



"Solving the Unnecessary Contracting Cliff for Enterprises to Scale Successfully Bill" or the "SUCCESS Bill"

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Benefits to New and Emerging Small Businesses Defense Contractors and Engineers

Many small business owners have sought to enter the federal market only to find that it is dominated by small business firms who are larger and more experienced than their own, making it difficult, if not impossible to enter and succeed at winning federal prime contracts.

Those larger dominant firms are often referred to as "Advanced Small Businesses" (Advanced SBs). A vast majority of Advanced SBs stagnate their growth when they approach the small business size standard thresholds in order to remain small, due to the fact that only **2.5% of firms that "graduate" from small to other-than-small ever win another federal contract**. This perverse incentive to remain small creates a barrier to new and emerging SBs, since Advanced SBs often have dominant personnel and financial resources, years of experience, and proven capabilities in the federal space. With little to no incentive to grow beyond small, Advanced SBs continue to dominate the federal small business market and are a barrier to the success of new and emerging SB entrants.

Enactment of this proposed legislation will provide a path for Advanced SBs to successfully exit the SB set-aside space and open doors for new and emerging SBs to find success. Since participating firms may choose to "graduate" or "transition" from the federal SB space, they also have an incentive to mentor other small businesses in order to meet future small business participation goals when competing for other-than-small federal contracts in the future. Transitioning SBs would be desirable Mentors to emerging SBs since they have already proven they can successfully navigate the federal small business market.

As currently proposed, the SUCCESS Act PILOT program will allow concerns that have grown to exceed small business thresholds in construction (NAICS 236220) and engineering services (NAICS 541330) to participate in a one-time, seven year "transitioning" phase at their discretion. Once a firm has elected to enter the program, they will continue to qualify as small for contracts above a certain threshold (currently proposed at \$5M for construction and \$1M for engineering services). As a result, emerging and new SBs will have increased access to contracts under these thresholds as transitioning firms are no longer eligible for awards under those dollar thresholds. Over 90% of all awarded actions to these NAICS codes are under the proposed thresholds.

In order to remain eligible for the transitioning program, participating firms will be required to certify that they have met applicable activity targets and complied with restrictions on participating as Proteges in the SBA MPP and have no restrictions for participating as Mentors.

To support this legislation, please sign the Call to Action petition at www.bit.ly/PILOTACTION