

DoD Office of Small and Disadvantaged Business Utilization

The Front Line of Innovation

Small Business and the Defense Industrial Base



Frank Ramos, Director

Department of Defense
Office of Small and Disadvantaged Business Utilization

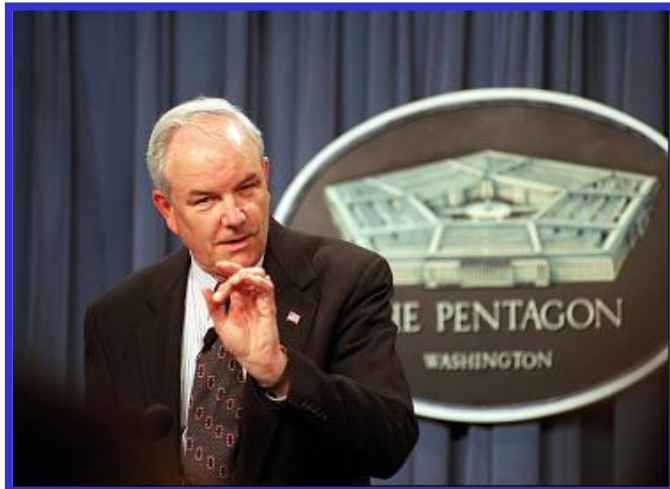
NDIA National Small Business Conference

Los Angeles, CA

June 2, 2005



Under Secretary of Defense (Acquisition, Technology and Logistics) Seven Goals



- 1. Acquisition Excellence with Integrity**
- 2. Logistics: Integrated and Efficient**
- 3. Systems Integration & Engineering for Mission Success**
- 4. Technology Dominance**
- 5. Resources Rationalized**
- 6. Industrial Base Strengthened**
- 7. Motivated, Agile Workforce**



Three DoD Internal Analysis Tools

- 1. OSD SADBUI Rand prime contacting study**
- 2. Defense Contract Management Agency (DCMA) analysis of CNA subcontracting study**
- 3. National Academies of Science (NSA) SBIR study**



DEPARTMENT OF DEFENSE PRIME CONTRACT AWARDS

(Dollars in Billions)

| Fiscal Year | Total Awards | SB Awards | % of Total | SDB Awards | % of Total | WOSB Awards | % of Total | HUBZone Awards | % of Total | SDVOSB Awards | % of Total |
|-------------|--------------|-----------|------------|------------|------------|-------------|------------|----------------|------------|---------------|------------|
| 2004 * | \$200.4 | \$44.8 | 22.4 | \$12.0 | 6.0 | \$5.3 | 2.7 | \$3.1 | 1.6 | \$0.5 | 0.3 |
| 2003 | \$187.5 | \$42.0 | 22.4 | \$11.8 | 6.3 | \$4.7 | 2.5 | \$2.9 | 1.6 | \$0.3 | 0.2 |
| 2002 | \$157.1 | \$33.3 | 21.2 | \$9.1 | 5.8 | \$4.1 | 2.6 | \$1.7 | 1.1 | \$0.2 | 0.1 |
| 2001 | \$135.8 | \$28.3 | 20.8 | \$7.8 | 5.7 | \$3.0 | 2.2 | \$1.1 | 0.8 | \$0.1 | 0.1 |
| 2000 | \$122.4 | \$26.9 | 21.9 | \$7.0 | 5.7 | \$2.6 | 2.1 | \$0.5 | 0.4 | N/A | ** |
| 1999 | \$116.7 | \$25.1 | 21.5 | \$7.0 | 6.0 | \$2.3 | 1.9 | \$0.0 | 0.0 | N/A | ** |
| 1998 | \$109.7 | \$23.0 | 21.0 | \$6.5 | 6.0 | \$2.0 | 1.8 | N/A | ** | N/A | ** |
| 1997 | \$106.9 | \$24.5 | 22.9 | \$6.7 | 6.3 | \$1.8 | 1.7 | N/A | ** | N/A | ** |
| 1996 | \$109.5 | \$25.4 | 23.2 | \$6.9 | 6.3 | \$2.0 | 1.8 | N/A | ** | N/A | ** |
| 1995 | \$110.0 | \$25.3 | 23.0 | \$6.9 | 6.2 | \$2.0 | 1.8 | N/A | ** | N/A | ** |
| 1994 | \$112.0 | \$24.8 | 22.1 | \$6.1 | 5.5 | \$1.9 | 1.7 | N/A | ** | N/A | ** |
| 1993 | \$116.0 | \$24.9 | 21.4 | \$6.2 | 5.3 | \$1.7 | 1.5 | N/A | ** | N/A | ** |
| 1992 | \$117.2 | \$24.0 | 20.5 | \$5.2 | 4.4 | \$1.6 | 1.4 | N/A | ** | N/A | ** |

SB=Small Business

WOSB=Women-Owned Small Business

SDVOSB=Service-Disabled Veteran Owned Small Bus.

SDB=Small Disadvantaged Business

HUBZone=Historically Underutilized Business Zone

** Data not available.

FY 1999 is the first year that Federal Supply Schedule orders were included.

* 2004 data is preliminary



DEPARTMENT OF DEFENSE SUBCONTRACT AWARDS

(Dollars in Billions)

| Fiscal Year | Total Awards | SB Awards | % of Total | SDB Awards | % of Total | WOSB Awards | % of Total | HUBZone Awards | % of Total | SDVOSB Awards | % of Total |
|-------------|--------------|-----------|------------|------------|------------|-------------|------------|----------------|------------|---------------|------------|
| 2004 * | \$101.8 | \$35.2 | 34.5 | \$4.1 | 4.1 | \$5.0 | 4.9 | \$1.1 | 1.1 | \$0.4 | 0.4 |
| 2003 | \$86.5 | \$32.0 | 37.0 | \$4.1 | 4.7 | \$4.2 | 4.8 | \$0.9 | 1.0 | \$0.3 | 0.3 |
| 2002 | \$75.5 | \$25.8 | 34.1 | \$3.5 | 4.6 | \$3.3 | 4.3 | \$0.6 | 0.7 | \$0.2 | 0.3 |
| 2001 | \$60.5 | \$23.5 | 38.8 | \$3.0 | 4.9 | \$2.5 | 4.1 | \$0.3 | 0.5 | \$0.1 | 0.1 |
| 2000 | \$54.9 | \$21.6 | 39.4 | \$3.0 | 5.4 | \$2.3 | 4.3 | \$0.2 | 0.3 | N/A | -- |
| 1999 | \$52.3 | \$21.5 | 41.0 | \$2.9 | 5.6 | \$2.0 | 3.9 | \$0.0 | 0.1 | N/A | -- |
| 1998 | \$53.1 | \$22.3 | 41.9 | \$3.0 | 5.6 | \$2.4 | 4.5 | N/A | -- | N/A | -- |
| 1997 | \$54.4 | \$22.5 | 41.4 | \$3.0 | 5.6 | \$1.9 | 3.4 | N/A | -- | N/A | -- |
| 1996 | \$47.4 | \$19.8 | 41.8 | \$2.8 | 5.9 | \$1.6 | 3.3 | N/A | -- | N/A | -- |
| 1995 | \$45.0 | \$19.2 | 42.5 | \$2.6 | 5.8 | \$1.2 | 2.7 | N/A | -- | N/A | -- |
| 1994 | \$45.4 | \$17.4 | 38.3 | \$2.3 | 5.0 | \$1.0 | 2.3 | N/A | -- | N/A | -- |
| 1993 | \$44.9 | \$16.9 | 37.6 | \$1.9 | 4.3 | \$0.9 | 2.1 | N/A | -- | N/A | -- |
| 1992 | \$47.3 | \$18.2 | 38.4 | \$1.8 | 3.8 | \$0.8 | 1.7 | N/A | -- | N/A | -- |

SB = Small Business

HUBZone = Historically Underutilized Business Zone

SDVOSB = Service-Disabled Veteran Owned Small Business

SDB = Small Disadvantaged Business

WOSB = Women-Owned Small Business

* 2004 data is preliminary



There May Be Room to Expand Small Business Sales in These Industries

“DRAFT” RAND study DB-478-OSD November 2004

| Industry | % of Industry Sales by Small Business | % of Industry Small Business Sales to DoD |
|---|---------------------------------------|---|
| Aircraft Manufacturing | 6 | <1 |
| Engineering Services | 28 | 3 |
| R&D in the Physical, Engineering and Life Sciences | 25 | 25 |
| Other Aircraft Part and Auxiliary Equipment Manufacturing | 40 | 5 |
| Ship Building and Repairing | 37 | 8 |
| Facilities Support Services | 19 | 15 |
| System and Instrument Manufacturing | 22 | 1 |
| Aircraft Engine and parts Manuf. | 36 | 1 |
| Health and Medical Insurance Carriers | 0 | 0 |
| Comm. and Inst. Building Construction | 42 | 1 |

Data is from a **DCMA analysis of a CNA study** that examined subcontracting performance for six Defense contractors.
 Data represented is for one of the six contractors.

| Subcode | Sum of Large | SB | SDB | WOSB | All Subcontracting |
|---------------------------------|------------------------|---------------|--------------|---------------|---------------------------|
| Avionics | \$4,072,106,973 | \$94,725,248 | \$14,385,158 | \$17,171,507 | \$4,166,832,221 |
| Fuselage | \$1,803,699,579 | \$0 | \$0 | \$0 | \$1,803,699,579 |
| Electro/Hydra/Mech | \$1,043,754,744 | \$107,509,970 | \$4,889,724 | \$1,174,134 | \$1,151,264,714 |
| Miscellaneous | \$741,369,240 | \$290,633,811 | \$25,800,555 | \$32,011,986 | \$1,032,003,052 |
| Machined Parts | \$112,391,248 | \$497,212,477 | \$92,650,841 | \$120,601,314 | \$609,603,725 |
| Propulsion | \$514,096,892 | \$661,486 | \$0 | \$0 | \$514,758,378 |
| Landing Gear | \$232,214,744 | \$4,970,626 | \$0 | \$0 | \$237,185,369 |
| Training Systems | \$182,383,798 | \$40,438,195 | \$6,105,333 | \$17,795,092 | \$222,821,993 |
| Sheet Metal | \$119,942,553 | \$79,657,414 | \$7,388,151 | \$20,585,416 | \$199,599,967 |
| Non-metallics | \$105,768,250 | \$44,015,380 | \$1,294,949 | \$1,626,947 | \$149,783,630 |
| Electrical | \$95,439,912 | \$49,098,056 | \$5,343,477 | \$10,643,178 | \$144,537,968 |
| Maintenance/Modification | \$135,982,541 | \$534,150 | \$0 | \$0 | \$136,516,691 |
| Engineering services | \$104,677,984 | \$28,017,724 | \$1,999,331 | \$281,978 | \$132,695,707 |
| Wings | \$107,706,389 | \$0 | \$0 | \$0 | \$107,706,389 |

Small Business

| Subcode | SB |
|---------------------------------|-------------|
| Automated test equipment | \$0 |
| Electro-optical test sets | \$0 |
| Employee & Financial Services | \$0 |
| Fuselage | \$0 |
| Major Mech Tst Equip/Test Stand | \$0 |
| Non-destructive inspection | \$0 |
| Wings | \$0 |
| Traffic/Transportation Service | \$21,967 |
| Business Solutions Equipment | \$50,400 |
| Sourcing/Telecom | \$176,916 |
| Monuments | \$232,945 |
| Workplace Construction | \$305,370 |
| Production Support Services | \$393,524 |
| Desktop Hardware/Software | \$489,736 |
| Maintenance/Modification | \$534,150 |
| Lighting | \$598,104 |
| Propulsion | \$661,486 |
| Aluminum Bar/Rods | \$710,600 |
| Server Hardware/Software | \$829,835 |
| Composites | \$952,850 |
| Workplace Supplies | \$957,222 |
| Elect component/circuit board | \$975,776 |
| Non-Production | \$1,065,785 |
| High Temp Alloy | \$1,106,476 |

Small Disadvantaged Business

| Subcode | SDB |
|---------------------------------|-----|
| Automated test equipment | \$0 |
| Business Solutions Equipment | \$0 |
| Common Aero Comm | \$0 |
| Component modification | \$0 |
| Composites | \$0 |
| Crew seats | \$0 |
| Electrical test sets | \$0 |
| Electro-optical test sets | \$0 |
| Employee & Financial Services | \$0 |
| Fuselage | \$0 |
| High Temp Alloy | \$0 |
| Landing Gear | \$0 |
| Lighting | \$0 |
| Maintenance/Modification | \$0 |
| Major Mech Tst Equip/Test Stand | \$0 |
| Non-destructive inspection | \$0 |
| Operations Equipment | \$0 |
| Production Support Services | \$0 |
| Propulsion | \$0 |
| Sourcing/Telecom | \$0 |
| Traffic/Transportation Service | \$0 |
| Wing | \$0 |
| Workplace Equipment | \$0 |

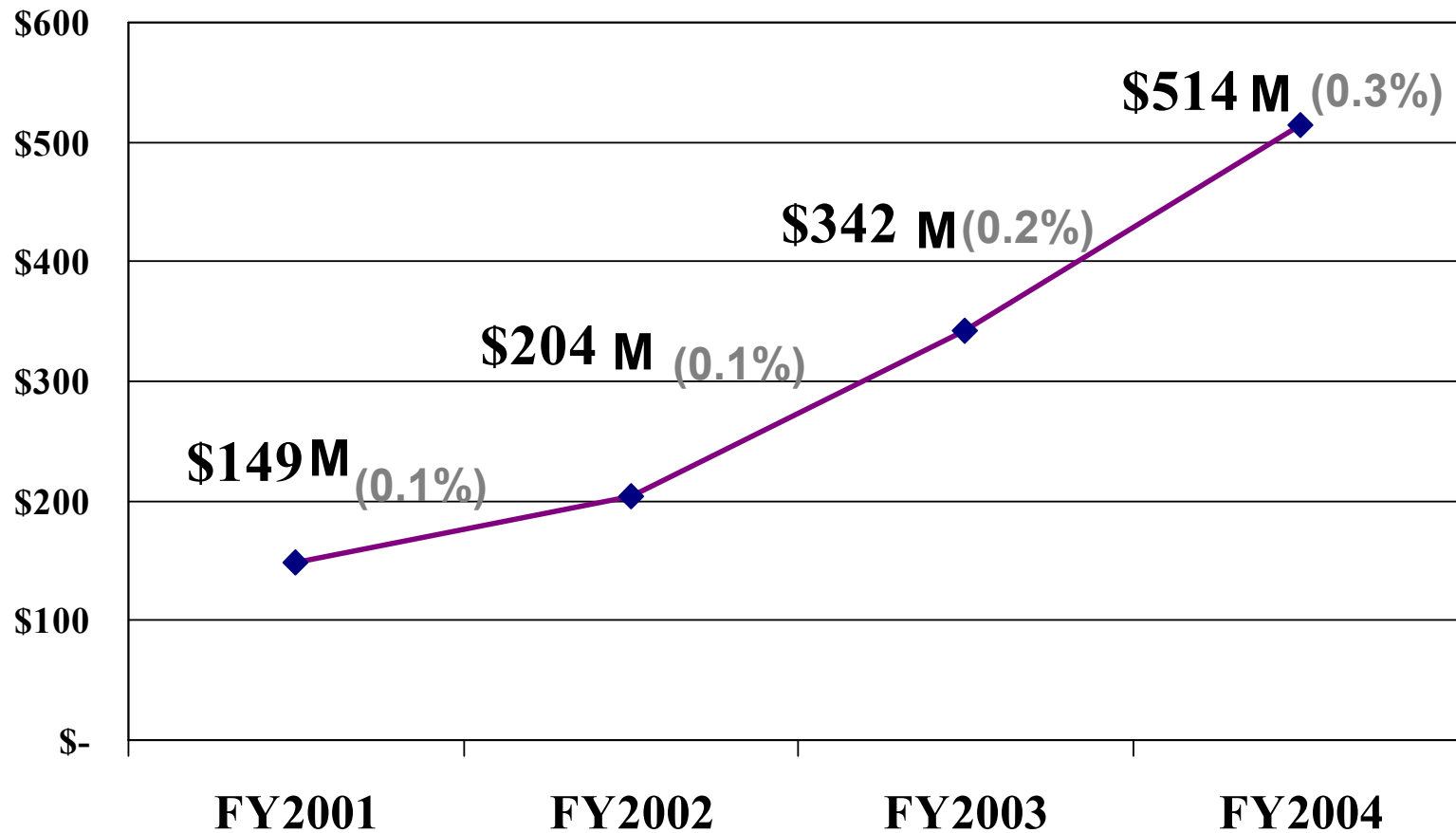


NAIC 33: One Area Where There May Be Room to Expand Small Business Sales

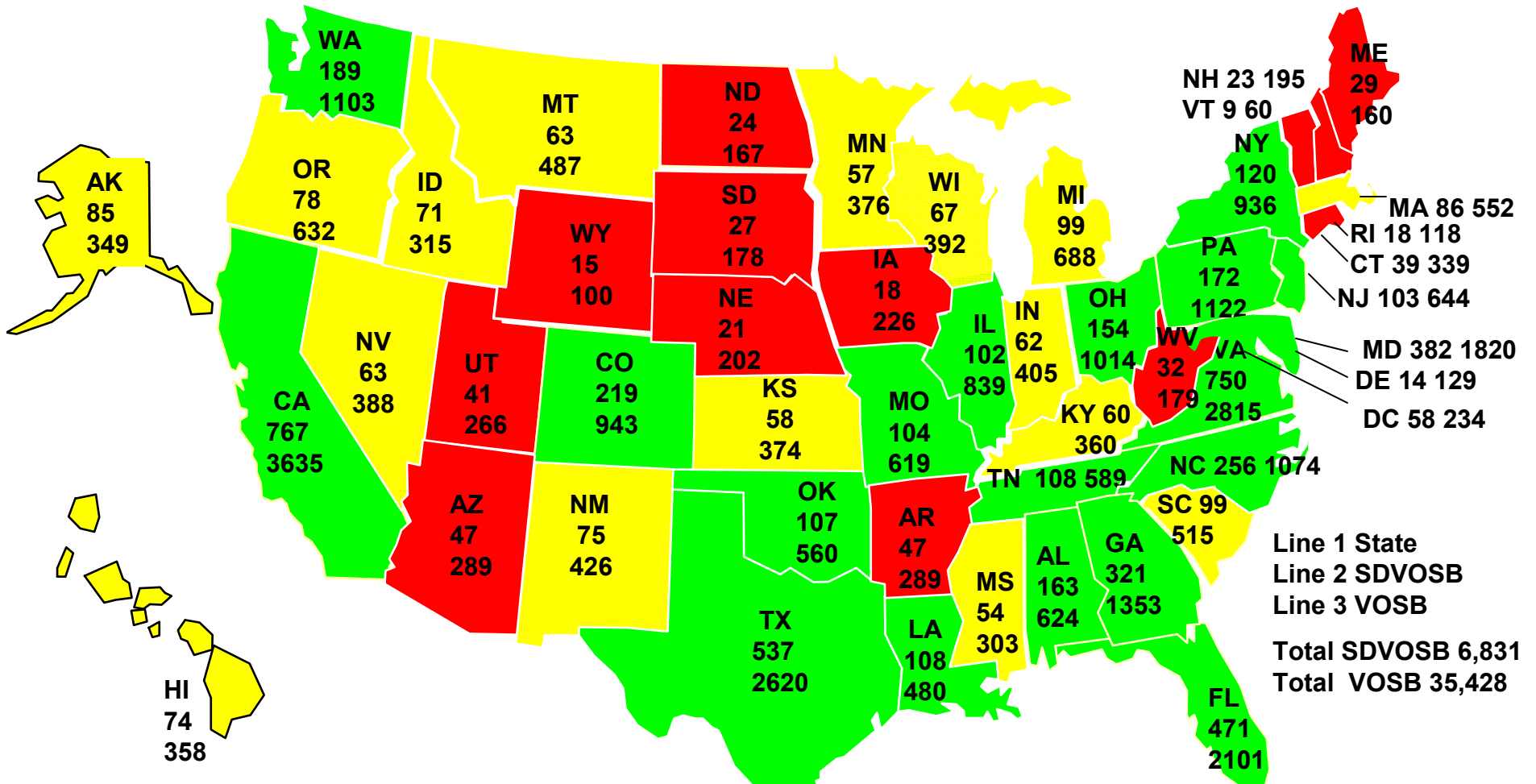
- DCMA has found that **The Machine Fabrication, Electrical, and Mechanical Fabrication Commodity. (NAIC code 33)** is an example of one subcontracting area where small business has the potential to increase participation in an area dominated by large business.
- Total subcontracting spent by five of six major defense contractors:
 - **Large Business - \$1,412,469,613**
 - **Small Business - \$317,511,401**
 - **SDB - \$63,072,654**
 - **WOSB - \$15,506,563**



DoD Prime Contract Dollars Awarded to Service-Disabled Veteran-Owned Small Business



CCR Registered SDVO and VO Small Businesses Participation by State



Line 1 State
Line 2 SDVOSB
Line 3 VOSB

Total SDVOSB 6,831
Total VOSB 35,428

- >\$100 CCR Registered SDVOSBs
- 51-100 CCR Registered SDVOSBs
- <50 CCR Registered SDVOSBs

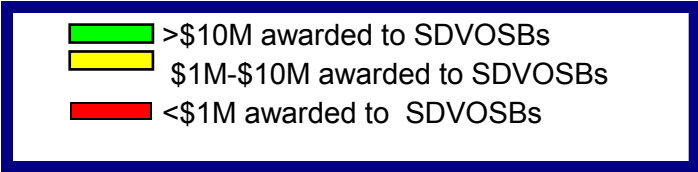
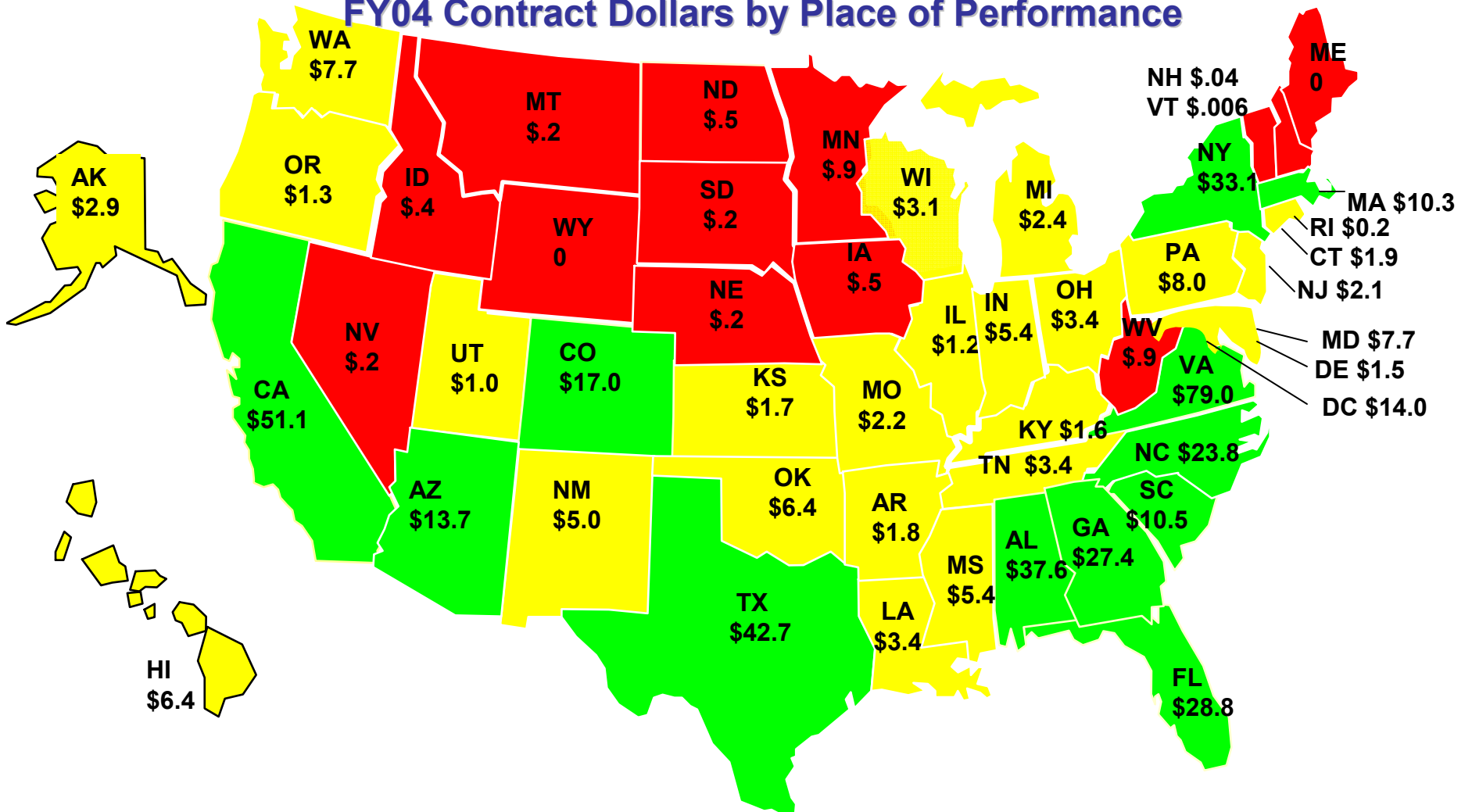
0.70% of CCR Registrants types are Service Disabled Veteran Owned Small Businesses

3.64% of CCR Registrants types are Veteran Owned Small Businesses

SDVO Small Businesses

Participation by State

FY04 Contract Dollars by Place of Performance



Total SDVOSB \$500.9M



Department of Defense
Service-Disabled Veteran-Owned
Small Business Strategic Plan



In accordance with Section Two of Presidential Executive Order 13360, and in order to significantly increase contract and subcontract award opportunities for Service-Disabled Veteran-Owned Small Businesses, the undersigned Senior Level Executives hereby issue and publish this Strategic Plan for the United States Secretary of Defense.

Handwritten signature of Michael W. Wynne in blue ink.

The Honorable Michael W. Wynne
Under Secretary of Defense for
Acquisition, Technology & Logistics

DATE: May 16, 2005

Handwritten signature of Frank M. Ramos in blue ink.

Frank M. Ramos, Director
Office of Small & Disadvantaged
Business Utilization

DATE: May 9, 2005



Department of Defense Service-Disabled Veteran-Owned Small Business Strategic Plan

Objectives of Strategic Plan:

Increase:

1. Number of SDVOSBs in Central Contractor Registration (CCR)
2. Training and outreach of acquisition community to increase use of sole source and restricted competition
3. SDVOSB participation in the Mentor-Protégé Program
4. Large prime subcontracting awards to SDVOSBs
5. Surety bonding capacity for SDVOSBs with construction and environmental remediation NAICS Codes
6. Teaming agreements and joint ventures to enhance capacity and capability of SDVOSBs

National Veterans Small Business Conference



National Veterans Small Business Conference

June 20-22, 2005

Caesars Palace, Las Vegas, NV

<http://216.200.89.135/conference/veteran04/index.asp>



DoD Small Business Office

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OSD AT&L (SADBU)

(703) 588-8631

DSN 425-8631

Or

Visit our web site at

www.acq.osd.mil/sadbu



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