



Survey of Participants in the District's Small Business Enterprise Program

Project # 09-22

**Prepared by
Office of Inspector General**

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SOUTH FLORIDA WATER MANAGEMENT DISTRICT

December 9, 2009

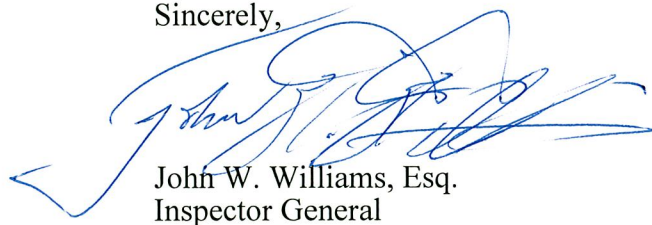
Audit and Finance Committee Members:

Mr. Charles J. Dauray, Chair
Mr. Eric Buermann, Member
Mr. Michael Collins, Member
Mr. Joe Collins, Member

Re: Survey of Participants in the
District's Small Business Enterprise
Program
Audit No. 09-22

This survey was performed pursuant to the Inspector General's authority set forth in Chapter 20.055, F.S. The purpose was to obtain feedback from District-certified small businesses participating in the District's Small Business Enterprise Program on various aspects of the Program. This report was prepared by Tim Beirnes and Jankie Bhagudas.

Sincerely,

A handwritten signature in blue ink, appearing to read "John W. Williams", is written over a large, stylized blue scribble.

John W. Williams, Esq.
Inspector General

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BACKGROUND

In accordance with the Office of Inspector General's Fiscal Year 2009 Audit Plan, we conducted an e-mail survey of District-certified small business enterprises to obtain feedback on various aspects of the District's Small Business Enterprise (SBE) Program to determine whether small businesses are being utilized effectively and benefiting from the Small Business Enterprise Program.

The District's Procurement Department (Procurement), situated within Corporate Resources, is responsible for acquiring goods and services, and establishing other contractual relationships in support of District programs, projects and operations within the parameters of applicable laws, rules, policies and procedures. Procurement's Small Business Enterprise Program is primarily responsible for ensuring compliance with the Small Business Enterprise Rule, outreach, certification, solicitation preparation, contract compliance, and monitoring and reporting of utilization data.

The Small Business Enterprise Rule (Rule 40E-7, Part V1, F.A.C.) includes policies and procedures intended to help small businesses, including those owned by women and minorities, participate in the District's contracting activities. The Small Business Enterprise Rule includes the following three types of competitive solicitation preferences to assist District-certified small businesses: 1) bid equalization, 2) a sheltered market program where only SBEs can bid on designed solicitation, and 3) subcontracting requirements for bids and proposals.

General Engineering and Professional Services, Information Technology, and construction contractors were awarded contracts based on several factors including the prime contractors' commitment to use small businesses certified by the District's Small Business Enterprise Program as subcontractors in order to spur economic development and support small businesses, which includes women-owned and minority owned business. For example, prime General Engineering and Professional Services contractors were awarded up to 10 points in the Request for Proposal evaluation process depending on their proposed Small Business Enterprise subcontractor participation. It is important to note that 20 of the 104 General Engineering and Professional Services contracts (19 percent) were awarded to Small Business Enterprise prime contractors. Further, 25 of the

34 Information Technology contracts (73%) were awarded to Small Business Enterprise prime contractors. Our review of SAP (the District's financial system) disclosed that as of September 22, 2009, there were 1,536 small businesses with e-mail addresses.¹

With input from Procurement, we developed a total of 12 survey questions requesting that the small businesses provide specific responses and feedback about the District's Small Business Enterprise Program. (See APPENDIX 1 for a copy of the survey.) Specifically, the survey requested that small businesses respond and/or comment anonymously about the following:

- How they find out about contracting opportunities with the District
- Participation in District procurement workshops and other outreach events to increase networking opportunities
- Number of bids/proposals submitted to the District as Small Business Enterprise prime contractors and to District prime contractors as Small Business Enterprise subcontractors
- Whether any non-compliance issues were reported to the Small Business Enterprise Program, as the Program is required to ensure effective utilization of small businesses
- Effectiveness/Usefulness of the District's Small Business Enterprise Program for their business
- Recommendations for improving and accolades about the Small Business Enterprise Program
- Accolades regarding the Small Business Enterprise Program

The Information Technology Department assisted with the survey by posting it online using a survey software application, which tabulated the responses. The survey was e-mailed on September 23, 2009, to the 1,536 Small Business Enterprises and remained active on the District's website until October 27, 2009. It should be noted that

¹ As of September 22, 2009 there were 1751 SBE's in the District's database; however, 162 did not have e-mail addresses and 53 had expired certifications. Thus, our survey population was 1536 SBE's. As of November 23, 2009, there were 1,869 Small Businesses Enterprises listed in SAP.

227 of the e-mails were undeliverable due to various reasons, for example, incorrect e-mail addresses, and changes in e-mail addresses, and recipients could not be reached. (On October 2, 2009, we provided the Procurement Department with a listing of the returned e-mail addresses and requested that they take appropriate action to ensure that the Small Business Enterprise records in SAP are accurate. The Procurement Department has taken steps to resolve this issue.) We concluded that the survey was successfully transmitted to 1,309 District-certified small businesses. We received a total of 384 responses, representing a 29.34% response rate (based on those successfully transmitted).

OBJECTIVE, SCOPE, AND METHODOLOGY

The purpose of the survey was to obtain feedback from District-certified small businesses participating in the District's Small Business Enterprise Program on various aspects of the Program.

To accomplish our objective, we determined the population of small businesses with e-mail addresses by reviewing Procurement information maintained in SAP (the District's financial system). After the population was established, we developed survey questions with input from Procurement and e-mailed the survey to all small businesses. The Information Technology Department assisted by using a survey software application to post the survey online and store the results. At the end of the survey period, we downloaded all responses and conducted several analyses.

SURVEY RESULTS

Executive Summary

Overall, our survey revealed that small businesses that have performed work for the District benefit from and are satisfied with the District's Small Business Enterprise Program. We received responses from 384 of the 1,309 (29%) small businesses surveyed. The overall survey results are as follows:

- 42% of the respondents participated in District procurement workshops and other outreach events in efforts to increase their networking opportunities. However, 31% responded that they were not aware of these types of opportunities.
- 88% responded that the District's Small Business Enterprise Program ensures that they are being utilized effectively and did not have any non-compliance issues.
- 47% of the respondents said that the Small Business Enterprise Program has been effective for their business. It should be noted 68% of the respondents who have performed work on District projects stated that the Program has been effective for their business and 70% of the respondents who have not performed work on District projects stated that the Program has not been effective for their business.
- 75% of the Small Business Enterprise prime contractors responded that they submitted bids/proposals to the District within the past two years.
- 50% of the Small Business Enterprise subcontractors responded that they submitted bids/proposals to a District prime contractor within the past two years.

Further, 382 Small Business Enterprise contractors responded to the question asking how they find out about contracting opportunities at the District. Based on our analysis, 254 of the 382 respondents use the District website while only 19 check local newspapers and 11 make calls to the District's Bid Hotline. In addition, 139 respondents shared their experience about the Small Business Enterprise Program by providing recommendations for improvements and general comments. It is important to note that only 7 of the 139 (5%) comments about the program were negative.

Detailed Survey Results

Overall, our survey revealed that small businesses that have performed work for the District benefit from and are satisfied with the District's Small Business Enterprise Program. We received responses from 384 of the 1,309 (29%) small businesses surveyed. The 384 respondents in our analysis comprised of the following:

- 214 (56%) Small Business Enterprises who have not performed work either as a Small Business Enterprise prime contractor or subcontractor
- 170 (44%) Small Business Enterprises who performed worked as Small Business Enterprise prime and/or Small Business Enterprise subcontractors. These 170 small business comprised of the following:
 - 71 prime contractors
 - 52 subcontractors
 - 47 contractors who performed work as both prime contractors and subcontractors

It should be noted that in some instances the 384 respondents did not respond to and/or comment on all survey questions and a few questions were geared specifically towards prime or subcontractors. The following table summarizes the survey's most insightful responses (refer to APPENDIX 1 for the detailed results).

SURVEY QUESTIONS	RESPONSES		CONCLUSIONS
<p><u>Survey Question #4:</u> Do you participate in District procurement workshops and other outreach events in an effort to increase your networking opportunities?</p>	Yes	159 (42%)	<p>117 of the 378 (31%) respondents answered that they are not aware of District procurement workshops and other outreach events, which can increase their networking opportunities.</p>
	No	102 (27%)	
	Not aware of these types of opportunities	117 (31%)	
<p><u>Survey Question #9:</u> One of the responsibilities of the District's Small Business Enterprise Office is to ensure that small businesses are being utilized effectively. Has your firm experienced any issues of non-compliance?</p>	Yes	44 (12%)	<p>317 of the 361 (88%) respondents who answered this question responded that they have not experienced any issues of non-compliance by the Small Business Enterprise Office.</p>
	No	317 (88%)	
<p><u>Survey Question #11:</u> How effective/useful has the District's Small Business Enterprise Program been for business?</p>	Very effective / useful	42 (12%)	<p>171 of the 364 (47%) respondents who answered this question responded that the Program has been effective / useful for their business.</p>
	Somewhat effective / useful	129 (35%)	
	Not effective / useful at all	193 (53%)	
<p><u>Survey Question #5: SBE Prime Contractors:</u> How many bids/proposals has your firm submitted to the District within the past two years as a Small Business Enterprise prime contractor?</p>	None	20 (25%)	<p>Based on our analysis, 84 Small Business Enterprise prime contractors responded to this question. 64 of the 84 (75%) answered that they submitted bids/proposals to the District within the past two years.</p>
	1 - 3	38 (45%)	
	4 - 6	13 (15%)	
	7 or more	13 (15%)	

SURVEY QUESTIONS	RESPONSES		CONCLUSIONS
<p><u>Survey Question #7: SBE Subcontractors:</u> How many bids/proposals has your firm submitted as a Small Business Enterprise subcontractor to a District prime contractor within the past two years?</p>	None	146 (50%)	<p>Based on our analysis, 292 Small Business Enterprise contractors responded to this question. 146 of the 292 (50%) answered that they submitted bids/proposals to a District prime contractor within the past two years.</p>
	1 - 3	75 (26%)	
	4 - 6	37 (13%)	
	7 or more	34 (11%)	
<p><u>Survey Question #3:</u> How do you find out about contracting opportunities with the District (<i>check all that apply</i>): 1) District Website; 2) Call from prime contractors about contracting opportunities; 3) Procurement outreach events; 4) Local newspapers; 5) Calls to the District's Bid Hotline; 6) Other</p>	District Website	254	<p>Based on our analysis, 382 Small Business Enterprise contractors responded to this question. 254 of the 382 respondents use the District website while only 19 check local newspapers and 11 make calls to the District's Bid Hotline. (<i>Note that for this question respondents were asked to provide multiple responses.</i>)</p>
	Call from prime contractors about contracting opportunities	139	
	Procurement outreach events	78	
	Local newspaper	19	
	Calls to the District's Bid Hotline	11	
	Other (e.g., e-mails and District staff)	87	

As part of our analyses, we determined which respondents have performed work for the District and which have not yet performed any work for the District (survey question #1) and compared those responses to the responses provided to survey question #4 asking about efforts by small businesses to increase networking opportunities and survey question #11 asking about the effectiveness of the Small Business Enterprise Program. The results are detailed in the following tables.

SURVEY QUESTIONS and RESPONSES	NUMBER OF RESPONSES	
<p><i>Survey Question #4:</i> Do you participate in District procurement workshops and other outreach events in an effort to increase your networking opportunities?</p>	Survey Question #1	
	<p># of Small Business Enterprise subcontractors and/or prime contractors who have performed work on a District contract</p>	<p># of Small Business Enterprise subcontractors and/or prime contractors who have not performed work on a District contract</p>
<p>Number of responses to both survey questions (<i>Note 1</i>)</p>	163	209
<p>Number that have participated in District procurement workshops and other outreach events</p>	67 (41%)	90 (43%)
<p>Number that have not participated in District procurement workshops and other outreach events</p>	50 (31%)	50 (24%)
<p>Number of that are not aware of District procurement workshops and other outreach events</p>	46 (28%)	69 (33%)
<p><i>Note 1: Respondents did not answer all questions. These results reflect instances where both questions were answered.</i></p>		

SURVEY QUESTIONS and RESPONSES	NUMBER OF RESPONSES	
<p><u>Survey Question #11:</u> How effective/useful has the District's Small Business Enterprise Program been for your business?</p>	Survey Question #1	
	# of Small Business Enterprise subcontractors and/or prime contractors who have performed work on a District contract	# of Small Business Enterprise subcontractors and/or prime contractors who have not performed work on a District contract
Number of responses to both survey questions (<i>Note 1</i>)	163	196
Number that responded the Small Business Enterprise Program has been very effective/useful for their business	35 (21%)	6 (3%)
Number that responded the Small Business Enterprise Program has been somewhat effective/useful for their business	76 (47%)	53 (27%)
Number that responded the Small Business Enterprise Program has not been effective/useful for their business	52 (32%)	137 (70%)
<p><i>Note 1: Respondents did not answer all questions. These results reflect instances where both questions were answered.</i></p>		

Respondents' Comments

We asked respondents to share their experience with the Small Business Enterprise Program by providing recommendations for improvements or accolades. A total of 139 respondents commented. Listed in the following table are the types comments received.

Types of Comments from Respondents	Number of Responses (%)	
	Recommendations to improve the Program	41
General Comments / Questions	34	24%
Positive feedback	21	15%
Better notification	21	15%
Have not received any work	15	11%
Negative comments	7	5%
Total	139	100%

Listed below are some of the respondents' comments.

Recommendations to Improve the Small Business Enterprise Program

- Promote the Small Business Enterprise Program more efficiently.
- Provide more contracting opportunities under \$250,000 without bonding restrictions.
- The District is doing a fair job. However, still difficult to get opportunities to work on District projects. Need to break down large projects into some smaller projects so that all can benefit.
- Open the pre-qualified contractor list to new applicants. We are missing the opportunity to bid on projects as a Small Business Enterprise prime contractor because we are not on the existing list.

General Comments / Questions

- We would like to become more involved and hopefully be able to bid for business and work more closely with District.
- There are not enough opportunities for SBE firms as prime contractors. A majority of the opportunities are for subcontractors and larger firms win the majority of the contracts. There should be contracts for SBEs only.
- Need more opportunities in the professional services area.

Positive Feedback about the Small Business Enterprise Program

- This is one of the best programs in the state.
- We have made recommendation to other government agencies that they duplicate the District's Small Business Enterprise Program.
- The Small Business Enterprise Program helps subcontractors.
- The application process for Small Business Enterprise certification was very quick.

Better Notification / Communication with Small Business Enterprises

- There should be a better notification system for bids. Many times we are not notified when bids are out.
- E-mail notification of Small Business Enterprise opportunities.
- Advertise workshops by e-mail.
- More frequent e-mail communications

No Small Business Enterprise Work

- Our firm has not worked on any District projects.
- We have attended District seminars, spoken with Procurement staff, checked the District's web site often, but have never received a request from the District or a prime contractor.
- Selected as team member by a prime contractor but we have not been assigned any work.

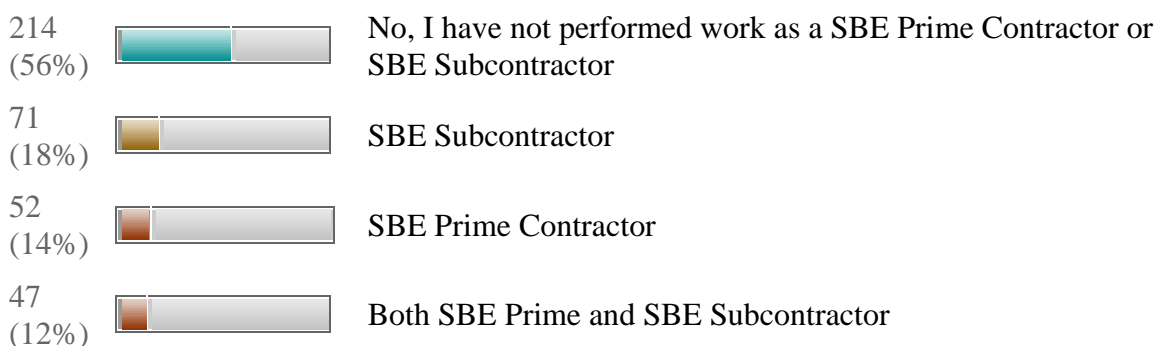
Negative Comments about the Small Business Enterprise Program

- The District goes through the motions with no real intent to open up the opportunities.
- Cut out favoritism.

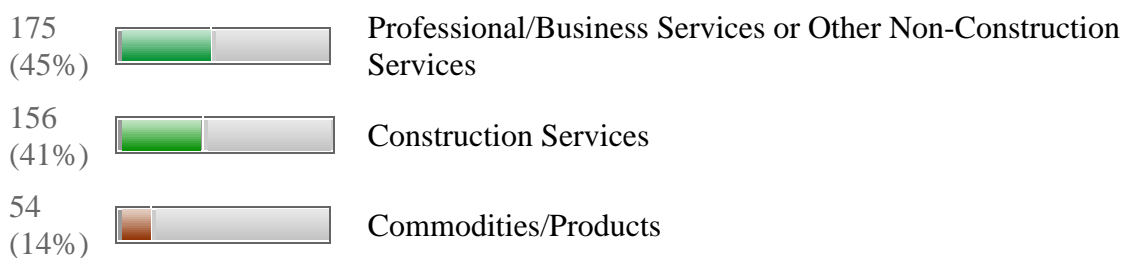
APPENDIX 1

Results of Survey of Small Business Enterprises (SBEs)

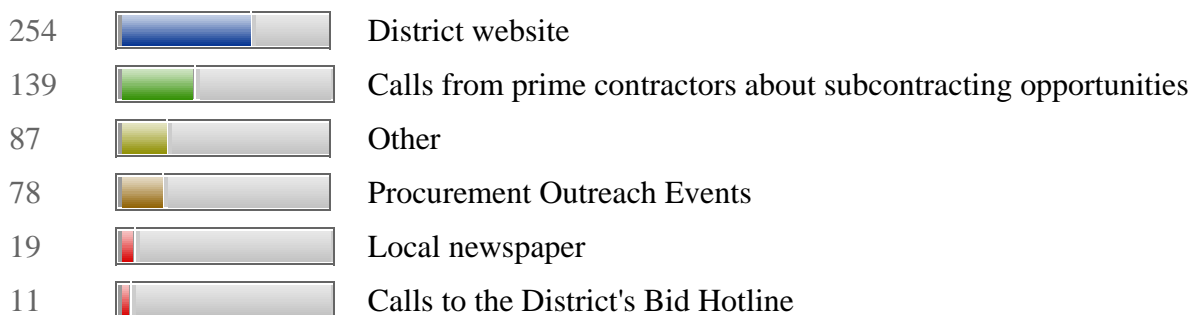
1. Has your firm performed work on a District contract as any of the following:



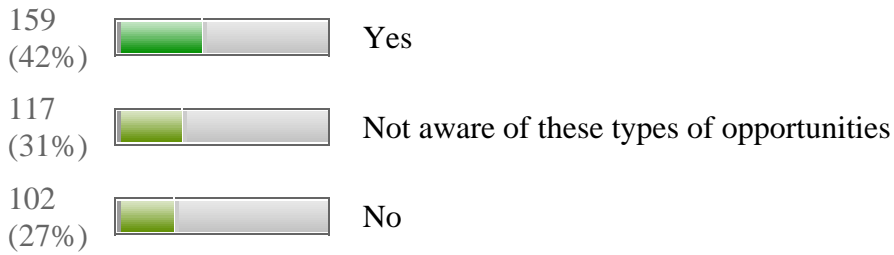
2. Which of the following does your firm provide/perform:



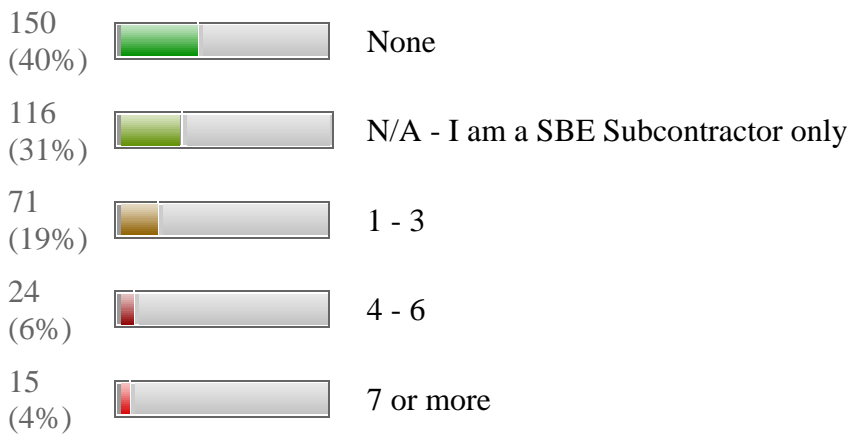
3. How do you find out about contracting opportunities with the District (check all that apply): (Choose Multiple):



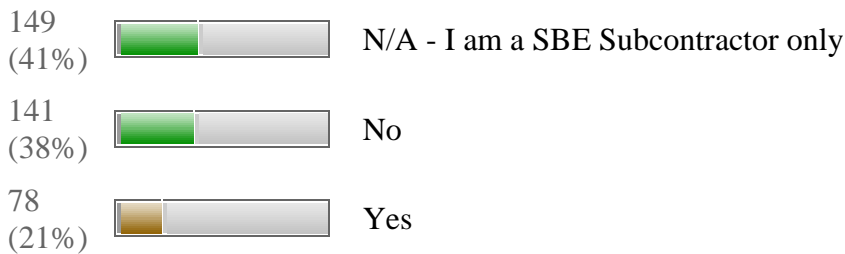
4. Do you participate in District procurement workshops and other outreach events in an effort to increase your networking opportunities?



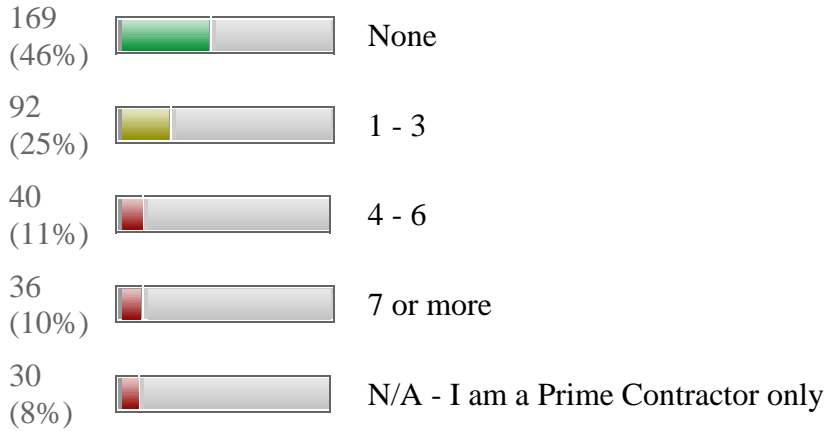
5. Prime Contractors: How many bids/proposals has your firm submitted to the District within the past two years as a SBE prime contractor?



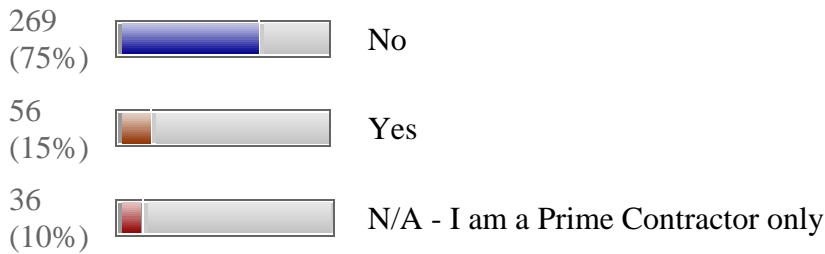
6. Prime Contractors: Is your firm on any pre-qualified District contractor listing (e.g., for construction projects)?



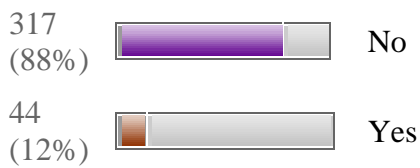
7. SBE Subcontractors: How many bids/proposals has your firm submitted as a SBE subcontractor to a District prime contractor within the past two years?



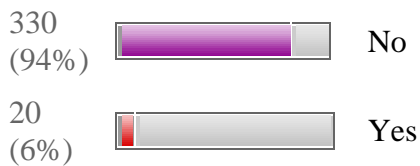
8. SBE Subcontractors: Is your firm on a team where the District prime contractor has been awarded work order based contracts (e.g., General Engineering Professional Services contracts and Information Technology Services contracts)?



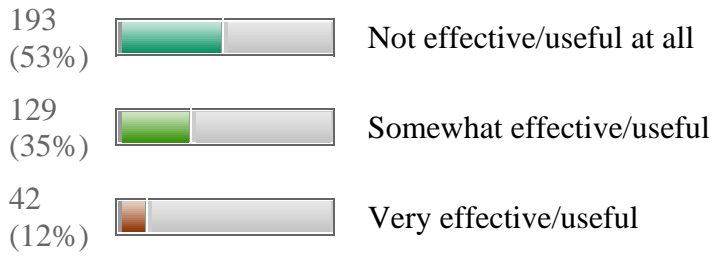
9. One of the responsibilities of the District's SBE Office is to ensure that small businesses are being utilized effectively. Has your firm experienced any issues of non-compliance?



10. If yes, have you reported issues of non-compliance?



11. How effective/useful has the District's SBE program been for your business?



12. Share your experience with the SBE program by providing recommendations for improvements or accolades.

(Excerpts of comments are summarized in the body of the report.)