

National Defense Industrial Association  
Executive Seminar

***SMALL BUSINESS  
INNOVATIONS AND CONTRIBUTIONS***



**The Honorable Malcolm Ross O'Neill**  
Assistant Secretary of the Army  
(Acquisition, Logistics and Technology)  
and Army Acquisition Executive

May 25, 2010



# 7<sup>th</sup> Annual National Small Business Conference



**WHO:** Hon Malcolm Ross O'Neill, Assistant Secretary of the Army (Acquisition, Logistics and Technology) and Army Acquisition Executive

**WHAT:** 7<sup>th</sup> Annual National Small Business Conference

**WHEN:** Tuesday, May 25, 2010 – 0830-0915

**WHERE:** Von Braun Center – Huntsville, AL

**PURPOSE:** Small Business Innovations and Contributions

**SYMPOSIUM THEME:** Small Businesses in Economic Recovery

**OTHER SPEAKERS INCLUDE:**

- Mr. James Chilton, Vice President, Huntsville Space Exploration, The Boeing Company
- Mr. Pete Steffes, Vice President, Legislative Affairs , NDIA
- Mr. James Wright, Army Program Manager for Strategic Sourcing, US Army Contracting Command
- Mr. Joseph Jordan, Associate Administrator for Government Contracting and Business Development, US Small Business Administration

**AUDIENCE/ATTENDEES:** Small Business attendees interested in strengthening their existing business operations with DoD .





# Did You Know?



1. This Current Multi-Billion Dollar Company Started Off As A Small Business Financed By The Sale Of A VW Bus And An HP Scientific Calculator.

a) Apple





# Did You Know?



## 2. How much did Army Contracting spend last night in Procurement dollars?

**a) \$397M**

**Also - on 30 Sept 2009 - last day of fiscal year –  
Army spent \$5.3B in contracts in one day!**



DESIGN • DEVELOP • DELIVER • COMBINE  
WE HAVE THE BEST PEOPLE

Assistant Secretary of the Army  
Acquisition, Logistics and Technology



# Did You Know?



**3a. How much did we spend on the Logistics Civil Augmentation Program (LOGCAP) last year?**

**a) Nearly \$8 Billion**

**3b. Since inception?**

**a) \$35.7 Billion LOGCAP III (as of March 31, 2010)  
\$2.4 Billion LOGCAP IV (as of March 31, 2010)**



**DESIGN • DEVELOP • DELIVER • COMBINE**  
WE HAVE THE BEST PROGRAMS

**Assistant Secretary of the Army**  
**Responsible Logistics and Technology**



# Did You Know?



## 4. How much did we spend in Contracted \$'s for Fiscal Years 2008, 2009 and 2010?

a) **\$360 Billion**



DESIGN • DEVELOP • DELIVER • COMBINE  
WE HAVE THE BEST PEOPLE

Assistant Secretary of the Army  
Acquisition Logistics and Technology



# Did You Know?



## 5. What proportion of Federal contracting is executed by the Army?

a) FY08 = 31.5%





# Did You Know?



## 5. What proportion of Federal contracting is executed by the Army?

a) **FY08 = 31.5%**

**U.S. ARMY PROVIDES INDUSTRY  
(BOTH SMALL AND LARGE) WITH OPPORTUNITIES  
FOR BUSINESS GROWTH**







# Vision



ASA(ALT) Is Committed To Maximizing  
Small Business Opportunities In Support Of  
**The Warfighter.**

## Topics:

- Understanding how Army Supports Small Business Programs
- Appreciate the Value of Small Business Partner Contributions
- Build on Success – Expand Relationships with Small Businesses

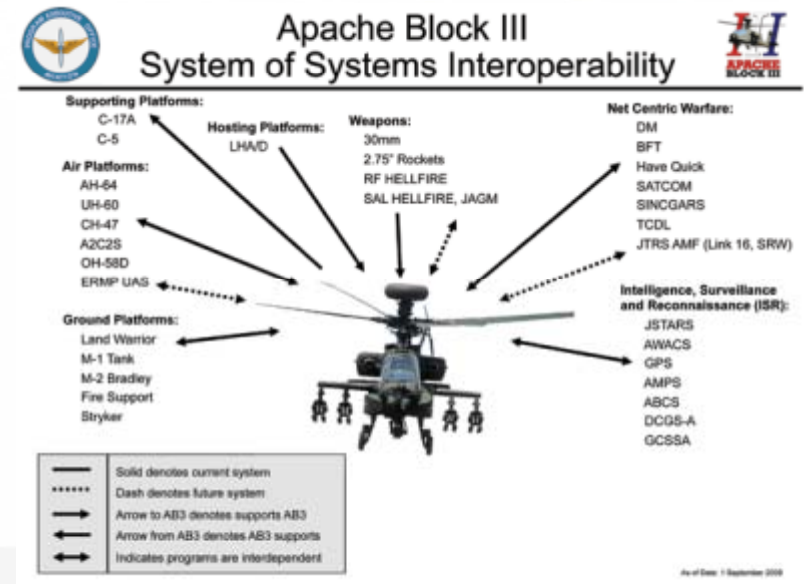




# Areas of Army Interest



- Advise the Secretary of the Army and Army Leadership on Small Business related matters
- Spearhead Innovative initiatives that contribute to expanding the Small Business Industrial Base relevant to the Army mission and priorities
- Leverage Small Business Outreach programs in support of science and technology programs.





# Key Customers and Stakeholders



- **Soldiers**
- **American Citizens**
- **Industry and Academia**
- **Peers, Superiors and Subordinates**



**Acquisition is a Team Sport.**



DESIGN • DEVELOP • DELIVER • COMPARE  
WE MAKE THE DIFFERENCE

Assistant Secretary of the Army  
Acquisition Logistics and Technology



# Acquisition Challenges



- **Support Ongoing Operations in Iraq and Afghanistan and Downsize Responsibly**
- **Develop Materiel for Future Army and Maintain Decisive Edge**
- **Identify and Address Inefficiencies**
- **Make Acquisition Process Amenable to Technological Evolution**
- **Rebuild and Rebalance the Capabilities of the Acquisition Workforce**
- **Align Program Management with Emerging Army Portfolios**

**We Never Want a Fair Fight.**





# A “Transforming” Challenge to Industry



DESIGN • DEVELOP • DELIVER • COMBINE  
WE ARE THE OTHER SERVICE

Assistant Secretary of the Army  
Acquisition Logistics and Technology



# What is Considered “Small Business”?



## General Construction

• \$17M Annually



## Specialty Construction

• \$7M Annually



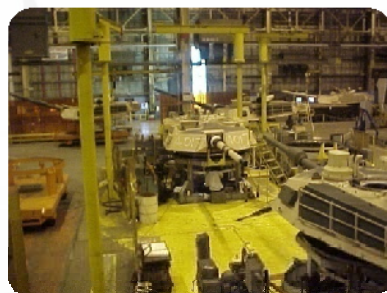
## Architect-Engineering

• \$2.5M Annually



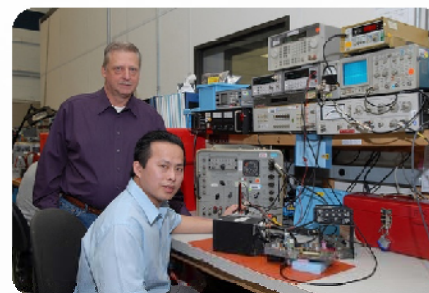
## Computers

• \$18M Annually



## Manufacturing

• 500-1500 Employees



## Research and Development

• \$2.5M Annually



## Services

• \$3.5-20M Annually





# Small Business Is ...



## Big Business!

- 23 Million American small businesses
- Create more than 50% of industrial innovations/inventions
- Employ more than half of all non-farm private sector employees
- Generate more than 50% of U.S. gross domestic product
- Principal source for new jobs in the U.S. economy (60-80% during 1990s)

## Smart Business!

- Innovative methods to achieve cost, schedule & performance
- 13 to 14 times more patents per employee than large firms and these patents are twice as likely to be among the 1% most cited
- Invented by small business:
  - ✓ **Airplane**
  - ✓ **Air Conditioning**
  - ✓ **Helicopter**
  - ✓ **Phraselator**
  - ✓ **FM Radio**





# Mutually Beneficial Relationship



## Government Benefits

- Leaders in Innovation
- Flexibility
- Responsiveness to Change
- Lower Overhead Rates
- Lower Prices
- Direct Access to Decision Makers

## Small Business Benefits

- Establish Past Performance Record
- Strengthen Financial Status
- Expand Expertise and Plant Facilities
- Gain Experience in Contract Management







# Army Prime Contract Awards (FY09)



	FY 09 (\$M)	National Goal	% Achieved
US Business	\$104,379		
Small Business	\$29,590	23.0 %	28.34%
Small Disadvantaged	\$11,310	5.0%	10.84%
Women-owned	\$4,458	5.0%	4.27%
HUBZone	\$5,322	3.0%	5.09%
Veteran-Owned	\$4,416		4.23%
Service-Disabled Veteran-Owned	\$2,561	3.0%	2.45%
HBCU/MI **	\$61	5.0%	11.60%

**\*\* Contract dollars to educational institutions**

FPDS-NG Data as of 5/14/10



DESIGN • DEVELOP • DELIVER • COMBINE  
WE HAVE THE BEST PEOPLE

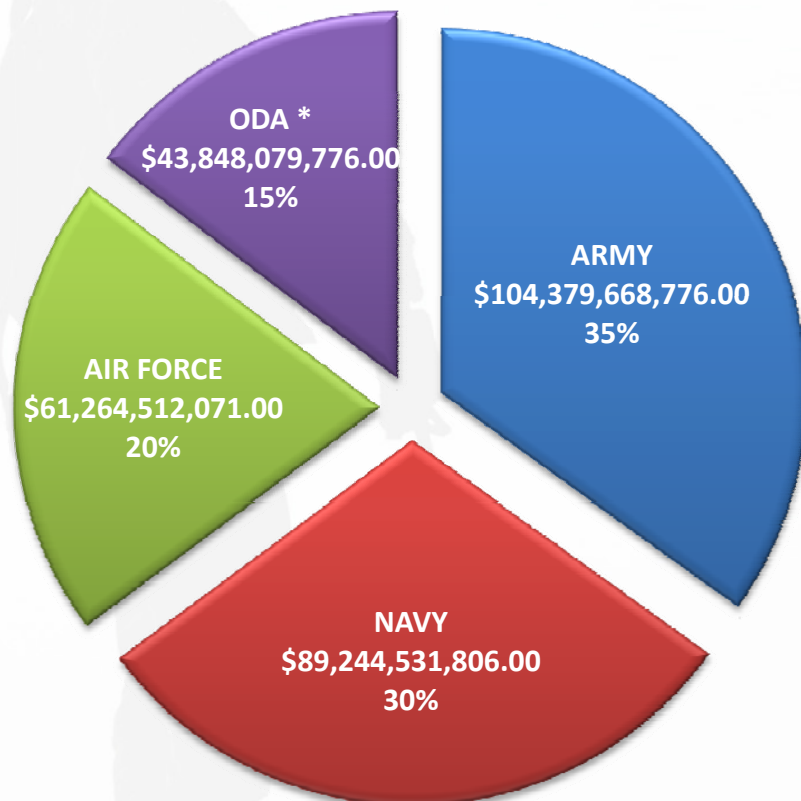
Assistant Secretary of the Army  
Acquisition Logistics and Technology



# FY09 DoD Spending by Agency

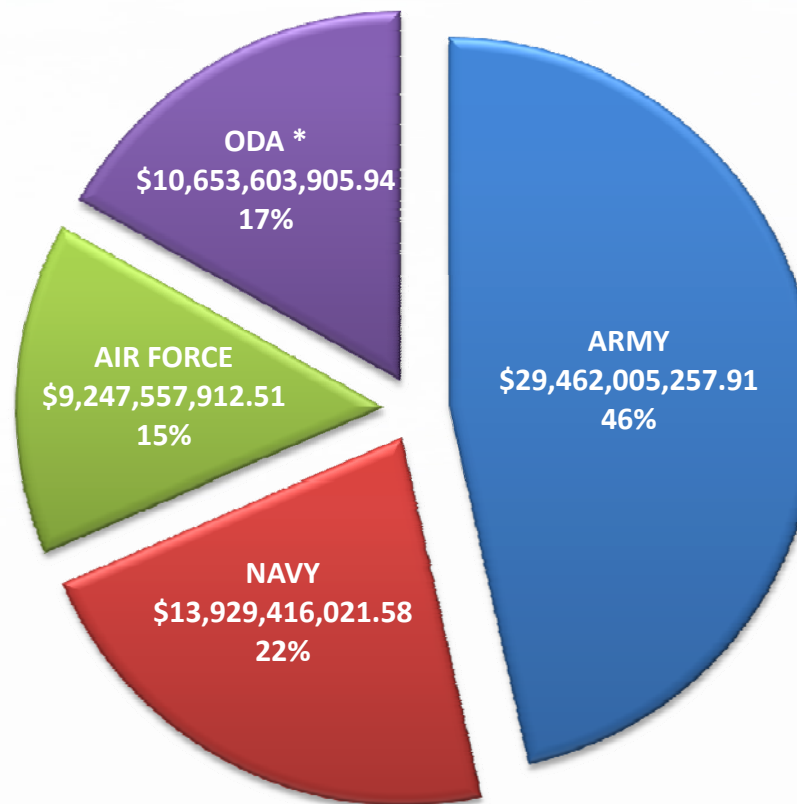


## Total Spending



**Total: \$298,736,792,429**

## Small Business Spending



**Total: \$63,292,583,098**

\* ODA = Other Defense Agency

FPDS-NG Data as of 4/29/10



DESIGN • DEVELOP • DELIVER • COMBINE  
WE HAVE THE BEST PEOPLE

Assistant Secretary of the Army  
Manpower Logistics and Technology



# Seeking Innovation – An Example

---





# Success Stories



## Hontek Corporation: Erosion Protection Technologies



## Ultracell: 25W Reformed Methanol Fuel Cell for Soldier Power





# Success Stories



## First RF Corporation: Dual Band Antenna



## SAVIT Corporation: Wide Angle Robotic Vehicular Vision System (WARVVS)



DESIGN • DEVELOP • DELIVER • CONFLATE  
WE MAKE YOU BETTER

Assistant Secretary of the Army  
Responsible Systems and Technology



# ASA(ALT) Focus



- Leverage Improvement Opportunities to Conserve Scarce Resources
- Participation by Army Small Business Office in Major Systems Reviews
- Promote Greater Involvement of Small Businesses in Army Contracts for Services
- Emphasize Service-Disabled Veteran-Owned Small Business Program





# Improvement Opportunities

## PROGRAM RISK:

- Unrealistic Requirements
- Trade Space Inefficiencies
- Immature Technology
- Lack of M&S utilization
- Technology Producibility

## CYCLE TIME:

- Product Obsolescence of Equipment Due to Acq. Cycle
- Technology Evolution Faster Than Traditional Acq. Process
- T& E efficiency
- Requirements Creep



## BUSINESS DEALS:

- Unclear Contract Requirements
- Poor Program Performance
- Bloated Contractor Overheads (G&A\$)

## LIFECYCLE COST:

- Excessive O&M Cost Growth
- Better is Enemy of Good-enough
- Incentivizing O&S cost reduction

## MANAGEMENT OF RESOURCES:

- Under-strength Workforce
- Under-resourced Training
- Weak Enterprise Resource Plan/Business Mgt
- Lack of Transparency
- Wartime v. Baseline Budget (False Sense of Security)





# Standards



- Honor
- Integrity
- Moral Courage



**“No” is a Perfectly Acceptable Answer.**



DESIGN • DEVELOP • DELIVER • COMBINE  
WE HAVE YOUR BACK

Assistant Secretary of the Army  
Responsible Logistics and Technology





# Goals



- ✓ **Meet Challenges**
- ✓ **Be Good Stewards**
- ✓ **Satisfy Key Customers**
- ✓ **Maintain Standards**

**We *MUST* Focus on Outputs....**



**DESIGN • DEVELOP • DELIVER • COMPARE**  
DEPARTMENT OF THE ARMY

**Assistant Secretary of the Army**  
Maneuver Logistics and Technology



*... the vast majority of innovative and revolutionary components, systems, and approaches that enable and sustain our technological advantage reside in the commercial marketplace, in small defense companies, or in America's universities. Therefore, the Department will work to establish requirements and pursue specific programs that take full advantage of the entire spectrum of the industrial base at our disposal: defense firms, purely commercial firms, and the increasingly important sector of those innovative and technologically advanced firms and institutions that fall somewhere in between.*

## QUADRENNIAL DEFENSE REVIEW REPORT

February 2010



DESIGN • DEVELOP • DELIVER • COMPARE  
DEPARTMENT OF THE ARMY

Assistant Secretary of the Army  
Acquisition, Logistics and Technology

# National Defense Industrial Association Executive Seminar

## ***SMALL BUSINESS INNOVATIONS AND CONTRIBUTIONS***



**The Honorable Malcolm Ross O'Neill**

Assistant Secretary of the Army  
(Acquisition, Logistics and Technology)  
and Army Acquisition Executive

May 25, 2010