

MID-ATLANTIC REGIONAL COUNCIL FOR SMALL BUSINESS TRAINING AND ADVOCACY

Minutes of Meeting, Secaucus, NJ – January 22-23, 2004

Next Meeting: April 28 and 29 (Executive Board Meeting on April 27), Hunt Valley, Maryland, Embassy Suites.

Attendees: 40 members attended this event.

Committee Reports:

Planning Committee, Helen Katz:

Reserve your room now for the April 2004 spring meeting, at Hunt Valley, Maryland, Embassy Suites. A block of rooms has been reserved under the name Mid Atlantic Regional Council, for April 28-29, at the \$137 per diem rate. Looking ahead, mark your calendars 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 the Delaware Dupont, dates to be determined. 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.

Membership Committee, Tom Kobezak:

Attendees were asked to review and make any changes to the membership roster.

Education Committee, Christine Haber:

Christine announced the proposed speakers for the April meeting: Greg Rothwell, Department of Homeland Security; Jack Beecher; Nigel Stevens, Democratic Professional Staff Manager; Linda Williams, Associate Administrator, SBA; and COL August Moncuso, Senior Military Assistant to OSDDBU. She welcomes suggestions for future speakers. Send contact information to her at Christine.Haber@mail1.monmouth.army.mil.

Governance Committee, Bonnie Maliszewski:

Bonnie introduced the newly elected officers. Mark Opilla, President; Diane Broadway, Vice President; Carol Decker, Secretary; and Dave Chapman, Treasurer, signed the council bylaws to officially accept their elected offices.

Protocol Committee, Pat Huber:

The committee is looking for new speakers gift ideas; current inventory is low and must be replenished. Send any gift suggestions to her at Pat.Huber@usace.army.mil.

Legislative Committee, Linda Owen:

Linda reviewed recent changes and decisions which impact MARC members, including –

- November 2003 – Navy Marine Corps Acquisition Regulation Supplement (NMCARS) and the Navy Marine Corps Acquisition Guide (NMCAG) were issued;
- November 2003 – DFARS revised DD Form 350;

- December 2003 – SBA announced new Women’s Business Center sites in seven states (for locations, go to www.onlinewbc.gov);
- December 2003 – Judicial enforceability of teaming agreements;
- January 2004 – the Pentagon started revising the personnel system with the aim of shifting military jobs to the civilian sector;
- January 2004 – Section 508 of the Rehabilitation Act of 1973 - electronic and information technology is accessible to people with disabilities;
- January 2004 – CCR/PRO-Net integration took place January 1.

Communication Committee, Diana Mukitarian:

Diana conducted a MARC website walk-through. The site, <http://marc.sbo.od.nih.gov>, is hosted by NIH. The site includes information on the council’s Mission, News, Meetings & Events (Registration, Agenda, Minutes), Membership, and Committees, along with Search capability. Members are asked to use the site to inform the council planning committee when they will be attending a meeting. Separate from hotel and other travel registrations, the website online registration requires individuals to fill-out a form which is sent to a database. This information will be used to estimate seating requirements, handout counts, and meals. In addition, members can send notices and updates, recommendations and suggestions to SBMail@od.nih.gov (subject line should include MARC).

Presentations and Speakers:

Richard McNamara, Acting Executive Director for PEO submarines, Team Submarine, Assistant Secretary of the Navy (RD&A), Naval Sea Systems Command

Mr. McNamara uses the **Small Business Innovative Research program (SBIR)** to supplement his program budget dollars, find effective solutions to technical issues, and support small businesses.

Team Submarine, using a \$6 billion per year budget, takes care of submarines for the Navy by transforming Trident Submarines, which would have been mothballed, and renovating them into cruise missile carrying submarines. His office also handles combat systems, torpedo systems, radar systems, and FMS. His positive small business perspective dates to the 1980s when he spent a year on Capital Hill working with Senator Phil Graham on an assignment that would have gutted the small business program. Due to the tremendous outpouring of feedback they walked away from the idea and he’s never forgotten it.

How does he apply SBIR to Team Submarine? According to Mr. McNamara, his approach is based on the basic belief that “advocacy for small business is my responsibility”. His plan was to use SBIR to get small businesses involved; include small businesses in solicitations, contracts and subcontracts; host outreach conferences; and to be a small business advocate outside the NAVSEA command to advertise success stories. He knew he was successful when he “made the world’s largest defense contractor change the way we do business”.

He's used SBIR to get small businesses involved in his projects by learning how to write topics, which get advertised on SBIR solicitations. That's followed by Phase 1 awards (feasibility study), a number of which go on to Phase 2 awards (engineering development). If a small business doesn't have an innovative solicitation or measure up, he can walk away. If they do, he can award them a Phase 3 contract (demonstration or implementation).

He's also organized conferences for large businesses and Women Owned Businesses to meet each other. Over time he's helped some 175 small businesses establish direct contact with large businesses. He strives to educate large businesses to use small businesses, and ensures that there is incentive language in his program's RFPs for increased subcontracting to small business.

Currently, Mr. McNamara has 31 SBIR contractors working on 40 contracts; since 1991, he has made 270 phase 1 & 2 awards to 122 different companies. So far, his efforts have generated more than \$749 million in phase 3 awards to small businesses. For more information on SBIR, visit www.sba.gov/sbir/ or www.acq.osd.mil/sadbu/sbir/.

Dr. Gary L. Miconi, Assistant Director SADBUI, DCMA Maryland.

DCMA Small Business Transformation: According to Dr. Miconi, "things are changing." He described the DCMA mission objective as a way to promote action by the large prime contractors to ensure that a fair percentage of work and maximum practicable opportunity be made available to small businesses using "aggressive but reasonable subcontracting plans."

They will hold contractors accountable using reviews, working with PTACs and SBA, keeping track of program dollars and contractor performance, improving how they track performance, and working to get the SF 294 and 295 information.

He summarized recent changes noting that the strategy is to negotiate realistic goals, ensure consistent ratings, develop small business annual report, establish a working council, renegotiate the memorandum of understanding with SBA, develop a One-Book chapter, and modify the 640 report. (One Book is a one-stop reference document that is undergoing final revisions; the old 640 Report did not provide enough detail to properly evaluate a contract or to accomplish improvements.)

Dr. Miconi discussed DCMA's 2004 performance metrics: continuous improvement in small business areas from prior FY comprehensive plans and 100% feedback to PCOs on Individual plans, and described how they intend to accomplish them through changes to the subcontracting program. Major changes will impact subcontracting review ratings and risk assessments.

Subcontracting reviews will be conducted using the following new ratings:

- Outstanding (Exceptional) - meets all goals;
- Highly Successful - meets SB, SDB, and WOB goals in addition to one of the following - HUBZone, Veteran, or Service Disabled Veteran, plus the contractor showed initiative or effort to go above and beyond what's required;

- Acceptable – there is evidence of a good faith effort to meet goals and submits SF 294s and 295s on time, but the contractor is not eligible for one of the higher ratings levels,
- Marginal – Unsatisfactory.

These ratings reflect a shift. In the past, a company rated “acceptable” was considered to be “mediocre”, whereas now that “acceptable” means, “making a good faith effort”, the majority of large prime contractors in his area will achieve acceptable ratings.

There have also been changes in the areas of planning, risk assessment, and risk monitoring. For risk planning, a contractor is assigned a low, moderate or high-risk rating which determines the level of oversight required. Low risk rating is assigned to subcontracting programs that were rated as outstanding or highly successful, moderate risk for programs rated acceptable, and high risk for new firms, new SBLOs or unacceptable ratings.

DCMA Small Business Specialists will be conducting meaningful value-added reviews of subcontracting plans prior to award; notifying PCOs of negative trends at contract completion, and by assigning annual risk ratings, reserving annual reviews for those firms where it is absolutely necessary.

He wants all of us to become more engaged in the process and more familiar with what is working. He can be reached at Gary.Miconi@dcma.mil, or by phone at 410-962-9762.

James J. Caiazzo, Army Research & Development Engineering Center, Strategic Management Office

FISH! Catch the Energy; Release the Potential – Four Principles to Improve Your Organization. Process improvement was behind many of the theories of organizational improvement in the 20th Century. FISH! addresses the shift in corporate theory as described in Beyond Reengineering, where Mike Hammer suggests instead that, “good people in bad systems can still produce a great product”.

Mr. Caiazzo discussed four principles found in the ideal organizational culture: at the organizational level, achieve alignment where the mission, vision and function of the organization don’t overlap; at the managerial level, achieve empowerment, where people are responsible and accountable for getting the job done without always checking with a higher authority; at the interpersonal level, achieve trustworthiness, where employees are competent and motivated; and at the personal level, achieve trust.

He presented a video clip, FISH! which told the story of the Pike Place Fish Market, where employees love their work and customers love the market. It reflects the new core culture in that “there is always a choice about the way you do your work, even if there is not a choice about the work itself.” Four ingredients define the secret to the Market’s success: play (have fun), make their day (give service with smiles), be there (respect your customer even if asked the same question over and over), and choose your attitude (decide you’ll have a good attitude). For more information, there are three books published by the owners of the Fish Market, Fish, Fish Tales, and Fish Sticks.

Round Table, Part 1:

Mark Opilla drafted memos supporting participation in MARC that should be ready to mail in the next month or so. He also proposed a MARC awards program to celebrate the successes of small business specialists, small business liaison officers, and other small business advocates. Currently, he's looking for a volunteer to champion that idea. In addition, he suggested that the council consider supporting a project to find and identify Service Disabled Veteran Owned Small Businesses.

Sherry Rose discussed the PRO-Net/CCR merger. CCR now has the ability to estimate a firm's size, for informational purposes, based on what the firm put in. When a firm completes the profile information for number of employees, average annual receipts and primary NAICS, CCR completes a size indicator on the profile. Although this is helpful, it is not a formal size determination.

Dolcey Chaplin noted that small business advocates and women business owners are welcomed to join a new board, the National Defense Industrial Association – Women in Defense. It places the business owners across the table from the government and is a good organization. Picatinney has joined; other activities are considering joining as well.

Panel Discussion – What do PTACs Do?

Participants: Greg Prouty, director, Maryland PTAP; Juanita Beauford, director, University of Delaware SBDC PTAC; Dolcey Chaplin, director, New Jersey Institute of Technology Procurement Technical Assistance Center.

Greg Prouty: PTAP/PTACs have been around since 1985, fostering a close relationship among state, local and federal government personnel to provide assistance to businesses. They operate via cooperative agreement, with the program manager located at DLA. Initially, they provided assistance for firms to work with DOD, but now have expanded into other federal work, certifications, registrations, state government, and local government. He helps clients to get minimally qualified to respond to a solicitation or to approach prime contracting. According to Greg, “knowing who you are and what you're entitled to, that's what we're about – bringing it all together.”

Juanita Beauford is “trying to get more business for Delaware businesses.” She discussed the commonality between the programs she covers as a regional PTAC director in NY, NJ, and DE. In Delaware alone, she runs the Small Business Development Center, a Family Business Center, and the PTAC. There is no minority set-aside, veteran set-aside or women-owned business set-aside in the state of Delaware. She is working to get the Washington DC agencies and commercial large businesses to attend her events, often works with the Dover AFB, and has online links to connect her clients to the four business development programs she supports.

Dolcey Chaplin described her PTAC, NJIT, as resembling “a marketing department in a large corporation.” Funding is a real challenge, especially as her plans are to hold two large procurement fairs (one in June and another to be determined), along with 45-55 small workshop

based seminars, and offer help with bidmatching. She described her core mission as marketing to the Federal and state governments, and large businesses, and seeks to help small firms by giving them the tools to succeed. She said, “We work hard to bring everyone to the table to settle disputes” without legal fees and credited her staff for much of NJIT’s success. She has onboard a former cost and price analyst, a retired colonel, a specialist in large business and subcontracting issues, and soon will add an expert in the field of size standards.

Scott Denniston, Department of Veteran Affairs

Duty to Country: Corporate & Federal Representative to Veterans in Business.

The Veterans program began with the 1999 Veteran Enterprise & Small Business Development Act (PL 106-50), which established federal prime and subcontracting goals. Other associated legislation includes: PL 105-135, which established the Service Disabled Veterans Program; PL 106-554, which attempted to clarify subcontracting goals for Veterans and Service Disabled Veterans, and PL 108-183, which created the Service Disabled Veteran Owned Small Business (SDVOSB) Set Aside Authority.

According to Mr. Denniston, the SDVOSB set-aside will use the rule of two, award must be made at a fair price, and there is no dollar ceiling. If a contracting officer knows of only one SDVOSB, the Public Law allows non-competitive awards up to \$3 million for services and up to \$5 million for manufacturing. There is a 51% ownership rule. Service-related disability is connected to employability, and can be a rating anywhere from zero to 100%; a veteran can have a zero percent rating and still claim SDVOSB status. The veteran’s commanding officer certifies that a disability is service-connected. A company’s status as a SDVOSB involves self-certification, not formal or third party certification. The final version of the public law doesn’t have a bottom percentage of disability to self-certify as SDVOSB, although the original version had 10% disability rating as the minimum. A company’s self-certification as SDVOSB can be challenged, and will be handled like a size protest. Should that happen, the Department of Veteran’s Affairs will verify service disability and the SBA will do the size review.

He presented some statistical samples:

- There are 24 million veterans in the United States, but only 5.5 million VOSBs;
- There are 3.3 million service disabled veterans in the United States, but only 300,000 SDVOSBs;
- Currently, the federal sector has identified 48,000 VOSBS and 3,000 SDVOSBs;
- Half of the 3.3 million veterans rated as service disabled are WWII Era, and probably not going to start a small business;
- The main reason that service disabled veterans start firms is because they can’t get a job or because they need to supplement their benefits;
- Most SDVOSBs are one to two people operations.

The SBA is supporting the program by establishing an Advisory Committee on Veteran Business Affairs, upgrading the veteran program offices, assigning an ombudsman to ensure full consideration of veterans in all of the SBA programs, employing veterans officers at all SBA

District Offices, and providing program information through 1-800-U-ASK-SBA or www.sba.gov/vets. SBA's Associate Administrator Bill Elmore is the agency's ombudsman for veteran's programs.

The Department of Labor is identifying small businesses owned and operated by veterans and working to share a list with the VA. It has an MOU with SBA to promote service disabled veterans services.

The Veteran's Administration's duties are to achieve the goals, provide annual notification to all veterans in business, distribute lists of service disabled veterans who are in business to federal agencies. This is in addition to formal agreements with SBA and DOL to provide education and support to veterans about the programs.

Mr. Denniston introduced the Online VetBiz Vendor Information Pages (VIP). The site was developed by a SDVOSB, combines CCR-PRO-Net and their databases to create a veteran's database on a provisional basis. At this time, they are contacting the 40,000 known veteran-owned businesses, of which only 20,000 have an email address, to tell them they need to go in and enter information. This information will help government agencies and prime contractors identify veteran-owned and service disabled veteran owned small businesses for prime and subcontracting opportunities.

He encouraged the attendees to help populate the database by visiting the site and entering any veteran-owned small businesses of which we are aware. Once identified, the VOSB will receive a notice to go to the website, login, provide information about their firm, read the criteria of VOSB and SDVOSB, and indicate their ownership and control situation. After all information has been entered, the site will provide feedback to the small business as to whether they appear to have met the criteria to self-represent as VOSB or SDVOSB.

Additional information and resources can be found at two sites: www.veteranscorp.org or 1-866-2VETCORP; and the online database at, www.vetbiz.gov or 1-866-584-2344.

ACTION ITEM: MARC members are asked to help populate this website by visiting www.vetbiz.gov, loading any VOSBs and SDVOSBs of which they are aware, and by promoting the site to any VOSBs and SDVOSBs they encounter.

Round Table, Part 2:

Juanita Beauford, PTAC Delaware: Looking ahead to the meeting in Delaware next year, she would like to arrange to have federal agencies come in and offer "How to do Business" training to her clients. Anyone currently doing this type of training is encouraged to contact her at jbeau@udel.edu.

Joe Madden is looking for 8(a) construction companies in Pennsylvania. Please forward any potential sources to his attention at joseph.madden@willowgrove.af.mil.

Nina Evans suggested that there be more of an effort made to match council meetings with outreach events.

Sherry Rose, SBA Update:

- The Mid Atlantic Alliance for Small Business will be held at the Adams Mark Hotel, Philadelphia, on March 9, 2004. In addition to workshops, training, panels and a business fair, there will be a Matchmaking Session in the afternoon.
- National Matchmaking Conferences continue, and include one in July slated for Philadelphia;
- SBA Surveillance Reviews (SR) will be conducted again this year. Each area office was to identify four locations. The SR process can be a good thing for an activity to assess strengths and weaknesses in their procurement program as it relates to small business issues;
- Contract Bundling – the final regulations were published on October 20, 2003, they should be posted on the SBA website shortly;
- Agency prime and subcontracting goals can be found on the website at www.sba.gov/GC/goals;
- PRO-Net has been officially retired and is now a part of CCR. SBA completes the SDB, HUBZone, and 8(a) certifications, so if it is not there then the firm is not certified;
- SUB-Net been enhanced for geographic searches and to allow small businesses to get automatic notifications of postings matching their NAICS and other criteria in their CCR profiles. All CCR-registered small businesses are being asked to update their profiles with number of employees;
- SBIR program – Company ownership rules may be changed to allow ownership by a venture capital company. A small business owned by another small business can qualify as long as together they do not exceed the size standard.
- SBA has proposed restructuring the size standards – Currently the proposal is at OMB and if passed, would make number of employees the standard used for all industry codes. There would be 10 levels instead of 37. In effect, size standards would be the same because the SBA will equate current average annual receipts standards to equal the number of employees standards. Some industry codes will have an employee level and also a revenue cap at a specified dollar amount.
- Current size standard changes include: Information Technology value-added resellers, effective January 28, 2004, the new standard is 150 employees; Test Labs, also effective January 28, the new size standard is \$10 million (increased from \$6 million);
- SBA is getting out of the certification business. A solicitation was released to outsource 8(a), SDB and HUBZone certifications, annual reviews and EEO Compliance Review. The intent is to have a contract awarded by September 2004; it is being done under A-76. The next area reviewed for outsourcing will probably be liquidations;
- Electronic PCR or ePCR is coming. The ePCR would monitor electronically requirements not set-aside for small business at activities that do not have PCR coverage, and forward the requirement for review by a PCR. If the PCR determines that the requirement is suitable for small business, the PCR would contact the procuring activity and make recommendations.