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Small Business At MDA: A Contracting Perspective (U)



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Agenda (U)



09T-1148.02

- **Defining a Small Business**
- **Political Issues**
- **Business Issues**
- **Potential Frameworks for the Future**
- **A Few Final Thoughts**



What Is A Small Business? (U)

09T-1148.03

- **A Business Entity – But “Small” is Relative**
 - Relatively Smaller than Other Competitors in the Same Field (American Motors vs Ford, GM)
 - May Fit “Traditional” Paradigm of a Small Company with Limited Resources; Or
 - May Actually be a Large Company with Substantial Resources – Just Smaller than Others in Field
 - It Can All Depend on the NAICS Code
 - Question: Are You Really “Small” When Your Company has Hundreds of Employees?
- **A Political Entity**
 - Substantial Socioeconomic Support from Congress and the “Public”



Defining A Small Business (U)

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- **The Key Issue: Selection of a NAICS Code**
 - This is Done Very Carefully; We Realize the Impact
 - Reflects the “Real” Type of Work Anticipated
 - No “Games” are Played to Ensure that Specific Contractors or Vendors are Included
 - If Two or More NAICS Codes Overlap, MDA will Choose the Code Which Enables the Widest Amount of Competition to Meet the Reqt
 - Size Status is Based on Current Staffing or Earnings, Not Determinations Made Years Ago
 - May be Limited by NAICS Code Definitions Even Though They Appear to be Unrealistic
 - **The Code Descriptions and \$/Size Stds Need Change**
- **MDA Goal: Fair Competition for Everyone!!**



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Political Issues (U)

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- **How Much of the Pie should go to Small Business?**
 - Congressional Oversight/Expectations - % Goals
 - OSD Oversight/Expectations - % Goals
 - Internal Agency Oversight/Expectations - % Goals
 - Senior Leadership
 - Small Business Office
 - Program Manager Expectations/Concerns – Different?
- **Key Question: How Good is “Good Enough?”**
 - Must Match Mission Complexity vs Resources Required
 - Mission Accomplishment = All Four Prog Mgmt Criteria
 - Is/Should The Standard be Different for Small Business?
- **How Can The Equation be Changed?**
 - Externally – Small Business Demonstrates Its Value
 - Internally – Willingness to “Take a Chance”
- **What is Really Reasonable? Achievable?**



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Business Issues (U)

- **There are *Three* Types of Competition**
 - Small Business vs Large Business
 - Small Business vs Small Business
 - Challenger vs Incumbent (“Why Change?”)
 - **This is Often the Most Important!**
 - **Critical Choice During Acquisition Strategy**
- **What Is Small Business’s Advantage?**
 - Initiative?
 - Better Technical Capability?
 - Resourcefulness?
 - Cheaper Overhead/Cost of Doing Business?
 - There must be Good, Definable Advantages



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Business Issues (U)

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- **Four Blocks of Program Management**
 - Technical Performance
 - Cost
 - Schedule
 - Risk
- **Past Performance is the Most Important**
 - Provides Confidence Level for Program Mgr
 - Demonstrated Performance vs Promises
 - Includes Past Subcontract Performance
 - Transition to Prime Status Considered Less Risky
 - Even Better if Past Perf is on “MDA” Prime Contracts
- **Small Business Set-asides**
 - Two or More SB’s that have the Likelihood of Meeting the Four Criteria of Program Mgmt Above



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Business Issues (U)

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- **Risk**
 - The Salient Factor in Acquisition Strategy
 - Most Program Managers are Risk Averse
 - Especially if Incumbent has Performed Well
 - Especially if PM Fears SB Challenger will have Limited Resources, Expertise, Experience
 - Is Failure Affordable? The SB must Overcome Fear of the Unknown – the Key Barrier
- **Incumbent's Perspective**
 - Good Performance Shouldn't Equal a Loss of Business to Satisfy a Political Agenda
- **Small Business Perspective**
 - Above may be True, Unless the Small Business can Offer Better Performance!



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What Does The Future Hold? (U)

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- **More Emphasis on Small Business Strategy**
 - Particularly in the Services and IT Areas
 - Seta Support (Can Be IT – E.G. MIDAESS Acquisition)
 - Infrastructure Support (Key IT Opportunities)
 - More Emphasis in Individual Elements
 - But Only as Part of Integrated BMDS
 - Global BMDS Support Contracts?
 - By Location
 - Across Locations
 - May be Mixture of LB and SB
- **Much More Emphasis on SB Subcontracting**
 - Less Emphasis on “Corporate” Plans
 - More Incentives in Contracts – With Teeth!!
 - Some RFPs may have SB Subcontracting Reqt
 - Idea is to Emphasize Total Overall \$ To SB



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A Few Final Thoughts (U)

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- **The Barriers are NOT Impenetrable, But:**
 - No “Entitlement” for Small Business
 - Emphasis is on Performance Versus Promises
 - If You have Facts and a Good Argument, Your Chances Increase Dramatically
 - Increasing SB Share = Overcoming Inertia
 - Increasing SB Share = Overcoming Fear
- **For Program Managers, Mission is Priority**
 - Internal Agency Acquisition Planning Process Ensures that Small Business Gets a Fair Hearing
- **There is Only So Much “Pie” Available to be Eaten; So Pick The Right Slice!**