. Currently, this information cannot legally be released since it is obtained through the Internal Revenue Service from tax forms. The researcher would recommend that a statement be added to the tax forms which would give the company a choice concerning release of its name, address and telephone number into a master data base that could be used by Government buyers and prime contractors.

2. Apply the ten percent evaluation preference to distributors who supply products from other small businesses.

The ten percent advantage does not apply to distributors unless they are distributing a product manufactured by a minority business. Most minorities are distributors and very few are manufacturers. For the ten percent advantage to be

effective. it should be applied to distributors who distribute for small businesses regardless of their ownership status.

3. Change the five percent goal to a more realistic goal based on the number of minority firms in each commodity area.

As discussed in Chapter III, certain commodity areas lack minority firms and therefore it is unrealistic to assume that the Government will ever attain the five percent goal in those commodities. Each commodity area, based on SIC codes, should have separate unique goals. A one percent goal would be more realistic for the commodities under SIC 3400.

#### C. RESEARCH QUESTIONS

##### 1. Primary Research Question

What are the significant barriers preventing minority businesses from engaging in Federal Government contracts and what steps can be taken to assist these businesses to obtain Government contracts?

The researcher believes that the following are the significant barriers preventing minority businesses from engaging in Federal Government contracts:

1. High cost of capital to acquire a manufacturing capability.
2. Lack of skilled labor.
3. Foreign competition.
4. Not having a centralized master data bank which lists minority firms.

The Government should take the following steps to assist businesses:

1. Create a master source data base from the information available through the Bureau of Census.
2. Apply the ten percent evaluation preference to distributors who supply products from other small businesses.

2. Subsidiary Question 1

What commodity groups experience little or no minority business participation? Minority businesses are lacking in the manufacturing arena.

3. Subsidiary Question 2

To what extent is the 8(a) program effective in helping the Government to obtain the five percent goal?

Statistics show that over 60% of what the Government spends with minority firms is through the 8(a) program. Up until the passage of Section 1207, 8(a) was the only program that emphasized doing business with minority firms.

**D. RECOMMENDATIONS FOR FURTHER RESEARCH**

Research conducted for this thesis has revealed the following areas for further study:

1. Using the information available through the Department of Commerce, develop a master source data base of all minority firms.
2. Research the type of loans that are available to small minority businesses to determine if the loans in existence are adequate to assist minority firms.

## APPENDIX A

### QUESTIONS ASKED OF MINORITY FIRM OWNERS

1. Do you seek Government business? If no, what are your reasons for not wanting Government business?
2. Is your company entered into the Small Business Administration's Procurement Automated Source System (PASS) database?
3. Has your company sent out any solicitation mailing list applications, standard form 129, to the procurement activities likely to have a need for the product provided by your firm? If yes, how many and to whom?
4. Is your firm listed in any small business directories, such as "Try Us"?
5. Have you ever received any assistance from a Small Business Specialist at a Government buying activity?
6. Are you familiar with the Government's 8(a) program?
7. Have you applied to be in the 8(a) program?
8. If in the 8(a) program, how many times have you been solicited to bid on a contract under the 8(a) program?
9. How many times have you been awarded an 8(a) contract?
10. Have you performed any subcontracting with firms that have DOD contracts (prime contractors)?
11. How many times in the past 12 months has your company received a solicitation to bid on a Government contract?
12. How many times have you bid on the solicitation?
13. How many times have you been awarded a contract?
14. For the times that you failed to receive a contract, what were the reasons given for your failure?
15. When you did not bid on a contract, what were your reasons for not doing so?

16. What percentage of your business is with the Government, both as a prime and a subcontractor?
17. Are you a manufacturer or a distributor?
18. What commodities do you sell or manufacture?
19. Do you read the Commerce Business Daily?
20. How much of a capital outlay does it require to get started in manufacturing valves, bearings and pipe fittings?
21. What do you feel keeps minorities out of manufacturing?

## APPENDIX B

### QUESTIONS ASKED OF GOVERNMENT BUYERS

1. Do you use PASS?
2. Do you use PROFILE?
3. How actively do you seek out 8(a) contracts?
4. Do you have a mechanized bidders list?
5. Do you go to distributors?
6. What requirements limit the amount of firms that can compete for valves, pipe fittings, and bearings?
7. What are you doing to seek out minority businesses?
8. What kind of an outreach program do you have?

## APPENDIX C

### BREAKDOWN OF THE PERCENT OF BUSINESS THE GOVERNMENT DOES WITH MINORITIES BY FSC

<u>GROUP</u>	<u>PERCENT OF DOLLARS SPENT WITH MINORITIES</u>
10 Weapons	5.6
11 Nuclear Ordnance	.6
12 Fire Control Equipment	2.68
13 Ammunition and Explosives	1
14 Guided Missiles	.09
15 Aircraft and Airframe Structural Components	.12
16 Aircraft Components and Accessories	1.32
17 Aircraft Launching, Landing and Ground Handling Equipment	3.3
18 Space Vehicles	0
19 Ships, Small Craft, Pontoons, and Floating Docks	.4
20 Ship and Marine Equipment	9.8
22 Railway Equipment	18.26
23 Ground Effect Vehicles, Motor Vehicles, Trailers and Cycles	.3
24 Tractors	0
25 Vehicular Equipment Components	.8
26 Tires and Tubes	0
28 Engines, Turbines and Components	.4

29	Engine Accessories	.83
30	Mechanical Power Transmission Equipment	.618
31	Bearings	.6
32	Woodworking Machinery and Equipment	0
34	Metalworking Machinery	.9
35	Services and Trade Equipment	22.61
36	Special Industry Machinery	.25
37	Agricultural Machinery and Equipment	0
38	Construction, Mining, Excavating, and Highway Maintenance Equipment	.1
39	Materials Handling Equipment	1.13
40	Rope, Cable, Chain and Fittings	.9
41	Refrigeration, Air Conditioning and Air Circulating Equipment	.3
42	Fire Fighting, Rescue and Safety Equipment	1
43	Pumps and Compressors	2.19
44	Furnace, Steam Plant, Drying Equipment and Nuclear Reactors	.05
45	Plumbing, Heating and Sanitation Equipment	3.3
46	Water Purification and Sewage Treatment Equipment	0
47	Pipe, Tubing, Hose and Fittings	.5
48	Valves	.4
49	Maintenance and Repair Ship Equipment	1.24
51	Hand Tools	1.6
52	Measuring Tools	.73
53	Hardware and Abrasives	2

54	Prefabricated Structures and Scaffolding	16
55	Lumber, Millwork, Plywood, and Veneer	0
56	Construction and Building Materials	1.9
58	Communication, Detection and Coherent Radiation Equipment	.6
59	Electrical and Electronic Equipment Components	1
60	Fiber Optics	39
61	Electric Wire and Power and Distribution Equipment	3.1
62	Lighting Fixtures and Lamps	.9
63	Alarm and Signal Systems	4.7
65	Medical, Dental and Veterinary Equipment and Supplies	2.3
66	Instruments and Laboratory Equipment	1.5
67	Photographic Equipment	1.4
68	Chemicals and Chemical Products	4.7
69	Training Aids and Devices	4.9
70	Data Processing Equipment Software, Supplies and Support Equipment	2.3
71	Furniture	16.3
72	Household and Commercial Furnishings and Appliances	3.4
73	Food Preparation and Serving Equipment	2.05
74	Office Machines, Visible Record Equipment, and Data Processing Equipment	2.3
75	Office Supplies and Devices	9.6
76	Books, Maps, and Other Publications	5.5

77	Musical Instruments, Phonographs, and Home-type Radios	0
78	Recreational and Athletic Equipment	0
79	Cleaning Equipment and Supplies	.1
80	Brushes, Paints, Sealers, and Adhesives	0
81	Containers, Packaging, and Packing Supplies	4.4
83	Textiles, Leather, Furs, Apparel and Shoe Findings Tents, and Flags	.17
84	Clothing, Individual Equipment and Insignia	9
85	Toiletries	0
87	Agricultural Supplies	2
88	Live Animals	0
89	Subsistence	1.3
91	Fuels, Lubricants, Oils, and Waxes	3.6
93	Nonmetallic Fabricated Materials	2.23
94	Nonmetallic Crude Metals	0
95	Metal Bars, Sheets and Shapes	2.17
96	Ores, Minerals, and their Primary Products	0
99	Miscellaneous	3.5

## APPENDIX D

### SURVEY GIVEN TO MINORITY BUSINESSES IN ATTENDANCE AT THE MBDA CONFERENCE

My name is Captain Sandy Wright, USMC. I'm currently working on my masters in Acquisition and Contract Management at the Naval Post Graduate School in Monterey, Ca. I am in the process of writing my thesis entitled the "Barriers Faced by Minority Businesses in Obtaining Government Contracts". I would appreciate it if you would take a few minutes to complete the following survey, and return it to me before leaving today.

#### CIRCLE THE APPROPRIATE RESPONSE

1. What is the ethnic background of the majority owner of your company?

- |                         |                              |
|-------------------------|------------------------------|
| 1 Black American (16)   | 3 Native American (3)        |
| 2 Hispanic American (6) | 4 Asian Pacific American (6) |
|                         | 5 Other (6)                  |

2. What is your level of education?

- |                           |                        |
|---------------------------|------------------------|
| 1 High School (3)         | 4 Bachelors degree (9) |
| 2 College - no degree (8) | 5 Higher degree (11)   |
| 3 Associate degree (5)    | 6 Other                |

3. How many years has your company been in existence?

- |                        |                      |
|------------------------|----------------------|
| 1 Less than 1 year (9) | 4 7 to 10 years (8)  |
| 2 1 to 3 years (5)     | 5 11 to 15 years (5) |
| 3 4 to 6 years (4)     | 6 over 15 years (5)  |

4. In what commodity area(s) does your company deal?

5. What is the number of employees in your firm?

- |           |             |         |
|-----------|-------------|---------|
| 1-25 (30) | 51-100      | 251-500 |
| 26-50 (3) | 101-250 (2) | 500+    |

6. What are the approximate annual net sales of your company?

- |                          |                        |
|--------------------------|------------------------|
| less than \$100,000 (13) | \$100,001-500,000 (10) |
| \$500,001-1,000,000 (3)  | \$1,000,000+ (6)       |

7. Geographically, where are you located?

- |                |               |               |
|----------------|---------------|---------------|
| Southwest (25) | Northwest (4) | Southeast (2) |
| Northeast (1)  | Midwest       |               |

8. Is your company entered into the Small Business Administration's Procurement Automated Source System (PASS) database?

yes (11) no (22)

9. Has your company sent out any solicitation mailing list applications, Standard Form 129, to the procurement activities likely to have a need for the product or service provided by your firm?

yes (9) no (22)

10. If you answered yes to question 9, how many SF 129's have you submitted?

1(1) 2 3 4(1) 5(2) 6(1) 7 8 9 10 10+(2)

11. Has your company completed the Bidder's Mailing List Application Supplement, DD Form 558-1?

yes (2) no (33)

12. If you answered yes to question 11, how many DD form 558-1's have you completed?

1(1) 2 3(1) 4 5 6 7 8 9 10 10+

13. Have you ever received any assistance from a Small Business Specialist at a Government buying activity?

yes (3) no (29)

14. If you answered yes to question 13, did this assistance help you to obtain a Government contract?

yes no (4)

15. Are you familiar with the Government's 8(a) program?

yes (14) no (20)

16. Have you applied to be in the 8(a) program?

yes (8) no (24)

17. Are you currently involved in the 8(a) program?

yes (1) no (33)

If you answered no to question 17 proceed to question 21

18. How many years have you been in the 8(a) program?

1 2 3 4 5 5+

19. How many times have you been solicited to bid on a contract under the 8(a) program?

1 2 3 4 5 6 7 8 9 10 10+

20. How many times have you been awarded a 8(a) contract?  
1 2 3 4 5 6 7 8 9 10 10+

21. Have you performed any subcontracting with firms that have DOD contracts (prime contractors)?  
yes (5) no (29)

22. If you answered no to question 21, what is (are) your reasons?

- 1 My company deals in commodities or services not needed by prime contractors (2)
- 2 I do not know how to obtain information regarding how to deal with prime contractors (15)
- 3 I have bid on subcontracting jobs, but have not been successful in obtaining a contract (3)
- 4 other\_(8) \_\_\_\_\_

23. How many times in the past 12 months has your company received a solicitation to bid on a government contract?  
0(25) 1(3) 2 3(1) 4 5(2) 6 7 8 9 10 10+(1)

24. How many times have you bid on the solicitation?  
0(18) 1(1) 2 3 4(1) 5 6 7 8 9 10 10+(1)

25. How many times have you been awarded a contract?  
0(23) 1(2) 2 3(1) 4 5 6 7 8 9 10 10+

26. For the times that you failed to receive a contract, what were the reasons given for your failure?

- 1 price not competitive (3)
- 2 could not meet the schedule (1)
- 3 could not meet the specifications
- 4 no reason provided (5)
- 5 other\_(6) \_\_\_\_\_

27. When you did not bid on a contract, what were your reasons for not doing so?

- 1 could not meet the schedule (3)
- 2 specifications were too strict (2)
- 3 the paperwork was too voluminous (4)
- 4 other\_(6) \_\_\_\_\_

28. Do you seek Government business?  
yes (33) no (1)

29. If you answered no to question 28, what are your reasons?

- 1 burdensome paperwork
- 2 inflexible procurement policies
- 3 Government bidding methods (1)
- 4 more attractive commercial vendors
- 5 low profitability
- 6 late payment/non payment
- 7 other \_\_\_\_\_

30. Is your firm listed in any small business directories, such as "Try Us"?

yes (3) no (31)

31. If you answered yes to question 30, in which directories are you listed?

32. What areas of business could you pursue in contracting with the Government?

33. What percentage of your business is with the Government, both as a prime and a subcontractor?

0-10(23)	11-20	21-30	31-40	41-50(1)	51-60(1)
61-70	71-80	81-90(1)	91-100		

Additional comments:

Company name, address and phone number: (optional)

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