



## USMC SMALL BUSINESS PROGRAM FY 2005 EXECUTIVE OVERVIEW

### BACKGROUND

Congress recognized in the Small Business Mobilization Act of 1942 that small business concerns didn't have "economies of scale" necessary to compete with large plants and that a price differential might be required to keep such plants mobilized in support of war efforts. The Armed Services Procurement Act of 1947 established "...a fair proportion of total Federal purchases and contracts be placed with small business concerns" in peacetime and wartime. The 82<sup>nd</sup> Congress in 1951 determined in the early years of World War II that 100 large corporations received 67% of Federal prime contracts while 1/6<sup>th</sup> of Nation's small businesses closed their doors. Congress declared this mistake must not be repeated and that our mobilization program must extend down to small plants because they are the major source of our productive strength. The Small Business Act of 1953 created the Small Business Administration (SBA). It was later revised in 1978 to establish Federal prime contract and subcontracting goals.

### CURRENT POLICY

Federal Acquisition Regulation (FAR) 19.201 – The Government's policy is to provide "maximum practicable" prime and subcontract opportunities to small business. Goals & targets are assigned in various small business categories to ensure this policy is fulfilled.

#### Small Business Effect on Economy (SBA, Office of Advocacy News Release 2/13/2004):

- More than 99.7% of all employers are small business
- Approximately 22.9 million small businesses are located throughout the U.S.
- Small businesses employ about 50% of all private sector workers
- Small businesses create 75% of the net new jobs in our economy

### SMALL BUSINESS PROGRAM GOALS/TARGETS

<b>Prime Contract Goals/Targets FY 2005</b>					
Prime contract goals/targets expressed as % of total \$ to US Firms except HBCU/MI which is expressed as % of total \$ to Higher Educational Institutions (HEI); Goals/Targets established based upon product/service mix & previous accomplishments (Outside U.S. & nonappropriated fund expenditures excluded)					
	Government-Wide	DoD	DoN	USMC, I&L	MARCORSYSCOM
Small Business Program	Statutory (SBA Administers)	Annually Negotiated between SBA & DoD	Annually Negotiated between DoD & DoN SADBUs	Annually Established by DoN SADBUs	Annually Established by DoN SADBUs
SB	23%	23.0%	20.61%	52.9%	11.3%
SDB*	5%	5.7%	5.87%	10.0%	2.2%
WOSB	5%	5.0%	2.36%	8.2%	1.3%
SD-VOSB	3%	3.0%	0.22%	0.34%	0.19%
HUBZone	3%	3.0%	1.03%	0.50%	0.21%
HBCU/MI	None	5.0%	7.93%	5.0%	5.0%
<b>Subcontract Goals FY 2005 – Subcontract goals are expressed as % of total \$ subcontracted</b>					
	Government-Wide	DoD	DoN ***	USMC, I&L ***	MARCORSYSCOM ***
Small Business Program	Statutory (Administered by SBA)	Annually Negotiated Between SBA & DoD	Annually Negotiated Between DoD & DoN SADBUs	Annually Established by DoN SADBUs	Annually Established by DoN SADBUs
SB	None	42%	59.67%	TBD	TBD
SDB**	5%	5%	9.80%	TBD	TBD
WOSB	5%	5%	9.10%	TBD	TBD
SD-VOSB	3%	3%	0.60%	TBD	TBD
HUBZone	***	***	2.57%	TBD	TBD
HBCU/MI	None	5%	***	TBD	TBD

\* SDB includes 8(a)

\*\* SDB includes 8(a) & HBCU/MI

\*\*\* Required to negotiate goals in each subcontract

**FY 2004** – USMC I&L did not meet targets in SB, SDB, & WOSB categories.

MARCORSYSCOM did not meet targets in SD-VOSB & HBCU/MI categories.

**ACRONYMS:** Small Business (SB); Small Disadvantaged Business (SDB); Woman-Owned Small Business (WOSB); Service-Disabled Veteran-Owned Small Business (SD-VOSB); Historically Underutilized Business Zone (HUBZone); Historically Black Colleges & Universities/Minority Institutions (HBCU/MI); Small Business Specialist (SBS); Small & Disadvantaged Business Utilization (SADBU); Small Business Administration (SBA)

## BASIC SMALL BUSINESS PROGRAMS

The Marine Corps is required by statute to implement eight *basic* small business programs. An awardee may possibly meet requirements of seven of these programs at the same time with the USMC receiving credit in all seven programs.

**Small Business (SB)** – Located in U.S, organized for profit, including affiliates is independently owned & operated, not dominant in field of operations in which it is bidding on Government contracts, AND meets Small Business Administration (SBA) size standards included in the solicitation. The size standard is based upon the North American Industrial Classification Standard (NAICS) assigned to the specific procurement dependent upon product/service purchased.

**Woman-Owned Small Business (WOSB)** – Small Business, at least 51% owned by ≥ 1 women, AND management & daily business operations controlled by ≥ 1 women.

**Small Disadvantaged Business (SDB)** – Small Business, unconditionally owned & controlled by ≥ 1 socially & economically disadvantaged individuals who are of good character & citizens of the U.S., AND SBA-certified.

**Small Disadvantaged Business 8(a) Certified [8(a)]** – Small Business, SBA-certified as a SDB, AND SBA-certified into the 8(a) Business Development Program for a period of 9 years; **limited sole source authority without advertising.**

**Historically Underutilized Business Zone (HUBZone)** – Small Business, owned & controlled by ≥ 1 U.S. citizens, AND SBA-certified as a HUBZone concern (principal office located in an economically-distressed HUBZone area AND ≥ 1 35% of employees live in any designated HUBZone); **limited sole source authority without advertising.**

**Veteran-Owned Small Business (VOSB)** – Small Business, veteran-owned as defined in 38 USC 101(2), ≥ 51% owned by ≥ 1 veterans, AND management & daily operations controlled by ≥ 1 veterans.

**Service-Disabled Veteran Owned Small Business (SD-VOSB)** – Small Business, veteran-owned, ≥ 51% owned by ≥ 1 service-disabled veterans, AND management & daily business operations controlled by ≥ 1 service disabled veterans OR in the case of veteran with permanent & severe disability, the spouse or permanent caregiver of such veteran, AND with 0% - 100% service-connected disability as defined in 38 USC 101(16) & documented on DD 214. **Limited sole source authority without advertising.**

**Historically Black Colleges & Universities/Minority Institutions HBCU/MI** – HBCU is an accredited institution established before 1964 whose principal mission is education of black Americans. MIs are institutions meeting requirements of Higher Education Act of 1965 and Hispanic-serving institutions defined at 20 USC 1059. The Secretary of Education must designate HBCUs/MIs. A list can be located at <http://www.ed.gov/about/offices/list/ocr/edlite-minorityinst.html>

## FUNCTIONAL ORGANIZATION

- **DoD SADB**U – Mr. Frank Ramos; reports to Mr. Mike Wynne, Acting USD for Acquisition, Technology & Logistics (OUSD (AT&L)); responsible for management & oversight of DoD Small Business Program.
- **DoN SADB**U – Ms. Nancy Tarrant; reports to the Honorable Dionel Aviles, Under Secretary for the Navy (USN); responsible for management & oversight of DoN Small Business Program.
- **I&L** – Ms. Julie Krnc; dual-hatted as Associate Director for I&L & over-arching USMC Small Business Program Director; appointed by & reports to DC, I&L; approves appointments of USMC SBS; Subject Matter Expert; responsible for management & oversight of USMC SB Program.
- **MARCORSYSCOM** – Ms. Harriett Burton; Associate Director for Small Business; appointed by & reports to CG; Subject Matter Expert; responsible for management & oversight of MARCORSYSCOM SB Program.
- **Deputies for Small Business/Small Business Specialist (SBS)** – appointed by & reports to Installation Commander at each buying activity; full-time position required by SECNAVINST 4380.8A if spending >\$100M annually with U.S. firms; part-time SBS required when contract authority exceeds \$10,000; Subject Matter Expert; responsible for management of oversight of SB Program at assigned buying activity.
- **Contract Personnel & Program Managers** – Involve SBS in acquisition planning as early as possible; coordinate SB strategy with SBS on actions >\$10,000; comply with FAR Part 19; participate in outreach & internal/external training events; provide input on SB Accomplishment Report; support Small Business Improvement Plan initiatives.

## FY 2005 SMALL BUSINESS PROGRAM IMPROVEMENT PLAN INITIATIVES

**DoN** – Submit to OUSD (AT&L); (1) Small Business Program internal training; (2) Outreach & external training; (3) Subcontracting IPT / eSRS Implementation Plan; (4) DoN SB Program best practices guide; (5) DoN SADB U website “Ask the Expert.”

**I&L** – Submit to OSN SADB U; supports DoN Plan: (1) conduct 4 internal small business training events; (2) participate in 4 HUBZone & SD-VOSB focused outreach/training events; (3) SB Program website enhancements.

**MARCORSYSCOM** – Submit to OSN SADB U; supports DoN Plan: (1) conduct 2 internal small business training events; (2) participate in 4 HUBZone & SD-VOSB focused outreach/training events; (3) Command SB Program website.