

Growing Your Business in the Federal Marketplace

How Section 809 Recommendations Could Impact Small Businesses



scale 2 Market

Shirley D. Collier

**President & Founder /
Scale2Market, LLC**

scollier@Scale2Market.com

Speaker, Author, Entrepreneur;
Federal Sector Business
Development Consultant;
Executive Coach and Mentor

scale**2**Market

Charlie E. Williams

**President & Founder /
CWilliams, LLC**

charlie@cwilliamsllc.com

Section 809 Panel Commissioner
and strategic acquisition adviser
to industry and government
officials

Former Director of DCMA

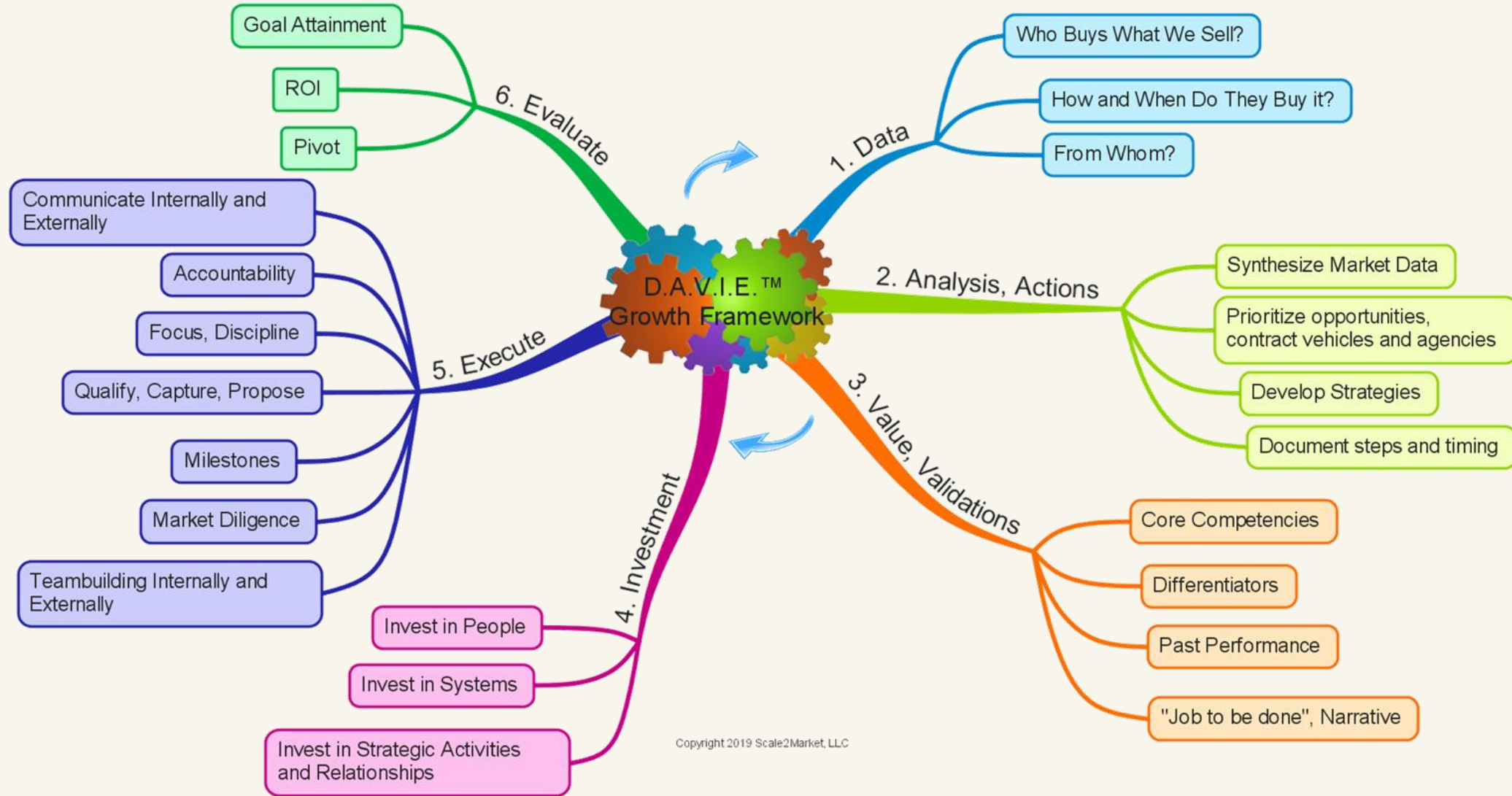


Federal Business Development Management Model:

The D.A.V.I.E.™

(Data, Analysis/Actions, Value/Validation, Investment and Execute/Evaluate)

Growth Framework



Agenda

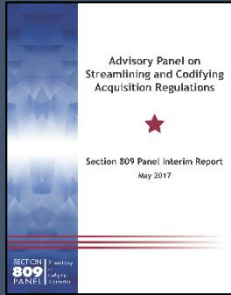
- Summary of Key Section 809 Panel Recommendations
- Considerations For Small Businesses
- How to Leverage NOW
- Q&A

What is the Section 809 Panel?

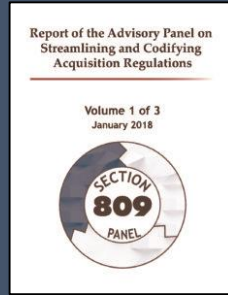
- Congressionally mandated (FY16 NDAA), independent commission tasked with streamlining and improving defense acquisition process
- 16 commissioners who are senior marketplace and government leaders with more than 300 years of collective experience
- A catalyst for restoring agility and simplicity to defense acquisition through ***bold***, ***simple***, and ***effective*** solutions
- Focused on creating a modern, agile defense acquisition process that provides warfighters what they need, when they need it



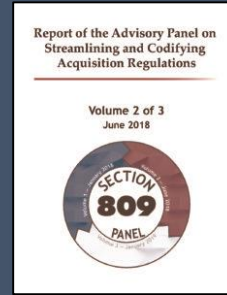
Panel Reports



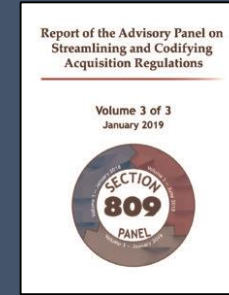
- 5 recommendations
- 3 statutory changes enacted in FY18 NDAA



- Addressed wide range of acquisition topics
- 24 recommendations
- 7 statutory changes enacted in FY19 NDAA



- Introduced portfolio management concept
- 10 recommendations
- 1 statutory change enacted in FY19 NDAA



- Fully describes dynamic marketplace
- 59 recommendations
- Statutory changes pending



- Portrays vision for the Defense Acquisition System
- Summarizes the Panel's 98 recommendations

Interim
Report

Vol. I
Report

Vol. II
Report

Vol. III
Report

Roadmap

May
2017

Jan
2018

Jul
2018

Jan
2019

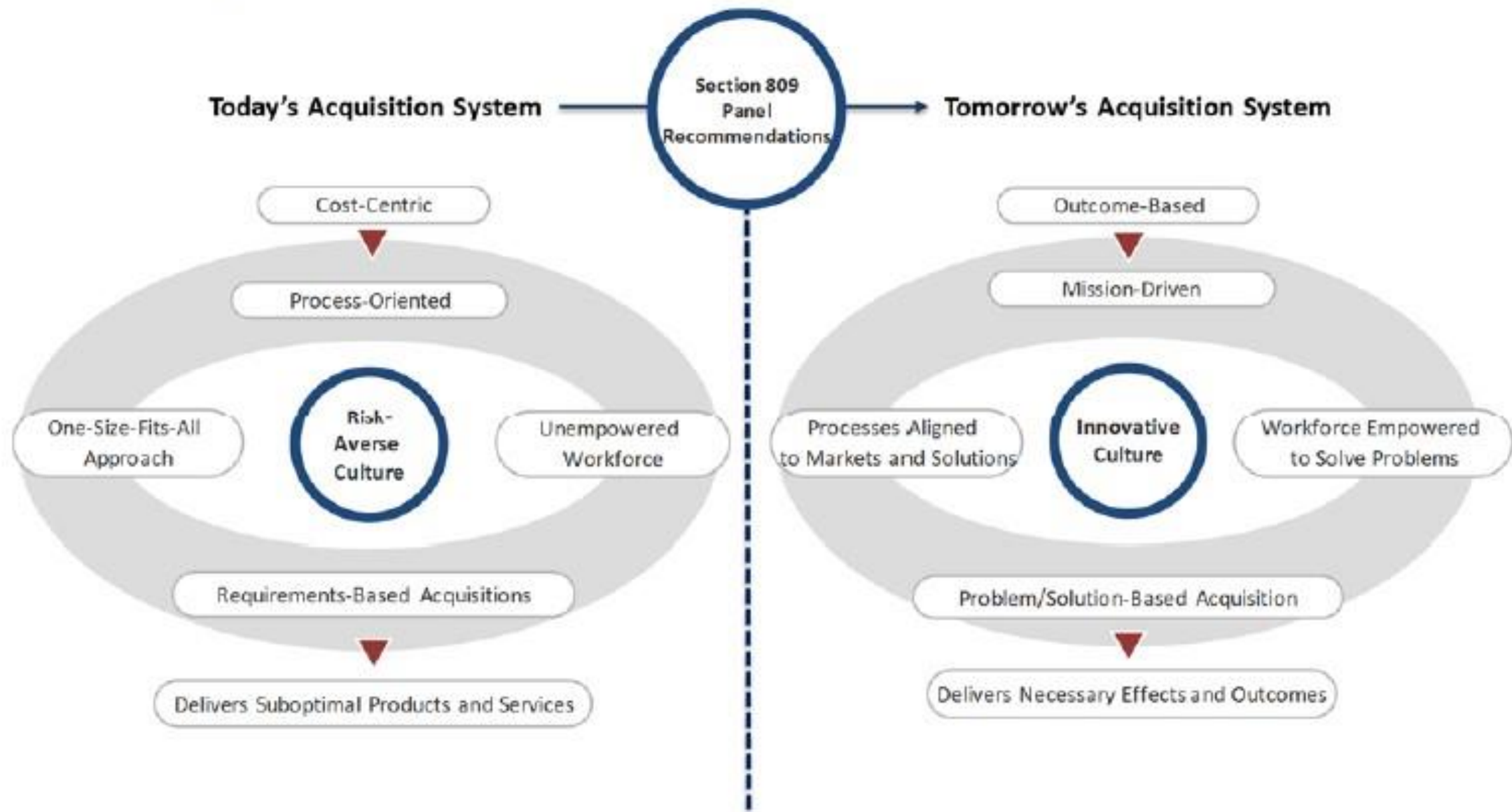
Feb
2019

Defense Acquisition Needs to Adapt at the Speed of a Changing World

- The United States' ability to maintain technological, military, and economic superiority is being challenged by near-peer competitors and nonstate actors that are rapidly gaining on traditional U.S. advantages.
- Suffocating bureaucratic requirements are frequently prioritized over mission effectiveness.
- Acquisition is too slow to keep pace with today's rapidly changing technological environment
- DoD is an unattractive customer to firms with innovative solutions
- Getting capability to the warfighter takes too long
- The Panel envisions a modern Defense Acquisition System on a war footing that enables DoD to rapidly buy technologically superior capability for warfighters inside the turn of adversaries.

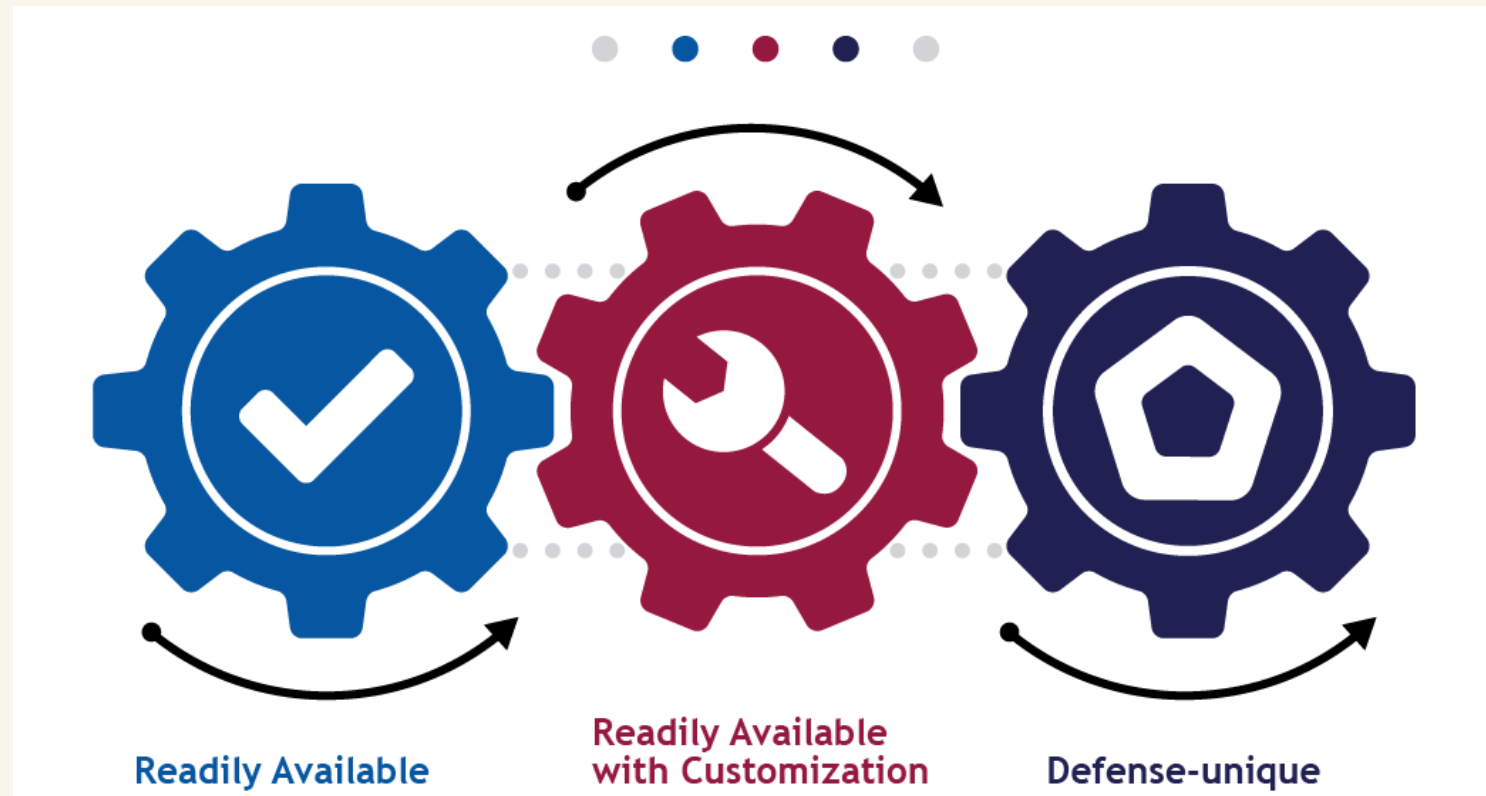


Figure 1. The Section 809 Panel's Vision for Transforming Defense Acquisition



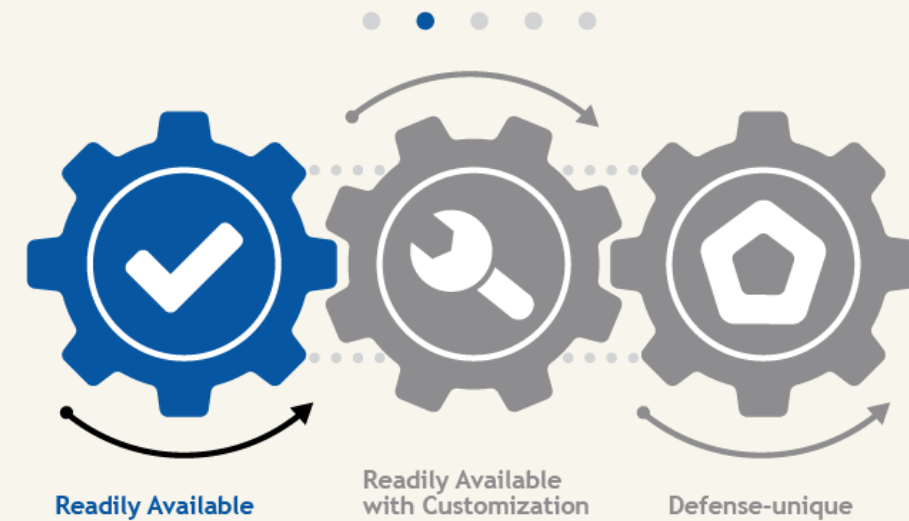
Dynamic Marketplace Framework

A radically simplified way of interacting with the private sector and contracting in the Dynamic Marketplace



Readily Available

- No customization
- Rapid delivery
- Mostly products, some services
- Transparent market-based pricing, terms, and competition
- Typically multiple sources
- Limited procurement laws/policies apply
- Simplified procedures



Small Business Pivot

Small Business Pivot Recommendations

- Develop a DoD strategic plan for implementation of the small business program
- Expand utilization of innovative and non-traditional small businesses
- The Panel wants to incentivize participation from innovative small businesses that currently do not pursue DoD contracts due to:
 - Long business development cycle time
 - Extensive compliance requirements
 - Bureaucratic red tape
- Initiate numerous legislative changes to enhance SBIR, RIF, and SB Technology Transfer (STTR) programs (e.g., SBIR and STTR sole-source RIF awards)

Small Business Pivot - Cont'd

- Increase Small Business Innovation Research (SBIR) funding from 3.2% to 7% of DoD extramural R&D funds
- Increase Rapid Innovation Fund (RIF) funding from \$250M to \$750M
- Initiate numerous legislative changes to enhance SBIR, RIF, and SB Technology Transfer (STTR) programs (e.g., SBIR and STTR sole-source RIF awards)
- 5% price preference for small businesses under readily available procedures
- Increase advanced payments from 15% to 20% and change regulations to make it easier to identify and approve eligible SBs

Small Business Pivot - Cont'd

- Authorize a pilot program to permit direct contracts with independent IT consultants, increasing prime awards to these SB concerns
- Implement streamlining and simplification of DoD acquisition processes that will help level the playing field for many SBs by blunting the large business advantage of significant internal staff to perform contracting, legal, and business development functions.

Small Business Pivot - Cont'd

- Panel recommended a 5% price preference for SB instead of mandatory set-asides when using readily available procedures
- Set-asides would not be prohibited, they just would not be mandated
- No changes recommended to SB goals
- The Panel wants to incentivize participation from innovative small businesses that currently do not pursue DoD contracts due to:
 - Long business development cycle time
 - Extensive compliance requirements
 - Bureaucratic red tape

Small Business Pivot - Cont'd

- To attract these types of innovative small businesses, we must make it easier to do business with the DoD
- Some small businesses that are experienced in the current system will be challenged by additional competition from non-traditional small businesses that could offer better solutions for warfighters and better value for U.S. taxpayers

Government-Industry Interactions

Recommendations

- Direct DoD to communicate with the marketplace concerning acquisition from development of the need/requirement through contract closeout, final payment, and disposal.
- Establish a Market Liaison at each acquisition activity to facilitate communication with industry.
- Encourage greater interaction with industry during market research.
- Establish a market intelligence capability throughout DoD to facilitate communication that enhances the government's industry knowledge through open, two-way communication.

Key Recommendations

- What Can Be Done NOW
 - Section 836 of FY 2019 NDAA clarified preference for buying commercial products already in FAR
 - FAR 13.5:
 - Current SAP is for buying products and services less than \$7m
 - Micro threshold, \$250k, no competition, on CC
 - Can be sole sourced: \$250k - \$700k CO solely justifies
 - \$700k - \$7m requires CO and 1 more

Key Recommendations

- What Can Be Done NOW
 - Statement that 13.5 is being used
 - # of offers received if competed
 - Basis of the award
 - Justification

Key Recommendations

- What Is Being Done NOW
 - VA Technical Acquisition Center
 - T4NG
 - Digital Services in under 30 days
 - USAF Pitch Day (Prize and Challenge Authority under American Competes)

Key Recommendations

- What Is Being Done NOW
 - Myth Busting memos: April 2019
 - Encourages 1-1 communications
 - Improves acquisition planning and requirements definition
 - Innovation Hub website
 - Agency Innovation in Action:
 - Forecasts encourage innovative solutions
 - Required to have an Industry Liaison by end of May 2019

Create direct contracts with independent consultants

- Problem: Highly qualified independent consultants do not always want to become full-time employees or navigate the complexities of becoming a government contractor or subcontractor.
- What can be done now:
 - Use FAR 13.5 for simplified commercial buying

Implementation Status of Panel Recommendations

- To date, 15 recommendations have been addressed in statute or regulation.
- Another 14 are pending in the current legislative cycle.
- OMB Proposed Acquisition Legislative Proposals for FY2020 - 30 April 2019 Letter To Congress
- OMB proposed creation of an Acquisition Modernization Test Board that could pilot several of the 809 Panel's recommendations, including the use of low transaction burden processes in "readily available" marketplaces.
- Authorize the Administrator for Federal Procurement Policy to exercise a waiver of one or more acquisition or procurement laws as part of a pilot program to evaluate how changing statutory requirements might facilitate more efficient achievement of the purpose underlying the law.

Conclusion

- Change in Culture
- Find a reason to say Yes
- Value time
- Understand value not just price
- Embrace smaller projects
- Act like it's your money

Conclusion

- FAR 1.102
 - Innovation is policy
 - Both of us share responsibility
 - “Where does it say we can’t do that?”
 - CO should take the lead

Conclusion

- Reach out to CO's, PM's and influencers
- Identify market liaisons
- Educate yourselves on the SAP and FAR 13
- Emphasize innovation
- Recommend smaller projects
- Understand mission

The Way Ahead

- Reports are done but work continues
- Panel will advocate for implementation of its recommendations with Congress, DoD, and other stakeholders
- Reforming culture is the beginning, end, and center of defense acquisition reform
- Culture change must be led from the top BUT...
 - ...anyone can be a change champion and we need you!

BOLD.

SIMPLE.

EFFECTIVE.

Contact Us

scollier@Scale2Market.com

Shirley Collier
(410) 489-9129 ext. 12

Charlie@CWilliamsllc.com

Charlie Williams
(703) 585-0311