Commercially Useful Function (CUF):
Commercially Useful Function: Means performance or provision of real and actual services by a Participant under a contract with the Metropolitan Government or under a subcontract with another business enterprise under a contract with the Metropolitan Government. An M/WBE has to be certified in the UNSPSC/NAICS code in which they are performing.

- Prime Contractors/Consultants only get goal credit when an M/WBE performs a commercially useful function.
- Do not confuse commercially useful function with certification.
- A CUF audit by the Procurement Accountability Officer seeks to determine the appropriate credit for work performed by listed M/WBEs as well as reduce fraud.
Goal Credit for Subcontractors/Sub-Consultants

Full Credit
- M/WBEs that perform work they are certified for; and
- M/WBEs that perform work with their own staff or subcontract portions of their work to other M/WBEs.

No Credit
- Firms not certified and/or registered with Metro
- M/WBEs working outside of their certification UNSPSC Code.
Determination of CUF

- The nature and amount of work contracted;
- Whether the M/WBE has the skill and expertise to perform work for which it has been certified;
- Whether the M/WBE actually performs, manages and supervises the work;
- Whether the M/WBE intends to purchase commodities and/or services from a non-M/WBE and simply resell same to the general or prime contractor for the purpose of allowing those commodities and/or services to be counted towards assessment of a goal.
- Standard industry practices relating to the use of subcontractors.
Commerially Useful Function - Suppliers

Where a Participant utilizes suppliers to satisfy the goal(s) in whole or in part, the MWBE suppliers must perform a commercially useful function.

Supplier participation may be approved upon review of the following factors:

- Be certified to provide the supplies in the appropriate UNSPSC code
- The nature and amount of supplies to be furnished;
- Whether the MWBE is a manufacturer, wholesaler or distributor of the supplies and has the capabilities to deliver same in accordance with its certification;
- Whether the MWBE actually performs, manages and supervises the work to furnish the supplies; and
- Whether the MWBE intends to purchase supplies from a non-MWBE and simply resell same to the general or prime contractor for allowing those supplies to be counted towards fulfillment of the goal(s).
Commercially Useful Function – Joint Ventures

Where Participants engage in a joint venture to meet a goal, the prime contractor shall demonstrate that the MWBE joint venture's participation meets the standards for a commercially useful function.

The BAO and Purchasing Agent shall review and approve all contractual agreements and other supporting documentation to determine the percentage of MBE/WBE participation resulting from the joint venture that may be credited towards applicable goals of the project; and shall make the determination based on the following factors:

- The initial capital investment of each venture partner;
- The proportional allocation of profits and losses to each venture partner;
- The sharing of the right to control the ownership and management of the joint venture;
- Actual participation of the venture partners in the performance of work under the project or contract; and
- Other pertinent factors of the joint venture.
Commercially Useful Function - Trucking

The following criteria must be met to be considered a commercially useful function:

- The M/WBE must be responsible for the management and supervision of the entire trucking operation and
- The M/WBE must itself own and operate at least one fully licensed, insured, and operation truck used on the contract.

The M/WBE receives credit for the total value of the transportation services it provides (manages and supervises)

The M/WBE may lease trucks from another M/WBE firm, including an owner-operator who is certified as a M/WBE.
Commercially Useful Function - Quiz

- Goal credit M/WBBE firm hires a non-M/WBE subcontractor to perform all of the work on a contract
  - NO CREDIT

- Goal credit M/WBE firm is hired to supply concrete and is listed in the directory as a concrete contractor
  - NO CREDIT

- Goal credit M/WBE trucking firm hires non-M/WBE trucking company to assist in trucking matching 1 truck for each truck the M/WBE owns
  - FULL CREDIT