

MID-ATLANTIC REGIONAL COUNCIL FOR SMALL BUSINESS TRAINING AND ADVOCACY

Minutes of Meeting, Hunt Valley, MD – April 28-29, 2004

Next Meeting: October 13-14 (Executive Board Meeting on October 12), Lancaster, Pennsylvania, Eden Resort Inn.

Attendees: There were 56 attendees, including members and speakers at this event.

Committee Reports:

Planning Committee, Helen Katz:

Reserve your room now for the fall meeting in Lancaster, Pennsylvania, on October 13-14 (Executive Board meeting on October 12), at the Eden Resort Inn (Best Western). In January 2005, the meeting will return to Delaware, probably at the Dupont during the week of Martin Luther King's birthday. Send an email to Helen Katz at Helen.Katz@navy.mil if you can suggest a future meeting location, have suggestions and improvements to offer, or if you'd like to plan a meeting.

Education Committee:

The arrival of Emily Catherine Haber, born April 22, 2004, weighing in at 6 pounds, 14 ounces, and 21.5 inches long was announced by parents Christine and Jim Haber. Messages can be sent to her at Christine.Haber@mail1.monmouth.army.mil.

Legislative Committee, Linda Owen:

Linda provided a handout noting recent developments which impact small business programs, including: federal government's banner year for awards to small businesses; commentary and analysis on proposed changes to the size standards, subcontracting compliance reviews, and bundling issues.

Presentations and Speakers:

Nancy Tarrant, Director, Small and Disadvantaged Business Utilization, Office of the Secretary of the Navy.

Navy Program Overview: "Last year, we awarded more to small businesses than most agencies have for a budget. Of \$52 billion, 21 percent went to small businesses. We met every single target except Service Disabled Veteran Owned Small Businesses and HUBZone small businesses, which are the focus for this year," according to Ms. Tarrant. She talked about leadership changes, the future of Department of Navy and Marine Corps, organizational changes, consolidation efforts within Navy transformation, the small business improvement plan, and initiatives/pilot programs.

The Small Business Strategic Management System includes small business targets that replaced yearly negotiated goals, and are formula-based to ensure continuous improvement over a five-year period. She noted that targets are not equal to statutory goals, but are set for individual

activities using a baseline and annual percentage increases. The Small Business Improvement Plan is a part of the overall strategic management system, which according to Tarrant, “brought us together with the acquisition community. It made them part of the plan. Everybody buys in; everybody is responsible for it; everybody is trying to get there.” Her five-year plan was accomplished in three, which prompted development of a new five-year plan. It will contain three goals, be people centered, and will “take them into the future.”

Some of her FY04 initiatives include, performing sub-tier analysis of prime and subcontracting goals; encouraging small business specialists to review delivery orders under Federal Supply Schedule contracts; training acquisition and program management personnel; and attempting to launch Digital SADBUs, which she described as “a great idea with no money to fund it.” Regarding Legislative Initiatives, one that didn’t make it in FY04 but may be revived for FY05, is to establish combined prime-subcontracting goals, which is based on the theory that when prime contract dollars diminish, subcontract dollars increase.

She provided details on some Pilot Programs and initiatives under consideration:

1. MTAPP - The Air Force had a Manufacturing Technical Assistance Pilot Program designed to expand opportunities for small businesses. It was initially intended to expand manufacturing opportunities for women-owned small businesses, and a commercial contractor was chosen to run the program. Over time, the initial funding source changed, and when the dollars became available the Navy/Marine Corps launched its own Manufacturing and Technical Assistance Pilot Program.
2. SECNAVINST 4380.8A and DOD Directive 4205.1, which spell out duties and goals of small business specialists, were recently rewritten and are being reviewed for final publication. The updates include specific direction such as “each command has to stand-up a small business office and staff it.”
3. SBIR/Mentor-Protégé IPT – this addresses the gap between small business specialists and SBIR program managers, which is especially apparent when firms move to Phase 3 of the SBIR process.

DOD Initiatives include:

1. The Revised Size Standards, out for comment until May 18, appears to be “a good deal”;
2. Commodity Councils were originated within the Air Force as a way to purchase a particular commodity Air Force-wide. The DOD decided to do the same with four commodities, and the Navy/Marine Corps under a pilot program is heading up the Service Contract Commodity Council.
3. On DOD funding and appropriations, the FY04 appropriations act lowered the threshold for “bundling” from \$7 million to \$5 million; the FY05 authorization bill includes a provision for 10-year service contracts, and notes that the OSD Office of Small and Disadvantaged Business Utilization will be renamed the OSD Small Business Program Office. Accordingly, her office will be renamed the DON and MC Small Business Program Office.
4. There is a working group being formed to bring together SBA Government Contracts representatives and DOD personnel to evaluate the SBA Surveillance Review process now that the first-year reviews and reports have been completed.

5. The SBPAC, Small Business Procurement Advisory Council, was formed to increase interaction among the agencies. Membership includes every agency small business director plus a representative from SBA.

Mr. James Regan, Director, George Mason University (GMU) Mason Enterprise Center Procurement Technical Assistance Program (PTAP); and **Mr. Wallace Johnson**, Director, Mentor-Protégé Program and Deputy Director, GMU PTAP.

Small Business Liaison Officer (SBLO) Training: The next GMU SBLO Training session will be held August 19-20, at George Mason University, Maryland. (PTAP website: www.gmu.edu/gmu/ptap)

Mr. Regan gave an overview of last year's SBLO training event, held November 3-4, 2003, at GMU. Speakers included representatives from OSD small business office, Office of Federal Procurement Policy, Program Managers, Contract Managers, Small Business Administration, Veterans Program Office, and NIB/NISH. Approximately 80 small business specialists, SBLOs and contract managers from across the nation attended.

Topics addressed included the importance of the subcontracting program, SBLO best practices, pluses and minuses of subcontract work, current program initiatives, how to complete SF 294/295 forms, introduction to the DOD Mentor-Protégé program, size standards for small businesses, e-Commerce initiatives, how to improve SDVOSB and VOSB goals in subcontracting plans, contracting with NIB/NISH, and using CCR/PRO-Net and SUB-Net. According to Mr. Regan, although CCR and PRO-Net being combined is no longer news, it is important that "when you meet with a small business, you hop into discussing CCR's Dynamic Small Business Search capability and how it flows up into CCR. It is not well understood by the small businesses."

Other sessions included were: small business legislative update; subcontracting program surveillance reviews; source selection criteria; subcontracting incentives, and a panel called, Ask the Experts, consisting of agency representatives answering questions from the attendees.

Mentor-Protégé Program Office Overview: Mr. Johnson introduced the group to a new publication, *Veteran's Business Journal*, which is now available by subscription from Victory Media Inc., Sewickley, PA, phone: 412-269-1663, or www.vetbizjournal.com.

He talked about the federal Mentor-Protégé program (MPP), DOD's Mentor-Protégé program, and how GMU PTAP supports them. The federal programs include SBA, ERA, Department of Energy, NASA, Treasury, FAA, Department of Homeland Security, and DOD. (For Department of Homeland Security program information, contact Angela Williams, 202-205-1625, www.dhs.org.) Mr. Johnson said, "we [at GMU PTAP] bring added value to the MPP. We make all of the resources at GMU available to our clients. We try to build a closer relationship between GMU and the business community." They do this by being an authorized subcontractor to the mentor firm to perform services. Appropriated funds flow from DOD with authority delegated to the services. If the protégé needs help that the mentor cannot provide, PTAPs like GMU, SBDCs, and HBCU/MIs are permitted to provide it instead; in fact, they are the only

types of entities that are authorized to provide assistance. He said, “We can bridge the gap between large and small businesses. We speak both languages.”

The types of tasks performed can include: performing needs assessments, writing business strategic plans, providing GSA schedule support, reviewing financial system, supporting business development and marketing efforts, helping with promotional material, and providing technical training/assistance for certifications (e.g., ISO 9000:2000, SEI CMM/CMMI).

DOD’s program and how it works is described in DFAR Appendix I. It is intended to increase participation of SDBs, increase competitiveness, increase the SDB base of firms, and establish long-term business relationships between SDBs and prime contractors. Mentors are to have an active subcontracting plan and be eligible for federal contracts. Protégés must be SBA certified SDBs, WOB, or a qualifying organization employing severely disabled. Mentor’s benefit by receiving reimbursement for costs, credit for non-reimbursable costs, increased SDB subcontracting vendor base, and the ability to award subcontracts on a non-competitive basis. Protégé’s benefit from developmental assistance designed to enhance capabilities, technology transfer, and subcontracting opportunities.

Both GMU presenters suggested periodically checking their website for additional information and updates on future training, workshops and events.

Colonel August (Gus) R. Mancuso, Senior Military Assistant and Executive Officer to the Director, Office of Small and Disadvantaged Business Utilization, Headquarters, Department of the Army.

Department of the Army’s Small Business Program: “The greatest joy for me is to do market research and find a capable small business who has never done business with the federal government,” according to Col. Mancuso, who provided the council with an overview of the Army’s small business program, and discussed various related issues. He recommends visiting their website: www.sellingtoarmy.info.

The Army is looking toward accomplishing three initiatives in FY05 – include the small business specialist in the small business portion of acquisition strategies while emphasizing HBCU/MI program considerations; make the deputy PEO/PM the point of contact for the small business specialist, and conduct small business specialist-tailored outreach to inform PEOs/PMs. One main focus for the year is the Service Disabled Veteran Owned Small Business (SDVOSB) program, in particular in making set-asides. For Veteran Owned Small Businesses (VOSB), he is looking to partner with veteran’s organizations and implement the Veteran’s Benefits Act of 2003. Of particular interest is working to establish links with the veteran’s databases to better identify the pool of VOSB and SDVOSBs.

On the subject of bundling Col. Mancuso said, “If the Navy, Army or Air Force takes a requirement and put it on the DLA Prime Vendor contract, it is not bundling because they are all under the same agency – DOD.” There is only a problem when it is awarded by another agency. He noted that the recent bundling changes are found throughout the FAR, including chapters 2, 7, 9, 10, 16 and 19.

Interestingly, the term “bundling” is not used in Section 801 of the National Defense Authorization Act for FY04, HR 1588, November 24, 2003. Instead, the term is “consolidation”. For example, it defines consolidation as two or more requirements previously under two or more separate contracts, states that you cannot execute an acquisition strategy that includes a consolidation of contract requirements in excess of \$5 million unless a Senior Procurement Executive conducts market research, identifies alternate contracting approaches, determines the consolidation is necessary and justified.

The Secretary of Defense recently began to collect and review data on all consolidation contracts over \$5 million, and work with the SBA to determine the extent and assess the impact of consolidations. His advice regarding consolidations is to “grab your small business specialist and write a strategy – let your market research be your guide.” He defined two aspects of market research:

1. Market Surveillance - the outreach program; what is used everyday to review individual acquisitions;
2. Market Investigation - the office response to a specific need.

Lastly, Col. Mancuso suggested the group review the Veteran’s Corporate Business Directory at <http://website.veteranscorp.org/businessdirectory/index.asp>. It is a free, interactive directory of Veteran-owned businesses, designed to allow various searches to find a business, and provide a way for Veteran business owners to locate and support fellow Veteran owned businesses.

John F. Qua, CAPT, SC, USN, Chief, Acquisition Division, DLA HQ.

Overview of the DLA Small Business Program: According to Capt. Qua, “the bottom line with DLA is that we are really big business. We do 8,000 actions a day, we believe in our socio-economic goals and we want to be focused on our customers.” He said that DLA received a good report card last year, reporting four As, and working on improving their D in Service Disabled Veteran Owned Small Business target. In FY03, that translated to \$3.5 billion awarded to small businesses.

Citing a “real desire to gain efficiency in the contracts world”, Capt. Qua noted that Standard Procurement System (SPS) data is being analyzed to see how DOD money is being spent. Last year, DOD spent \$102 million on schedule buys, which he said has put “use of schedules front and center and on everyone’s mind.”

Calling it a “chicken or egg situation”, he addressed the ongoing issue of how a small business should approach introducing a new item to DLA.

1. Begin with the SADBUs to identify local points of contact and identify appropriate Federal Supply Schedules (www.dla.mil/db/).
2. Remember that products are demand driven and must fit the need as determined by the customer.
3. Remember that DLA can’t determine the use or need for need items.

For inventions, new products and commercial items, he suggests the following:

1. Vendors should identify and contact potential military service end users,
2. When a customer is identified, realize that DLA can assist by getting a National Stock Number (NSN) assigned using the New Item Entry Process,
3. Remember that the need comes from interested service end users.

Lastly, if identifying a substitute item for something that DLA is currently purchasing for military end users, he offered the following:

1. Vendors contact the Defense Supply Center that buys the current item,
2. An appropriate Defense Supply Center Technical Expert will assist in determining whether the alternate item can be approved, and in coordinating appropriate paperwork.

On the subject of new developments, Capt. Qua advised the group to look for Unique Identifiers by the end of the year. UIs are passive tags that will be placed on pallets for tracking purposes. The Industry Standards are being voted on now; a clause will be added to buys requiring that the tags be used.

Round Table:

Mark Opilla sent to Tim Foreman the proposed memos supporting participation in MARC. He is prepared to discuss them with Mr. Foreman when he attends the meeting on Friday.

Gerry Furey noted that he now has four people on the committee to develop MARC awards. In addition to himself, members include Carol Decker, Helen Katz and Linda Owen.

Expanding the membership and increasing the membership committee was a topic of general discussion. In the past, the committee did more outreach to identify and invite new members, particularly from the area surrounding the proposed meeting site. With more people sharing committee responsibilities with Tom Kobezak, such outreach can be reinitiated. It was suggested that the council consider sending out Thank You notes as was done in the past, expressing appreciation for allowing employees to participate in MARC and expanding the letter to include asking “who else can you send?” A coordinated effort is recommended so that SBLOs would be included.

Ideas on how to **enhance MARC meeting participation** were also discussed. Suggestions included waiving or reducing meeting fees for those who bring a new member to a meeting; providing quantity discounts for multiple registrations from the same entity, and considering an organizational membership. Membership is defined as federal government small business program personnel, employees from PTACs and SBDCs, and private industry SBLOs. It was proposed that the council consider using email listings already available (e.g., via SBA’s subcontracting program) to notify others of upcoming meetings and events, placing an ad in the NCMA magazine, taking a home-page copy of the MARC internet site as a handout when conducting outreach, preparing a brochure or handout which includes MARC logo and URL.

ACTION ITEM: Contact Tom Kobezak if you are interested in helping to coordinate contact information. Representation is requested as follows: 1 PTAC program representative; 1 SBDC representative; 1 federal agency representative.

Timing of the MARC meetings is a concern of the MARC SBLOs. When meetings are held in October and April, they directly conflict with SF 294 reporting deadlines. This conflict may be a cause for reduced SBLO participation in these months.

Barbara Knox, United Defense, talked about her company's adoption of **Lean Manufacturing** principles and their success in incorporating it into their business processes. United Defense is now embarked on an effort to enlighten key suppliers on the benefits of Lean Manufacturing encouraging them to adopt Lean principles in their own facilities. The Industrial Resource Centers (IRC) across Pennsylvania are currently supporting the effort by assisting UDLP suppliers interested in learning more about Lean and seek funding to help them with Lean implementation. Lean Manufacturing uses streamlined business process controls to improve efficiency, effectiveness and productivity. Interested suppliers were recently invited to an onsite workshop and companies wanting to come onboard with Lean were put in contact with their local IRCs, which are developing customized job training applications in this area.

Carol Decker, SBA Procurement Center Representative, Mechanicsburg, PA.

SBA Update:

Service Disabled Veteran Set-aside Update: To date, seven Service Disabled Veteran Owned Small Business program synopses were posted on FedBizOpps. SBA's advice is to wait for the implementation guidance from FAR Council and SBA before proceeding with SDVOSB Set-asides. (Note: Guidance was released May 4.)

Market Research and UNICOR: Effective immediately, federal agencies can't spend fiscal year 2004 appropriations on Federal Prison Industries products unless they determine, after conducting market research, that FPI can match the private sector in terms of price, quality, and delivery of the product or service needed. If FPI is not comparable on one or more of these terms, the agency must buy the item using competitive procedures.

Federal SB Goals Achieved: The federal government awarded more than a quarter of its prime contracting dollars to small businesses in fiscal year 2003. According to the Federal Procurement Data Center, small businesses did \$62.7 billion of business with the federal government as prime contractors in FY 2003, representing 25.37 percent of all government prime contracting dollars.

Surveillance Reviews: The SBA is formally conducting on-site audits of how specific contracting activities support the small business programs. SBA is receiving replies concerning corrective action from activities that underwent 2003 reviews; and is currently conducting 2004 reviews. If your activity is selected to undergo a surveillance review, you will receive a pre-audit checklist to complete and return, followed by on-site meetings with contracting officers and procurement file reviews. Afterward, the team will submit an overall evaluation.

BPN – Business Partner Network: Under current FAR regulations, offerors are required, for each solicitation issued, to complete representations and certifications. One of the e-Government

Integrated Acquisition Environment's (IAE) initiatives is to establish annual on-line representations and certifications which can then be accessed by procurement offices across the Federal government. (www.bpn.gov)

Subcontracting Plan Compliance: SBA has proposed new guidelines concerning prime contractor compliance with Subcontracting Plans. The proposed rule would make clear that as part of their responsibilities to ensure that small business participation is maximized through subcontracting opportunities, PCRs may review an agency's oversight of its subcontracting programs, including its overall and individual assessment of contractor compliance. This proposed change clarifies that PCRs must work with the cognizant SBS and agency OSDBU as early in the acquisition process as practicable to identify acquisitions involving bundling and to revise acquisition strategies to increase the probability of small business participation through small business teams as prime contractors.

Timothy Foreman, Assistant Director, Office of Small & Disadvantaged Business Utilization, Office of the Secretary of Defense.

OSD Small Business Program Overview: Tim Foreman described his approach to implementing contracting and subcontracting initiatives as this, “My theory is that you are the small business specialists and you have the responsibility to manage the goals. I want to give wider discretion in how you manage your goals.” He provided an overview of the legislative initiatives that are currently under consideration, a look back at the prior year success, and noted some changes to the program.

Legislative initiatives under consideration:

1. HUBZone Program Expansion – “Why can’t we, when working with BRAC [Base Realignment and Closure], consider all post camps and stations as eligible to become HUBZones?” He called it a “win-win-win” situation, and said that it would do a lot in terms of improving the value of the land and in helping the community.
2. Small Business Competitiveness Demonstration Program – Proposals have been made to eliminate the Emerging Small Business and Targeted Industry Categories (TICs) provisions of the program, designate buys under \$100,000 as eligible for small business set-aside, and buys over \$500,000 as full & open competition. Before the current program took effect, approximately 15 percent of Designated Industry Group (DIGs) awards went to large businesses and 85 percent to small businesses. After implementation, that changed to 15 percent to small businesses and 85 percent to large businesses. He believes that using the \$500,000 cut-off will help achieve the target of 40 percent to small businesses.
3. DFARS Change Proposed to Small Business Review Threshold – The review threshold for small business set-asides could be raised to \$100,000; the review threshold for non-set-aside acquisitions would remain at \$10,000 under the proposed change. He said that he envisions a standard federal small business review form coming out of the change.
4. Comprehensive Subcontracting Plans – He said that there are pluses and minuses to the program, and “we can expand but we try to hold true that everyone now coming in has to have a 5 percent Small Disadvantaged Business goal.” He noted as good news the new electronic Standard Forms 294 and 295, and said that “we want to tie the 294 through all

tiers” in subcontracting. As an aside, he reminded the members that SF295 is to include all defense contracts, not just those over \$500,000.

5. Bundling – The DD Form 2579 Small Business Review may be changed to capture bundling data; there is a move to automate that process as part of SPS. Clarifications to the bundling definition were provided.
 - a. If a small business wins, it is not an instance of bundling. He said that this clarification alone would have reduced FY03 reporting errors by about 30 percent.
 - b. If a solicitation was issued prior to passage of the bundling rules, it is not an instance of bundling and should not be reported as such at time of award.

Mr. Foreman said that the future of the small business councils is a promising one. “We recognize the value of the councils,” he said, “Long ago, no one talked to anyone else. We were stove-piped and had problems in getting the message out. This council does valuable service of cross-pollination, and I think it serves a great purpose of education.”

Mari McNally, Small Business Specialist, GSA Mid-Atlantic Regional Office, Philadelphia.

The Winning Strategy – Small Business Marketing Tips for the 21st Century: According to Ms. McNally, “I was asked here to answer the question, ‘once awarded a GSA contract, then what?’” Her presentation covered the topics of identifying the market, developing a plan, determining a niche, outshining the competition, setting ambitious but attainable goals, and developing measurable strategies.

When trying to identify a market, she suggested an alternate approach to mailing out traditional brochures. Instead, companies can survey the potential customer to narrow the field and determine where to target marketing efforts. Three questions to consider include, determining whether the person contacted has purchase authority, asking the upper and lower dollar ranges of buys made from that site, and requesting any available forecast information.

She noted that GSA posts an estimate or forecast of contract opportunities that she said, “gives the small businesses a little more lead time”, at www.gsa.gov/publications/. Locate the directory by clicking on Opportunities. Other useful sites: www.gsa.gov/r3smallbusiness/ to locate GSA’s subcontracting directory, www.gsa.gov/r3smallbusiness/ where the Mid-Atlantic Regional procurement directory resides, and www.fss.gsa.gov/contractorguide/, which makes available to the public information on policies, procedures, regulations, and an overview of the multi-award schedule program.

Finally, she suggested several ideas to optimize market opportunities, especially learning more about GSA Contractor Teaming Arrangements where current schedule holders combine to meet agency needs, focusing on customer service, and checking the agency website to stay abreast of training events being planned.

Adjournment: Diane Broadway, Vice President, provided a brief wrap-up, and adjourned the meeting at noon.