



INTERNATIONAL GROUP, INC.

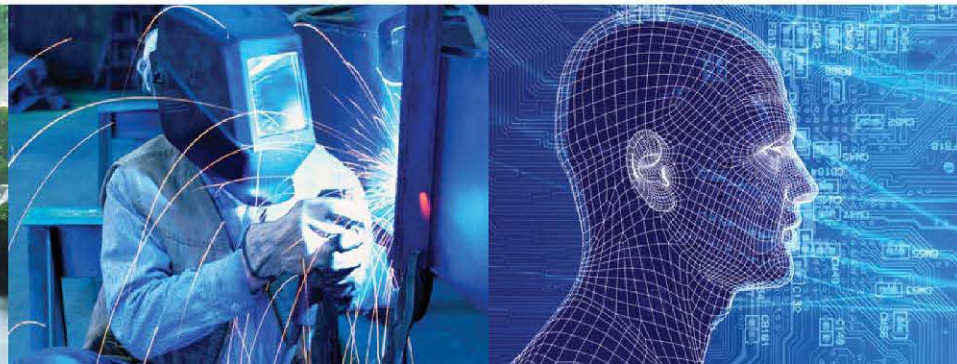
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# Navigating The Federal Teaming & Joint Venture Path to Profitability

*NCMA Workshop - June 22<sup>nd</sup>, 2011*

## **Sullivan Corporate Vision**

*To be a recognized world-class science, engineering, and technology firm.*



[www.onesullivan.com](http://www.onesullivan.com)

Sullivan International Group  
is a Service-Disabled  
Veteran Owned Business



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# Sullivan Overview



★ **San Diego, CA**  
**Sullivan International Group**  
**Headquarters**

### Other Office Locations

San Francisco, CA  
Fort Irwin, CA  
Denver, CO  
Washington, D.C.  
Chicago, IL  
Minneapolis, MN  
Newark, NJ  
Reno, NV  
Fort Jackson, SC

### Additional Project Offices

Sacramento, CA    Lansing, MI  
Glastonbury, CT    Knoxville, TN  
Bethesda, MD    Virginia Beach, VA

- Sullivan International Group, Inc. is an applied science, engineering, and technology firm that has been serving both the commercial and government sectors since its inception in November, 1998
- Sullivan is a Service Disabled Veteran Owned Business (SDVOB) and SBA Small Disadvantaged Business (SDB)



*Headquarters Located at Historic Liberty Station in San Diego*



- SBA, 8(a) Business Development Program Graduate – August 2010
- Service-Disabled Veteran Owned Business
- Environmental Engineering Contractor
  - Primary NAICS Code: 562910, Exception
  - Environmental Remediation Services*
- Employees: 150
- 3-Year Revenue Average: \$25M



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## Core Services

- **Remediation & Construction**

- Comprehensive engineering, environmental, and remediation services and commercial, industrial, and institutional construction services

- **Environmental Services**

- Multi-disciplinary environmental services with an emphasis on site assessments, policy and regulatory assistance, permitting and multi media compliance support services

- **Mission Services**

- Operations and maintenance services with an emphasis on industrial operations, staff augmentation, mission support services, quality management systems, and risk management services

- **Environmental Technology**

- Information technology-based products and services delivered as primary services or in support of core Sullivan services





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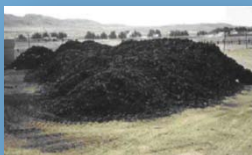
# Key Clients & Growth Focus

## Pemaco Site – OTIE (EPA)



Sullivan received “exceptional” quality ratings and performance ratings of “excellent” from EPA’s project manager

## Ft Irwin - IAP (US Army)



Sullivan has received multiple Outstanding Mission Support Medals from the U.S. Army for services provided to the National Training Center

- **U.S. Navy** — the Navy is a long term Sullivan client with more than 100 million dollars in revenue over the past 10 years. Currently awaiting the award of a new \$40M, 5 year contract in the southwest
- **U.S. Army & ACE** — the Army and Army Corp of Engineers are a growing and important client of Sullivan’s. In the past 5 years the firm has won over a dozen contracts with a combined capacity of more than \$300M with several new large contract awards anticipated in 2011 - 2013
- **U.S. Air Force** — The Air Force is a relatively new client of Sullivan’s with tremendous growth anticipated on two major contracts with overall capacity of more than \$250M. Key partners on both of the contracts have strong relationships with the AF which will support rapid growth over the next 2 – 5 years
- **U.S. EPA** — The EPA has been a major success story for Sullivan. Going from zero contracts to several large multi-year contracts in less than 5 years have created a buzz in the industry and provided more than \$350M in contract capacity for the firm
- **CSL & OFA** — Sullivan started in the commercial, state and local (CSL) markets and will focus on creating a multi-million dollar business line in this market in the next several years. Additional growth is also anticipated in several other federal agencies (OFA’s)





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## Facilitating Teaming Arrangements

### Basic Teaming Strategies

- A significant way to increase contract opportunities for Small, 8(a), SDB, HUBZone, Service-Disabled Veteran-Owned and Women-Owned Small Businesses is through teaming arrangements and subcontracting relationships.
- Teaming arrangements are desirable from a federal and industry standpoint because they enable the companies involved to compliment each other's unique capabilities and offer the government the best combination of performance, cost, and delivery for the product being acquired.
- Teaming agreements may include large businesses or other small businesses. There may be size issues involved when small businesses enter teaming agreements. The parties can be considered affiliated and the combined receipts/employees of the teaming partners will determine whether the entity meets the size standard (13CFR 121.103).

*Sullivan currently has 8 active Joint Ventures and has created hundreds of teaming relationships over the past 13 years.*



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## What is a Teaming Arrangement?

- The Federal Acquisition Regulation (FAR) Subpart 9.6, Contractor Team Arrangements, describes contractor team arrangements as follows:
- “Two or more companies form a partnership or joint venture to act as a potential prime contractor”; or
- “A potential prime contractor agrees with one or more other companies to have them act as its subcontractors under a specified Government contract or acquisition program.”

*Who's doing all the work on the proposal?*





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## The Difference Between Partnership's & Joint Venture's?

- Ready to start a new business?
- Is the JV populated or unpopulated?
- Who will manage the JV and are in compliance with current JV regulations?
- How does your client perceive a JV vs. a standard teaming arrangement?

- A partnership is a voluntary association of two or more individuals to carry on a business for profit, usually on a permanent basis. A limited partnership provides for limited liability of one or more of the partners.
- A joint venture, consists of two or more companies combining their resources to form a new company, as a separate entity from the existing companies, for the purpose of performing a contract. Once the contract is completed, the joint venture is dissolved along with the new company that was formed to perform the contract.

*Use it or lose it!*



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## What Does The Teaming Process Involve?

- G-Harmony?
- Due diligence is essential!
- Are you strategically aligned?
- Is there an equitable benefit for both partners?
- Who gains the market position?

- To establish teaming arrangements, small businesses or large and small businesses combine their resources to bid on major procurements.
- The companies may combine their financial capabilities, managerial and technical skills, personnel, business facilities and/or equipment to become a successful bidder on a contract.

***Simple Right?***



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## What Does The Teaming Process Involve?

- What tools are you using?
- How do you ask about financials?
- Who do they bank with?
- Is there a complimentary fit or is it really competitive?
- Is this ok?

- Teaming with another company involves finding the right partner. This results in combining your products and services with your partner's products and services. In forming a teaming relationship it is recommended that you:
  - Research your potential partner's financial condition.
  - Check the credit history of the company, working capital, past performance and current teaming relationships.
  - Know your partner's economic viability.
  - Identify your firm's strengths, weaknesses, and future goals.



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## What Does The Teaming Process Involve?

- Templates are wonderful right?
- Are you tracking your business size?
- The management plan needs to be discussed in advance...
- How will problems be resolved?
- Who in your firm has the authority to do this and are they capable (this is different then willing!!)

- Participants in teaming and subcontracting agreements should be knowledgeable about the standard terms and conditions of the agreement.
- Questions regarding claims, the small business size status of the participants, regulations, federal policy, state laws, legislation, reimbursement, payment, licenses, responsibility and obligation should be addressed before entering into the teaming agreement.

***Most problems can be identified up front through good communication and a sound proposal management system...***



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## Benefits From Teaming Arrangements?

For Small, 8(a), SDB, HUBZone, Service-Disabled Veteran Owned and Women-Owned Small Businesses, teaming with a prime contractor has many benefits, including the opportunity to:

- Increased market share
- New client access
- New long term partners
- Recruiting tool
- Innovative technologies
- Marketing spin
- Investment

1. Build capacity (realize advancements in management and technical skills)
2. Increase annual profits
3. Work on large government procurements
4. Increase working capital
5. Gain experience with a diverse workforce
6. Expand and/or diversify products
7. Network to develop strong business relationships
8. Increase contract awards



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## First Step In The Teaming Process

- ❑ Do a Strengths , Weaknesses, Opportunities, Threats analysis (SWOT) on all potential partners
- ❑ Don't fall in love with the first possibility...
- ❑ Look at this as a long term investment
- ❑ Talk to the contracting officer and other industry partners..
- ❑ D&B Report...
- ❑ Failure isn't the sole reason to pass – listen to the story...

### **The Partner & Opportunity...**

1. Find someone who is willing to work with you, and who you feel you can work with amicably.
2. Execute an NDA and begin researching your potential partner's financial condition.
3. Check the credit history of the company, working capital, past performance and current teaming relationships.
4. Know your partner's economic viability.
5. Identify the strengths, weaknesses, and future goals of the team or joint venture.



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## Second Step In The Teaming Process

### The Agreement...

- Assign the right people internally
  - Identify proper legal resources that are savvy in your area of expertise
  - Be cautious of affiliation “triggers”
  - Be concise but flexible – contracts can change after award!!
- The agreement should be in writing and contain all the terms and conditions required by the government.
  - Before fashioning the agreement, the team members should address all important issues regarding pre-award and post-award responsibilities and obligations, the handling of confidential cost and pricing data and any classified data, claims, the small business size status of the participants, regulations, federal policy, state laws, legislation, reimbursement, payment, licenses, etc.





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## Third Step In The Teaming Process

- ❑ Manage the proposal process!!
- ❑ Ensure admin oriented support personnel understand information access and dissemination – i.e. who is authorized to see what and why!
- ❑ Establish electronic access – i.e. FTP sites, SharePoint, etc. with proper access discrimination

If any team members are concerned about Confidential Cost or Pricing Data, consider hiring an attorney or a CPA to represent the team or joint venture. Key areas of concern may be...

1. Duty to maintain the confidentiality of the cost and pricing data of individual team members.
2. Duty to each member to ensure honest “arms length” relationships between all the members.

**Want to truly alienate your teaming partner?  
Hand off their pricing to another team  
member or sub...**



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## Prime & Subcontractor Teaming Roles

- ✓ Prime is responsible for contract performance
- ✓ Government has “privity” of contract only with prime
- ✓ Relationships normally identified before offer submitted
- ✓ Award to SB JV or JV 8(a) procurement, limitations apply to cooperative effort of JV, not individuals



**Are you ready to be  
center stage?**



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## Joint Venture Roles

- ✓ Pooling of resources
- ✓ Expertise provided by two or more businesses to achieve a particular goal without forming a partnership
- ✓ Risks and rewards are shared
- ✓ Contract In Joint Venture's Name



## Apples & Oranges JV



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## Joint Venture Roles

- **Must Be Careful In Meeting Size Standards**
  - Large Business can't be a JV on a Set Aside Procurement With One Exception
    - ◆ 8(a) Mentor Protégé
- **Joint Venture=Affiliation (13 CFR 121.103(h))**
  - In JV, the JV Partners Are Affiliated to That Procurement and Revenue/Employees will be Combined to Determine Size Unless...
    - ◆ Each Concern Is Small and,
    - ◆ Procurement is Not Bundled but is Large Procurement with Certain Restrictions
    - ◆ Procurement is a Bundled Procurement





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# Case Study

## Case Study #1: Mission Impossible

- It's nice to feel wanted...
- 80 Million Multi-Year Environmental Contract
- Formed a teaming arrangement with a local 8(a) contractor
- Performed the majority of the proposal effort
- Created a weak TA that provided lots of loopholes
- Contract was awarded – received “0” work over 8 years
- TA did not properly address work-split %'s or scope





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# Case Study

## Case Study #2: Black Stallion

- 35 Million Multi-Year Environmental Contract
- Formed a JV with incumbent contractor who lost their position due to the set aside category being changed
- Initial concept was “take the competition off the street”
- JV did not properly address program management
  - Became a major operational issue
  - Impacted overall client relations
  - Lost option renewal



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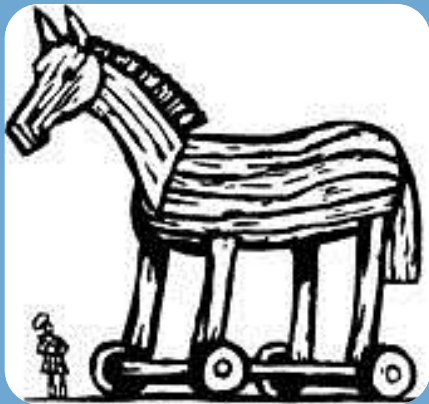
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# Case Study

## Case Study #3: Trojan Horse

- 100 Million Multi-Year Environmental Contract
- Formed a JV with highly recommended referral, solid past performance
- Seemed to be the perfect fit...
- JV did not consider the other firms strategic objectives
  - The contract vehicle was useless
  - Joint marketing failed
  - Client threatened to cancel contract





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# Case Study

## Case Study #4: The Sunshine Deal

- 200 Million Multi-Year Environmental Contract
- Formed JV with a large business under the SBA 8(a) program.
- Created a well crafted and legally compliant JV
- Formed a formal JV committee to resolve issues immediately
- Integrated project management
- Integrated safety & quality oversight
- Solid and equitable program oversight
- Successfully / Jointly market the JV





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## Why Should Businesses Team?

- ✓ Enables firms to complement each other's capabilities
- ✓ "The government will recognize the integrity and validity of contractor team arrangements; provided the arrangements are identified and company relationships are fully disclosed in an offer..."
- ✓ Enables firms to offer the best combination of performance, cost, & delivery
- ✓ Enables SBs to compete for larger scale requirements



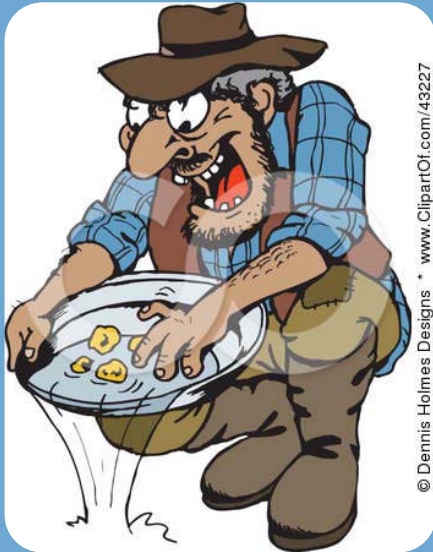


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## Where Can I Find Federal Teaming Opportunities?

- One of the frequently used web sites to search for procurement teaming opportunities is the Federal Business Opportunities (FedBizOpps) web site. ([www.fedbizops.gov](http://www.fedbizops.gov))
- FedBizOpps is the government's single point of entry for Federal government procurement opportunities over \$25,000.
- Small businesses seeking federal procurements can search, monitor and retrieve opportunities solicited by the entire Federal government.



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## Where Can I Find Federal Teaming Opportunities?

- The Small Business Administration's (SBA) SUB-Net is another site where small businesses can search for procurement opportunities, that could lead to teaming arrangements. Prime contractors post solicitations on the SUB-Net site. Solicitations are reviewed by SBA personnel for accuracy in text content. Accurate solicitations are activated by SBA personnel and the prime contractor is given a password to post additional solicitations. The web address for SUB-Net is <http://web.sba.gov/subnet/>.
- The Central Contractor Registry (CCR) [www.ccr.gov](http://www.ccr.gov) which now incorporates the SBA's PRO-Net function is an excellent resource to use to search for teaming partners. Small businesses are also potential teaming partners.



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## Where Can I Find Federal Teaming Opportunities?

- The Office of Small and Disadvantaged Business Utilization (OSDBU) in each federal agency has information about procurement opportunities and how to market your company to find teaming arrangements.
- You may connect to OSDBU offices and other federal online resources through several web sites, including the following:
  - [http://www.acq.osd.mil/osbp/links/other\\_federal.htm](http://www.acq.osd.mil/osbp/links/other_federal.htm)
  - [www.fedbizopps.gov](http://www.fedbizopps.gov)
  - <http://www.sba.gov>
- Most of the OSDBU web sites list contact names and telephone numbers. You can contact one of the small business specialists in the OSDBU office to discuss your company's teaming needs.
- The small business specialist will also be able to assist you with information about what types of procurements are available for your products or services now and in the future.





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## Where Can I Find Corporate Teaming Opportunities?

Corporations seek teaming opportunities with small businesses through their Small Business Programs also called Supplier Diversity Programs.

By contacting the supplier diversity offices, small businesses can network and develop business relationships that can result in teaming opportunities and procurement awards.

A number of the prime contractors include small business contact information and resources on their web sites under “Supplier Diversity Program” or “Small Business Program.”

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*Always.*



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## Other Resources for Corporate Teaming Opportunities?

- Another networking resource is a publication entitled “Purchasing People in Major Corporations”. The publication provides information about major U.S. corporations and lists names, phone numbers, e-mails, and the addresses of corporate diversity supplier program offices.
- This publication is updated and issued annually by Diversity Information Resources, Inc. (DIR).

Go to: [www.diversityinforesources.com](http://www.diversityinforesources.com) for more information.



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# Sullivan's Success Plan

## 2010 Success

- Over 1 billion dollars in contract capacity at EOY 2010
- Over \$41M in Total Revenue in 2010
- Continued to successfully serve and grow a diverse federal client base
- Strengthened internal financial and operational infrastructure
- Teaming and JV's were key to 2010 performance

## 2011 Plan...

- Projected to achieve greater than 50M+ in revenue
- Backlog to increase to more than 75 Million by EOY 2011
- Several new large multi-year contracts to be awarded in 2011
- Solid sustainability internal systems and service offering to be fully implemented
- Additional key hires in the cue
- Significant CSL & OFA growth





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## Infrastructure Support & Bandwidth

### Support Systems Scalability

- Over the past several years Sullivan has invested in all key support systems to ensure that we were able to service our clients today and capable of sustained growth with zero impact on our capabilities. Some of this investment focused on the following:
  - Fully implemented business continuity plan (BCP)
  - Expansion of internal financial systems and support staff
  - Strong internal IT backbone
  - Solid internal project & technical staff training program
  - Fully developed federally compliant procurement program
  - Strong and robust CRM system
- We continue to re-invest in infrastructure but currently have the ability to triple in size under existing systems and resources.





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## Recognition & Rewards

- **Business Achievement Gold Medal**, *Environ Bus Journal*, 2010
- **Outstanding Project Award** - *Environ Bus Journal*, 2010
- **Top 100 SDVOB Company's** – *Minority Business Council*, 2008
- **Business Excellence Award**, *San Diego Chamber*, 2007
- **Multicultural Award Winner**, *San Diego Bus Journal*, 2007
- **#7 of 500 Fastest Growing Private Companies**, *Inc. Magazine*, 2004
- **#1 Fastest Growing Company in San Diego**, *SD Book of Lists*, 2004 & 2005
- **Nunn-Perry Award**, *Department of Defense*, 2004
- **Business Excellence Award**, *San Diego Chamber of Commerce*, 2004
- **Best Company to Work For**, *San Diego Business Journal*, 2004, 2005 & 2006
- **Business Achievement Silver Medal**, *Environ Bus Journal*, 2004 & 2005
- **Outstanding Environmental Solution**, *Assoc. of Environ Professionals*, 2003
- **Small Prime Contractor of the Year**, *U.S. Government GSA*, 2003





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# Contact

## Our Core Values

### Honesty

Conduct ourselves in all aspects of our business with respect, fairness and integrity.

### Appreciation

Honor our employees as our greatest asset.

### Knowledge

Seek best practices to fully understand our clients, our company and what we do.

### Communication

Listen to client needs and deliver what they desire with the highest quality work and professionalism possible.

### Community

Participate in the betterment of those around us socially and professionally.

### Collaboration

Work together as a team, sharing information, methods, and ideas to attain the highest levels of innovation.

## Questions?

### Sullivan International Group, Inc.

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