

Rocky Mountain NDIA Small Business Committee and Colorado Springs Lone Wolves Working Session on NAICS

November 19, 2009

RMC Small Business Committee Charter

- Champion NDIA top small business issues within Rocky Mountain Chapter (RMC) region
- Liaison with NDIA Small Business Division on issues relevant to RMC small business members
- Liaison with RM Government organizations and Prime Contractors on small business issues
- Outreach on benefits of small business to National Defense
- Facilitate communication of legislative issues among regional small business

NDIA/CSA AFSPC SB Focus Panel Charter

- Identify areas where AFSPC is falling short of meeting small business contracting goals
- Identify acquisition models in use by other services to increase SB contracts
- Identify areas where there are qualified SB primes that could benefit AFSPC's programs
- Provide recommendations to SBA on changes to acquisition strategy that could result in more SB contracts and meeting AFSPC's SB Goals

AFSPC Contracting Goal

Air Force Space Command, (AFSC) FY09 to FY13

| | FY09 | FY10 | FY11 | FY 12 | FY 13 | DoD Goal |
|----------------|--------|--------|--------|--------|--------|----------|
| SB | 15.58% | 16.18% | 16.52% | 16.72% | 17.48% | 22.375% |
| SDB | 4.52% | 4.54% | 4.63% | 4.69% | 5.62% | 5% |
| WOSB | 3.71% | 4.09% | 4.18% | 4.23% | 5.17% | 5% |
| HUBZONE | 1.67% | 2.24% | 2.28% | 2.31% | 3.28% | 3% |
| SDV | 1.68% | 3.00% | 3.06% | 3.10% | 4.05% | 3% |
| HBCU/MI | 0.60% | 0.70% | 0.80% | 0.90% | 1.80% | NA |

- FY08 Actual: 9.41% \$827M
- FY09 Target: 15.58% \$1,293M
- **FY09 Actual: 12.4% \$992M**
- FY 10 Target: 16.18% \$1,342M

AF Small Business Statistics

- http://www.selltoairforce.org/about/small_business_statistics.php
- <http://airforcesmallbiz.org/docs/SAFSB-Strat-Plan-2009.pdf>

Issues

- Are there issues w/ the current size standard definitions as applied to the NAICS codes?
- Are the underlying issues w/ the codes themselves (NAICS work content, not size standard)?
- Should the Rocky MTN NDIA and/or National NDIA SB Committee take action to influence these issues?

Commerce Department is Responsible for NAICS Definitions (but not Size Standards)

- Definitions developed in Tri-Lateral approach w/ Mexico, and Canada
- Most recent review was 2007

SBA has jurisdiction on Size Standards for each NAICS

- **“the Small Business Act states that unless specifically authorized by statute, no Federal department or agency may prescribe a size standard for categorizing a business concern as a small business concern, unless such proposed size standard meets certain criteria and is approved by the Administrator of SBA” –SBA website**

SBA Process Incorporates Methods for Feedback on Size Standards

- **Suggestions are invited on**
 - alternative methodologies for determining small businesses;
 - on how these size standards affect competition in general and within the specific industry;
 - on alternative or additional factors that SBA should consider;
 - on whether SBA’s approach to small business size standards makes sense in the current economic environment;
 - on whether SBA’s using anchor size standards is appropriate in the current economy;
 - on whether there are gaps in SBA’s methodology because of the lack of comprehensive data; and
 - on alternative datasets SBA should consider for a specific sector.
- **Current SBA Process is described in a White Paper**
 - “[Size Standards Methodology White Paper,](http://www.sba.gov/idc/groups/public/documents/sba_homepage/size_standards_methodology.pdf)”
 - http://www.sba.gov/idc/groups/public/documents/sba_homepage/size_standards_methodology.pdf

Local Contracting Office is Responsible for Determining the Specific NAICS for a Procurement

- Three Criteria Applied
 - Preponderance of Work Content
 - Historical Precedent
 - “Best Interests” of the Government
- SBA Involvement If Program is Designated a Full & Open Competition

Influencing Specific Procurements

- Technical and Advisory Assistance Services (TA2S) for NORAD/NORTHCOM
 - Follow On to N2A2S (7 Awards, 3 LB, 4 SB)
 - Currently in Pre-ASP. Sources Sought.
 - Presolicitation Announcement Specifies NAICS 541611 ADMINISTRATIVE MANAGEMENT AND GENERAL MANAGEMENT CONSULTING SERVICES (Size Standard \$7M Annual Revenues)
- R. Selby 21CONS Small Business Director indicates
 - Mixed LB and SB effort is not contemplated
 - 21CONS will accept information from groups, not just individual companies

Analysis

- Contract will likely go F&O with Small Business Subcontracting Goals
- NAICS code of contract flows down.
 - Small Businesses must meet \$7M size standard in order to assist Prime in meeting SB goal
 - Small Businesses with revenues of more than \$7M will be considered Large Businesses for the purposes of this contract
 - CAVEAT: AFSPC **MAY** let Prime Determine appropriate NAICS for subcontracted work (e.g., IT Support work to use 514 Series (Information Services)) ---- but remember, the GOVT believes the BULK of the Task Orders are 541611

White Paper

- White Paper to get NAICS changed is under development
- Submittal Plan is to provide letter to:
 - Ed Kurtz, SBA
 - Ron Poussard, Director of Air Force Small Business Programs
 - Reggie Selby, 21CONS Small Business Director
 - Lori Houghton, AFSPC Small Business Director
 - Joanna Green, Contracting Officer for TA2S
- Letter would be signed by interested partners (you)
- Draft is complete. Comments and coordination with you now beginning.
- Goal is to deliver document next week.

White Paper Elements

- Summary of Contractor support areas
- Discussion on Mixed LB/SB
- Review of AFSPC track record of meeting goals
 - TA2S is one of the few opportunities to improve the situation
- NAICS Code is the wrong one
 - Matching A&AS is hard to do
 - Little TA2S is business management consulting
 - Eleven other A&AS/SETA programs use 541712 (1000 employees)
 - Nineteen other A&AS/SETA programs use 541330 (\$25M)
- Current Size Standard does not help SB
 - Execution Risk w/ current size std
 - If total SBSA with current, winners not likely able to requalify as SB next cycle
- Recommendations
 - Review NAICS decision to preserve SB prime participation
 - Solicit Industry Comments
 - Coordinate w/ 21CONS, SBA and AF SB office

Potential Next Steps

- Investigate, Develop, Collaborate, and Provide Inputs to the SBA on Key Size Standards
 - Work Inputs thru RM NDIA and National NDIA SB Committee
 - Volunteers? Needs activity Lead.
- Complete TA2S White paper
 - Incorporate dissenting opinions?
 - Refine message,
 - identify “I won’t sign this unless ...” issues
 - Publish “To Be Submitted” Version
 - Collect signatures