



DEPARTMENT OF THE NAVY  
OFFICE OF THE ASSISTANT SECRETARY  
(RESEARCH, DEVELOPMENT AND ACQUISITION)  
1000 NAVY PENTAGON  
WASHINGTON DC 20350-1000

APR 10 2012

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (ACQUISITION,  
TECHNOLOGY & LOGISTICS)

SUBJECT: Improving Small Business and Competition Opportunities in Services  
Acquisitions

As requested by the Under Secretary of Defense (Acquisition, Technology & Logistics) (USD (AT&L)) memo dated 13 March 2012, the following Department of the Navy (DON) implementation plan for the improvement of small business competition opportunities in Service Acquisitions is provided.

The DON continues to demonstrate leadership throughout DOD in providing opportunity for small business. Analysis of effective maximum practicable (MAXPRAC) opportunity, where small business industry is available and has the capacity to compete, demonstrates achievement that has exceeded 23% on average annually over the past six years. However, recognizing that further improvement is possible, the following areas are addressed by the DON:

- a. Service Procurement Forecasts: The DON's 10 Head Contracting Activities (HCAs) each have a web-enabled forecast of opportunity available for small business. This has been a major DON initiative for the past year. Small Business can access these forecasts through the DON Office of Small Business Program (OSBP) website [www.donhq.navy.mil/osbp](http://www.donhq.navy.mil/osbp).
- b. Application of "MaxPrac" Tool: This DOD market analysis tool is limited to a top level screening process only and, as a result, often indicates misleading information regarding opportunity for small business. Only through deeper analysis, which MaxPrac cannot provide, is it possible to see if additional opportunity for small business exists. MaxPrac training, with this caveat, is being provided to all HCAs and follow-on review of its use will be scheduled. MaxPrac has been used in first level small business market analysis screening in the recommended portfolio groups and will be used as a tool in service acquisition review.
- c. Engagement of DON OSBP: DON OSBP is fully engaged with Assistant Secretary of the Navy Research, Development, and Acquisition (ASN(RD&A)). This collaboration resulted in two executive level memos

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issued in FY11 (See attachments (1) and (2)). OSBP has received an additional billet which will be embedded in the DON's Services Acquisition Division and dedicated to support small business service acquisition improvement.

- d. 10% Increase in Selected Portfolio Groups: A complete analysis of the competition opportunity within the identified portfolios is underway and being led by Deputy Assistant Secretary of the Navy, Acquisition and Procurement (DASN (AP)). Analysis of the data, coupled with USD(AT&L) memo dated 12 March 2012 directing the reduction of management support services by 15%, will be provided under separate correspondence.

In addition to the specific areas outlined by USD(AT&L) memo dated 13 March 2012, the DON is also seeking improvement for small business through the following:

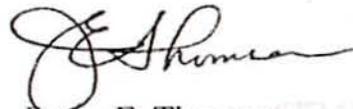
- a. Small Business Sweet Spot: Analysis of awards data between the micro-purchase threshold and the Simplified Acquisition Procedures (SAP) threshold is underway; this will identify opportunities that should be reserved for small business but may have conditions that do not enable the practice. This is a potential \$1B area of opportunity that will be monitored closely. The key to this analysis is understanding those elements that restrict small business from competing in this critical performance area. Data analysis is expected to be complete by 30 April 2012.
- b. Small Business Dashboard: Leadership will have access to an electronic small business dashboard, by Command, via the DON OSBP Intranet site. This will enable each command to measure progress toward meeting small business targets in support of Senior Executive Service (SES) and General Officers/Flag Officers (GOFO) performance objectives that have been established as part of Executives' SES objectives. Expected launching is 30 April 2012.
- c. Service Contract Courts: The Department has initiated detailed "Service Contract Court" reviews to identify how service contracts are used within the Department and to identify savings. To ensure that small business is not overlooked, each of the Command Service Courts is addressing the applicability of small business contracts and the socio-economic impact is a part of these reviews. The respective OSBP offices for these Commands are part of this review.
- d. Program Management Review: RD&A is developing a training module, in conjunction with OSBP, for program managers and program executive offices

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to promote increased oversight of prime contractor performance on subcontracting, and providing incentives for exceptional attainment of small business subcontracting goals or for identifying technology and innovation gaps that can be filled through the Small Business Innovation Research (SBIR) program.

- e. Small Business Outreach: DON is sponsoring two major small business outreach events, DON Blue and Gold Coast Small Business Symposiums. Mr. Kendall has been invited to speak at the first event in June in Baltimore, MD. Blue Coast focuses on new entries to DON Contracting. Gold Coast, held in August in San Diego, provides mini-forecasting industry days targeting small business to more experienced small businesses.
- f. Subcontracting Task Force: The DON, through OSBP, is leading a DOD-wide initiative to examine how best to capture subcontracting data in order to articulate specific component impact and to recommend improvements for small business industrial base engagement. Army, Air Force, Defense Contracting Management Agency (DCMA) and OSD are all participating in this initiative. The task force report and recommendations are due out by September 2012. This is a Secretary of the Navy priority.
- g. Superior Supplier Incentive Program (SSIP): The DON has been tasked to lead the implementation of SSIP. Successful small business participation in subcontracting is a key element for selection of those receiving SSIP designation. Upon successful completion of the DON pilot, a compatible Small Business component of SSIP will be evaluated with OSBP. This further recognition of small business as viable industry partners is intended to strengthen the industrial base and heighten the awareness of the value small business provides to the Department mission.

The aforementioned steps are viewed as comprehensive and will be continuously monitored by the DON for effectiveness and measured value added to the Department mission.



James E. Thomsen  
Principal Civilian Deputy

Attachments  
As Stated

**SUBJECT: Improving Small Business and Competition Opportunities in Services Acquisitions**

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THE UNDER SECRETARY OF THE NAVY  
WASHINGTON, D.C. 20380-1002



DASN (RDT&E)  
DON OSBP  
AGC (RDA)  
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MEMORANDUM FOR DISTRIBUTION

SUBJECT: Maximizing Department of the Navy (DON) Opportunities for Small Business

The Honorable Sam Stucky, Assistant Secretary of the Navy for Research, Development and Acquisition (ASNRDA), recently issued a memorandum, Attachment (1), to the DON acquisition community about the importance of seeking qualified and capable small businesses to provide the products, services, and solutions necessary to help our Sailors and Marines accomplish their assigned missions. I want to formally endorse Secretary Stucky's memo, and ask that each of you read it if you have not already done so. Small businesses often deliver technology and innovative capabilities with agility and lower cost. It therefore makes sense from both an economic and warfighting perspective to look towards small businesses as a means of meeting DON mission needs.

The White House has established federal goals for small business participation in all areas across our government. To that end, the Department of Defense has established goals for service component small business prime contracting participation to ensure maximum practicable opportunities for small business. We must all do our part to support this effort.

Accordingly, as we enter the last few months of Fiscal Year 2011, I want your attention and support to ensure that market research and analysis for standing requirements and training contracts is conducted in a manner that maximizes the opportunity for small business to compete at the prime contract level. In those instances where small business cannot serve as a prime contractor, please ensure your market analysis identifies potential opportunities for small business to serve as subcontractors.

Senior leadership is critical if we are to meet our goals. I would therefore like all Flag Officers, General Officers and Senior Executive Service members that influence acquisition decisions to develop and adopt personal statements that demonstrate support for the Department's small business mission.

Both ASNRDA and the DON Office of Small Business Programs (OSBP) are available to support your organization to develop small business acquisition strategies.



THE UNDER SECRETARY OF THE NAVY  
WASHINGTON DC 20350-1000

August 5, 2011

MEMORANDUM FOR DISTRIBUTION

SUBJECT: Maximizing Department of the Navy (DON) Opportunities for Small Businesses

The Honorable Sean Stackley, Assistant Secretary of the Navy for Research, Development and Acquisition (ASN(RD&A)), recently issued a memorandum, Attachment (1), to the DON acquisition community about the importance of seeking qualified and capable small businesses to provide the products, services, and solutions necessary to help our Sailors and Marines accomplish their assigned missions. I want to formally endorse Secretary Stackley's memo, and ask that each of you read it if you have not already done so. Small businesses often deliver technology and innovative capabilities with agility and lower costs. It, therefore, makes sense from both an economic and warfighting perspective to look towards small businesses as a means of meeting DON mission needs.

The White House has established federal goals for small business participation in all areas across our government. To that end, the Department of Defense has established goals for service component small business prime contracting participation to ensure maximum practicable opportunities for small business. We must all do our part to support this effort.

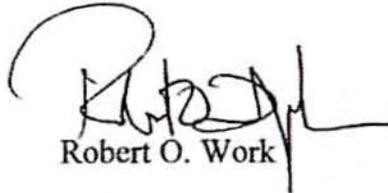
Accordingly, as we enter the last few months of Fiscal Year 2011, I want your attention and support to ensure that market research and analysis for standing requirements and remaining contracts is conducted in a manner that maximizes the opportunity for small business to compete at the prime contract level. In those instances where small business cannot serve as a prime contractor, please ensure your market analysis identifies potential opportunities for small business to serve as subcontractors.

Senior leadership is critical if we are to meet our goals. I would therefore like all Flag Officers, General Officers and Senior Executive Service members that influence acquisition decisions to develop and adopt performance standards that demonstrate support for the Department's small business mission.

Both ASN(RD&A) and the DON Office of Small Business Programs (OSBP) are available to support your organizations to develop small business acquisition strategies,

SUBJECT: Maximizing Department of the Navy (DON) Opportunities for Small  
Businesses

facilitate communication with the small business marketplace, and address any  
challenges you may have. Please do not hesitate to contact DON OSBP at (202)  
685-6485 for further assistance.



Robert O. Work

Attachment:  
As stated

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JUL 19 2011

MEMORANDUM FOR DISTRIBUTION

SUBJECT: Increased Use of Small Business Concerns

The Department of Defense (DOD) has placed special attention on increasing the use of small business in Fiscal Year 2011, consistent with the Better Buying Power initiatives, and to support the White House's 23% small business goal. In FY 2010, DOD attained 22.7%.

In light of delays caused by the continuing resolution, achieving the FY11 goal will require significant effort. Because a significant percentage of the Department of the Navy's procurement dollars purchase goods and services that cannot be provided by small business, DOD determined the Department of the Navy (DON) share of the 23% goal to be 18.9%. To meet this challenge, the DON must increase our awards to small business by an estimated \$1-2 billion over what was achieved in FY2010. Therefore, DoN acquisition and contracting activities are directed to 1) take immediate short term steps to measurably increase small business performance, 2) re-emphasize sound acquisition business practices to promote small business opportunity and 3) make long term process improvements for small business engagement. All of these align directly with the initiatives to improve acquisition excellence published in November 2009 and in Under Secretary of Defense, Acquisition, Technology, and Logistics, Better Buying Power Initiatives established by memorandum on September 24, 2010.

1) Immediate short term steps to measurably increase small business performance.

- Federal Supply Schedules (FSS): When using FSS to satisfy procurements between the micro-purchase and simplified acquisition threshold, ordering activities should consider socio-economic status when identifying contractor(s) for consideration or competition for award of an order (FAR 8.405-5(b)). Quotes should not be requested from large business concerns unless there is a determination that there are less than three small businesses on the schedule that will satisfy the government's requirements. The ordering activity contracting officer will document by memorandum when large business quotes are necessary, except when an ordering activity has approved justification limiting sources in accordance with 8.405-6.
- Indefinite Delivery/Quantity (IDIQ) Multiple Award Contracts (MAC): When using IDIQ MACs and where there are at least two small businesses on the award, task and delivery orders set-aside for competition by small business award holders are encouraged. Where only one small business exists on the contract, task and delivery order requirements should be developed to promote maximum opportunity for small

SUBJECT: Increased Use of Small Business Concerns

business to compete amongst other award holders. Seaport-e has a successful history of identifying key small business concerns that have capability to provide program solutions and should be maximized.

- Authorized Socio-economic Sole Source Authority Use: The use of sole source authority found under the 8(a) program will be used to the greatest extent possible. Additionally for procurements greater than \$1M, requests for competition among 8(a) participants from the U.S. SBA is likewise encouraged.

2) Re-emphasis of sound acquisition business practices to promote small business opportunity.

- Forecasting: In 2008, DASN A&P (formerly Acquisition & Logistics Management) and DON Office of Small Business Practices (OSBP) directed all HCAs to promulgate a three year forecast of anticipated future procurements based upon acquisition planning and reoccurring requirements. As lead time is particularly critical to small businesses ability to compete, within 30 days of this memorandum all System Commands (SYSCOMs) will report to ASN (RD&A) that their forecast web access is complete, current and will provide a plan for annual updating.

- Acquisition Strategy and Planning: Small business consideration is to be fully documented in all acquisition strategies. If market analysis demonstrates that small business does not possess the required capability or capacity to perform as the prime contractor, clear and defined roles and expectations for small business participation as *subcontractors* will be identified and documented, including evidence that the OSBP is engaged in acquisition strategy and planning development. DOD's "Maxprac" tool is available to assist in identifying opportunities where small business has successfully supported other components of DOD in specific systems, commodities, and services. All commands are encouraged to work with OSBP to fully implement its use. The tool can be downloaded at (<https://extranet.acq.osd.mil/osbp/>).

- Consolidation/Bundling: Consolidation and/or bundling of requirements creates obstacles to small business competition and are to be avoided unless specifically identified and documented by memorandum as mission essential.

3) Long term process improvements for small business engagement in line with the initiatives to improve acquisition excellence.

- Subcontracting: Acquisition strategies for all ACAT I and ACAT II programs must address Small Business and SBIR/STTR engagement through the next milestone decision or during program sustainment, as applicable. The Technology Insertion Plan should identify specific SBIR/STTR technologies to be transitioned to meet program capability gaps and a schedule to deploy these capabilities.

SUBJECT: Increased Use of Small Business Concerns

Program managers and contracting officers should include a Small Business Incentive Fee for meeting specific small business and SBIR subcontracting levels in contracts where incentives are used.

- **Accountability:** Senior leadership at the Flag, General Officer and SES level that influence acquisitions will have performance standards established to demonstrate support for the DON small business mission.

Adopting a practical approach where small business is considered as the first option, not only supports DoD goals, but supports the DON mission to increase competition, reduce costs, and provide quality products, services and solutions that support our Sailors and Marines.



Sean J. Stackley

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