

OSD Small and Disadvantaged Business Utilization

Creating Advantages for Small Business

Small Business: A Useful Tool for the Program Manager

**PEO/SYSCOM Conference
Ft. Belvoir, VA**



**Mr. Frank Ramos
Mr. Victor Ciardello
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The Value of Small Business

*“...America's small business owners represent more than **99 percent** of all employers and their businesses employ more than half of the private work force. These entrepreneurs who create more than **66 percent** of the new jobs nationwide and generate more than **50 percent** of the Nation's gross domestic product growth are critical to our country's prosperity and the well-being of our communities.”*

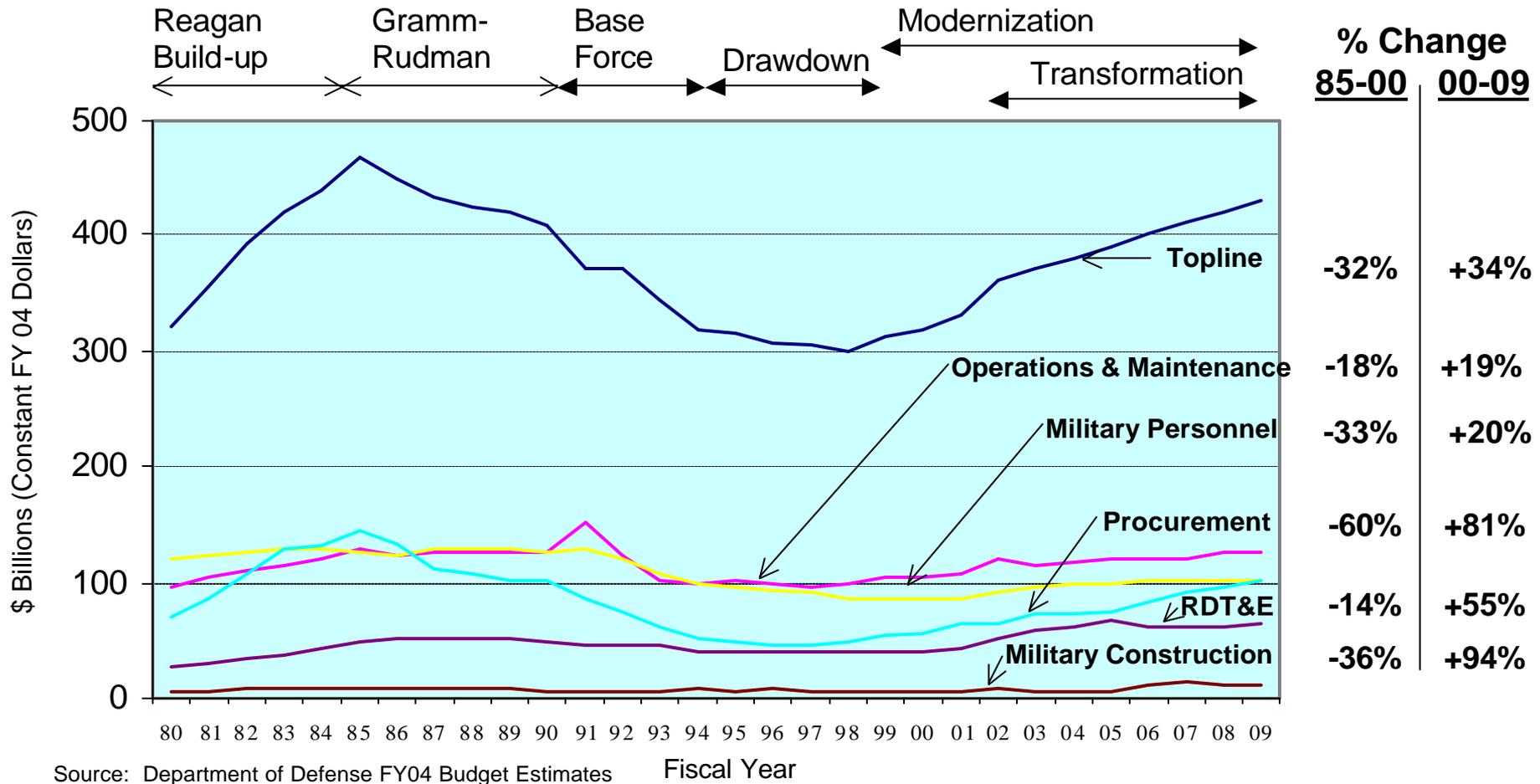
- Proclamation of Small Business Week by President Bush on May 2, 2002





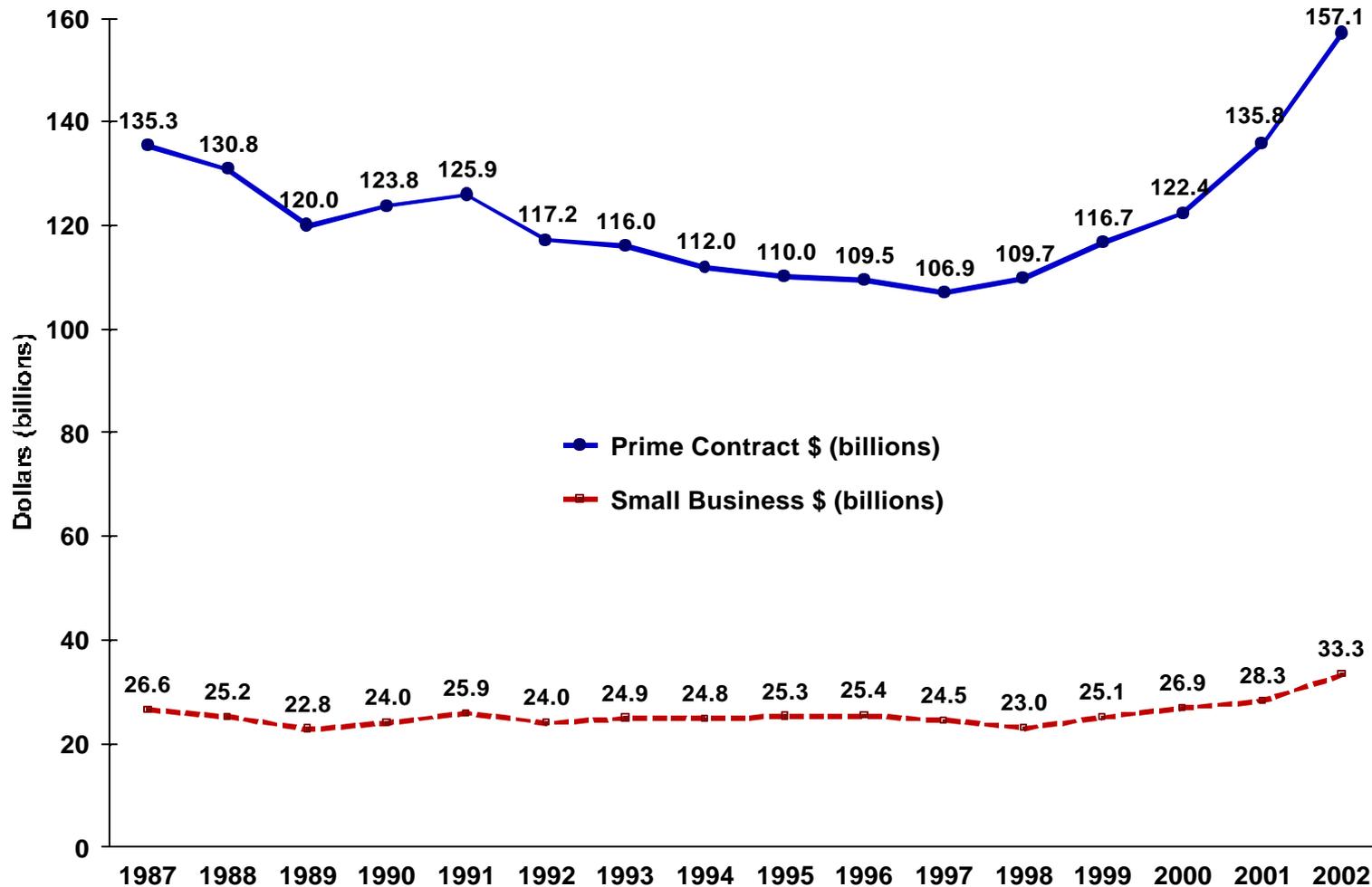
Defense Budget Trends

DoD Budget Authority





DoD Prime Contract & Small Business Award Dollars



Creating Advantages for Small Business



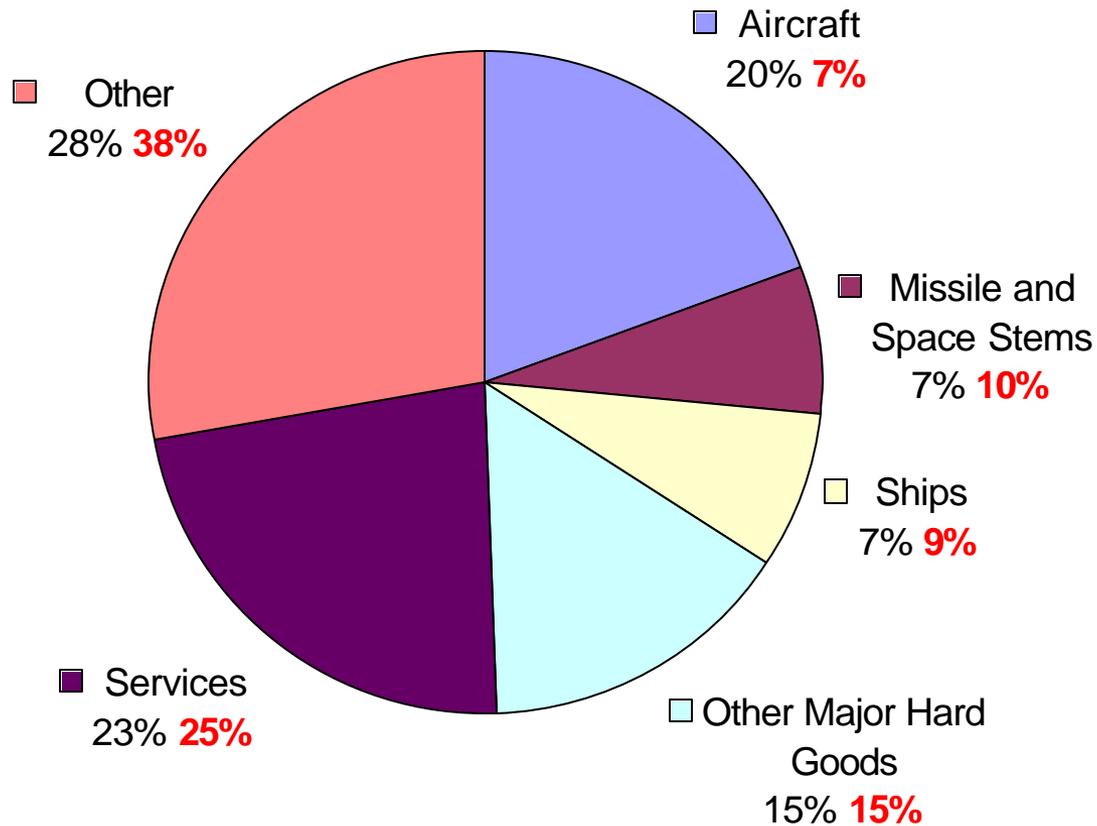
DoD Proposed Goals

	FY 2004	FY 2005	Mandated Federal U.S. Govt Goals
Small Business	21.6%	21.8%	23.0%
SDB	5.7%	5.8%	5.0%
HUBZone	3.0%	3.0%	3.0%
WOSB	5.0%	5.0%	5.0%
SDVOSB	3.0%	3.0%	3.0%



Department of Defense Product Mix Fiscal Year 2002

Red=Percent Awarded to Small Business

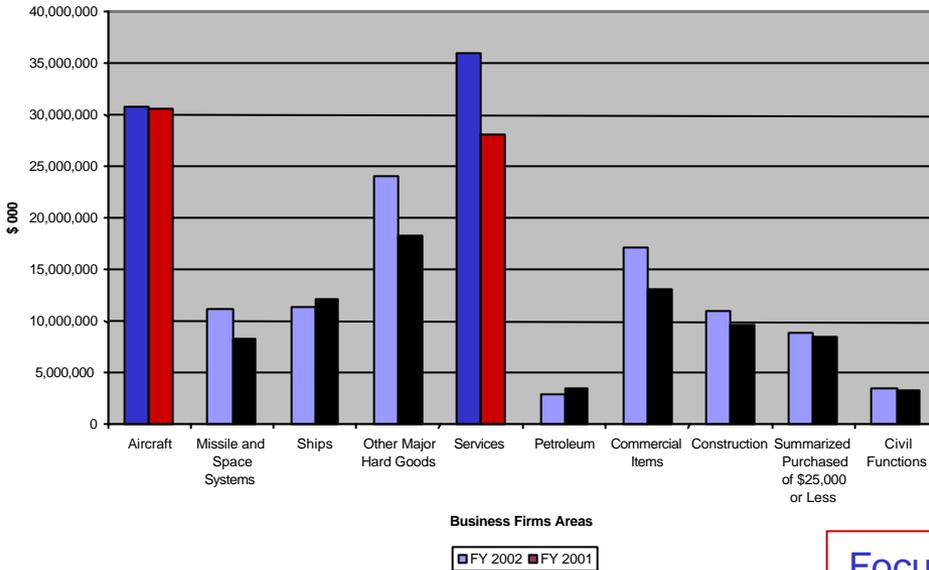


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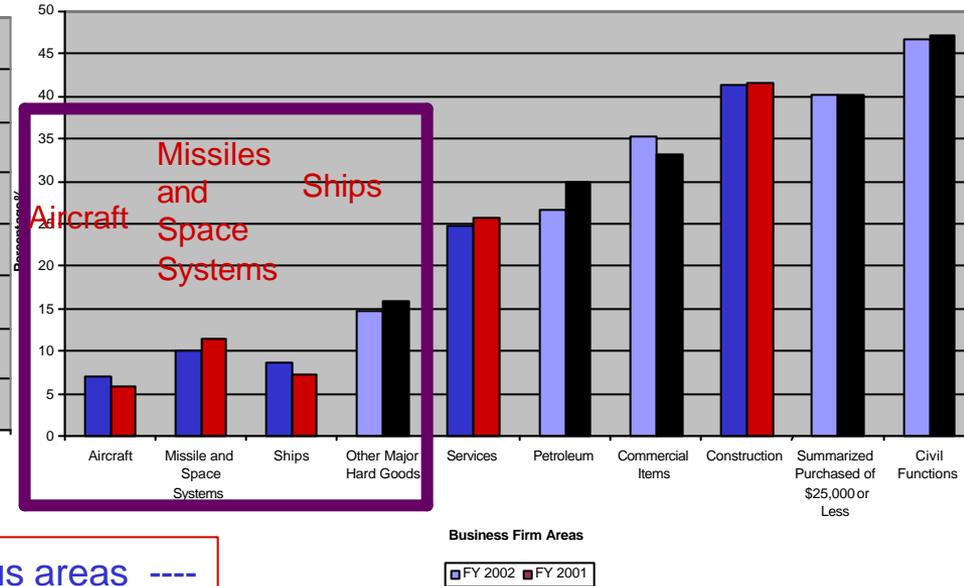


Defense Small Business Metrics Performance

DoD Prime Contract Award to All Business Firms



Percent of Small Business to all Business



- **Construction**

Historically has been our greatest area of success in meeting the Defense Small Business goals

- **Services**

Best potential to improve overall small business growth performance based on economic projection of future defense spending

- **Manufacturing**

Utilize changes in size standards to increase the level of small business participation



OSD Office of Small Business Programs

- **Small Business Programs**
 - **Mentor-Protégé Program**
 - **Small Business Innovation Research and Small Business Technology Transfer**
 - **Women-Owned Small Business**
 - **HBCU/MI**
 - **Indian Incentive**
 - **Comprehensive Subcontracting Plan Test Program**
 - **Hub Zones**
 - **Service-Disabled Veteran-Owned Small Business Program**

- **Resources**
 - **Regional Councils**
 - **Small Entity Compliance Guides**
 - **Procurement Technical Assistance Centers (PTAC) (DLA)**
 - **Small Business Development Centers (SBDC) (SBA)**



Mentor-Protégé Program Overview

- **The DoD Mentor-Protégé (MP) Program was established to:**
 - **provide incentives for (major) DoD prime contractors (Mentors)**
 - **help small disadvantaged businesses (SDBs) qualified organizations that employ the severely disabled, and Women Owned Small Business (Protégés) develop technical and business capabilities**
 - **assist protégés to successfully compete for prime contract and subcontract awards**
 - **124 Agreements Funded in FY2002 for \$60M**

Successful Mentor-Protégé agreements provide a winning relationship for the protégé, the mentor and the DoD



Mentor-Protégé Success Stories

- **Mentor: Raytheon Company / Protégé: The ENSER Corporation**
 - The technology transferred through this partnership has enabled ENSER to incorporate and demonstrate world-class design/development capabilities.
 - ENSER has developed batteries that no other company worldwide can design/produce. ENSER is the pre-eminent supplier of thermal batteries to the DoD for use in Precision Guided Munitions.

- **Mentor: Raytheon Company / Protégé: Basic Electronics, Inc.**
 - Through the MP Program, Basic Electronics has been able to expand and add capabilities, especially in electronic assembly.
 - Basic Electronics has brought higher reliability and lower cost products to the DoD through innovation. One of these products, the Thermal Management System, provides electronic cooling six times faster than the current heat sinks and is half the weight. The impact for space and aircraft is tremendous.



Mentor-Protégé Success Stories

■ **Mentor: TRW / Protégé: Coast/ACM**

- The Mentor-Protégé relationship between TRW and Coast/ACM has enabled the protégé to significantly grow in the area of highly reliable magnetic components.
- Coast ACM now provides TRW with 98% of their magnetic requirements and saves them over 50% of manufacturing these components in-house.

■ **Mentor: Shaw Environmental (formerly IT Corp) / Protégé: Mendelian Construction, Inc.**

- Under the program, IT Corporation's training has led to over 3.5 million dollars in new subcontracts and over 21.5 million in prime contracts with DoD clients.
- Mendelain has awarded over 1.9 million dollars to small businesses.



Small Business Innovation Research/ Small Business Technology Transfer Program Overview

■ SBIR/STTR

- The Small Business Innovation Research program funds early-stage R&D at small technology companies and is designed to:**
 - stimulate technological innovation**
 - increase private sector commercialization of federal R&D**
 - increase small business participation in federally funded R&D**
 - foster participation by minority and disadvantaged firms in technological innovation**
- The SBIR Program provides up to \$750,000 in early-stage R&D funding directly to small technology companies (or individual entrepreneurs who form a company);**
- The STTR Program provides up to \$750,000 in early-stage R&D funding directly to small companies working cooperatively with researchers at universities and other research institutions**



SBIR/STTR Success Stories

■ **Quantum Magnetics, Inc.**

- **Developed an effective and reliable automatic detection technique for pinpointing a wide assortment of landmines for the military and humanitarian organizations.**
- **Won the 1999 SBIR Technology of the Year Grand Prize for innovative technology that has high commercialization potential**

■ **Quoin International Inc.**

- **Highly developed in transferring federal technologies to commercial applications**
- **Developing several critical technologies under the SBIR program such as the Missile Integrated Power Supply and Roll Control System for Naval Air Warfare Center Weapons Division at China Lake that provides ten times the operating duration at 50% of the cost of the present design**
- **Program: PEO Theater Surface Combatants**



SBIR/STTR Success Stories

■ **Sierra Monolithics, Inc.**

- **Industry leader in the design and packaging of superior high-performance physical layer standard components for next generation systems for Aerospace and Government industries**
- **Leveraging the SBIR Program to develop an innovative high speed Superconducting Random Access Memory (RAM) to be used as data buffers in high speed signal processing and switching functions critical to military operations, used on unmanned aerial vehicles**

■ **Irvine Sensors Corporation**

- **Developed a chip stacking technology, using funding from NASA's SBIR program and a small contract from the Air Force. The technology enables 4-8 computer or memory chips to be glued into a small stack in the footprint of a single chip.**
- **IBM and Irvine Sensors invested over \$20 million to develop the technology into a manufacturable product with total sales this year expected to be \$10 million**



Practical Use by Program Manager (Navy) of SBIR/STTR



PEO-SUB Success Stories



Texas Research Institute

Generic Structural Composite
Material, Phase II

Composite Launch Tube, Phase II

Composite Torpedo Fuel Tank, Phase II



Chesapeake Sciences Corp.

Affordable Towed Array
Construction, Phase III

Towed System
Improved Robustness, Phase II

Progeny Systems

Progeny

Technology Infusion, Phase III

COTS Approach to
Information Security, Phase III

Innovative Signal Processing Concepts
for Active Emissions, Phase III



Digital System Resources

Tech Insertion for Non-Prop
Electronics Sys (NPES), New phase III

Software Migration MPP
(Multi-purpose Processor), Phase III

JAVA Applications for
Naval Combat Systems, Phase II

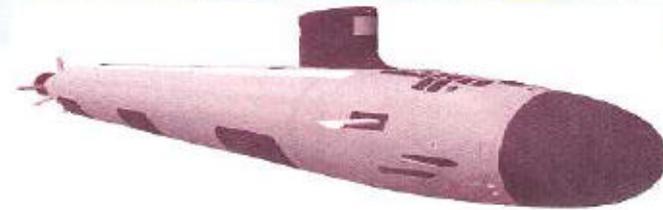
Innovative Broadband Signal
Processing Algorithms, Phase II



Practical Use by Program Manager (Navy) of SBIR/STTR



Small Business Real Value to PEO-SUB



* Multiple Small Business Products used
In-Service Submarines and Virginia
Class Submarine COATS



- Communications
- Software
- Display Console
- Portable Weapon Simulators
- Launch System
- Sonar Sensors
- Simulation
- System Test Tools
- Environmentally Friendly Products
- Composite Materials

Small Business - Better, Cheaper, Faster Solutions

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