



DEFENSE LOGISTICS AGENCY
DEFENSE CONTRACT MANAGEMENT COMMAND
DEFENSE CONTRACT MANAGEMENT AREA OPERATIONS TWIN CITIES
3001 METRO DRIVE
BLOOMINGTON MN 55425-1573



IN REPLY
REFER TO

DCMDC-GTDU

1 April 1993

SUBJECT: DoD Area Small Business Councils

TO: COL Donna Patton
Office of Small and Disadvantaged
Business Utilization
Office of the Secretary of Defense
Room 2A340, The Pentagon
Washington, D.C. 20301-3061

1. References: See Annex A (list of 8 enclosures).
2. The process of reviewing the area small business councils (ASBC) began with gathering the correspondence that initiated the original councils (refer to enclosures 1, 2, and 3) and then compiling a density of potential participants to the ASBCs. The collection of this density data (enclosure 4) was initiated to become the base document to render parity among the ASBCs and logically support any decision made to reorganize or realign the existing councils. The applicable source documents for the compilation of data are current DoD publications (4205.1-D and 4205.1-H).
 - a. Lists were prepared which divided the total number of potential personnel (DoD Small Business Specialists and prime contractor SBLOs) by the number of selected sample council configurations (4, 5, 6, 7, and 8 councils). Multiple overlays were prepared for each configuration, in an attempt to place equality of numbers among the councils. All of the council configuration overlays resulted in broad disparities of geographical areas. As an example, a 2200 potential member density with four councils would equate to 550 members per council. To achieve this, the North Central council would occupy more than half of the U.S. due to low densities in many midwestern states.
 - b. Density equalization was therefore disregarded and the outcome of this effort became sympathetic to regional economies; and the map overlays (enclosures 6, 7 and 8) were produced. After producing more than a dozen different overlays during the period of this review, these three overlays, in my opinion, have the most merit. I have intentionally not listed a preference, since each person reviewing this package would select or debate for a particular configuration. While these three configurations have a wide range of densities from a low of 252 to a high of 611, they all have a mid range of 300 to 400. Refer to the chart on the next page.

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<u>CONFIGURATION</u>	<u>DENSITY RANGE</u>
MAP A	255, <u>387</u> , <u>454</u> , 542, 611
MAP B	265, 269, <u>342</u> , <u>387</u> , 454, 542
MAP C	252, <u>282</u> , <u>286</u> , <u>295</u> , 357, 359, 426

In each configuration, the Capitol Council (Washington, D.C.) was intentionally designed to be the smallest of the councils proposed.

c. As shown, parity could not be attained using equal numbers of states or numbers of potential participants. As shown at enclosure 4, the current councils now report a spread of members from 10 to 900. The Southwest council's number (900) was found to be incorrect and adjusted to 135. Six (6) of the twelve (12) councils have 70 or less members. This begs the question of the effectiveness and efficiency of those small councils.

d. All councils with the exception of the Richmond-Tidewater council were contacted and the listing provided at enclosure 5 prepared. During the course of these interviews several problems were noted, (1) three of the councils are chaired by other than DoD personnel, (2) Two councils did not know who their current officers were, (3) Only two councils were aware of the annual reporting requirement, (4) One council (Richmond-Tidewater) appears to not exist and one council (Central California) with ten (10) members was not in the original formation and no documentation was available to determine if it should be considered as an ASBC, (5) Four councils meet for less than one (1) day and the other eight ASBCs held from two to six meetings per year.

3. In concluding the above discussion, consideration must now be made to the weaknesses or strengths of realignment of the existing twelve councils.

a. MAJOR WEAKNESSES:

COMMENT (1): Larger councils will place a heavier workload on council officers in planning and executing viable council programs.

DISCUSSION: The two largest councils (Northeast and North Central) with 300 plus members appear to be the most active. This apparent weakness is actually their strength.

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COMMENT (2): Travel distances will increase and therefore consume greater fiscal resources (travel and per diem) for attendance at scheduled council meetings.

DISCUSSION: Small councils conduct more meetings and when compared against more frequent travel to more meetings, no costs savings may be realized.

COMMENT (3): Fewer opportunities to become involved in council leadership positions.

DISCUSSION: Fewer councils will produce less leadership opportunities, but this is mitigated by the fact that three councils are not chaired by DoD personnel and two councils are for all purposes inactive.

b. MAJOR STRENGTHS:

COMMENT (1): Improved DoD oversight and coordination with fewer councils.

DISCUSSION: The current council configuration is not performing to the objectives for which they were formed. OSD staff resources cannot adequately support and maintain oversight of twelve individual and different programs.

COMMENT (2): Active mature councils will become the rule rather than the exception, with inactive councils being merged into more active council programs.

DISCUSSION: Resources available in the larger councils appear to contribute to the success of the largest councils, offering more substantial programs and participant training.

COMMENT (3): Standardization of meeting formats, subject areas improved, and meeting frequency will be facilitated by a lesser number of councils.

DISCUSSION: Coordination between OSD and internally between councils will result in a more manageable ASBC program, reducing much of the administrative burden.

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COMMENT (4): Original objective (purpose) of the councils can be better served and attained with fewer councils to direct.

DISCUSSION: National ASBC objectives are not being fulfilled due to the lack of uniformity of operation and noncompliance with the original charters.

COMMENT (5): Sponsorship reinstated by the realignment.

DISCUSSION: A realignment should be viewed from a positive vantage as an opportunity to refocus the ASBC program and add new updated initiatives.

COMMENT (6): Complies with the initiatives of the DoD to downsize organizational elements.

DISCUSSION: Fewer councils mirror a smaller DoD establishment, with its inherent efficiencies.

COMMENT (7): More efficient operational aspects of managing the councils.

DISCUSSION: Currently 43 DoD people are listed as involved as officers of the 12 councils, compared with 20 people necessary for 5 councils or 24 for 6 councils. The total number of DoD employees required to effectively support the ASBC program will decrease.

COMMENT (8): Fewer council areas could consume less resources (time, travel and per diem).

DISCUSSION: Standardization of meeting formats would reduce the frequency of meetings and the number of trips being taken to meetings. (100 people traveling 4 times per year for 2 days per trip is greater than 100 people traveling twice a year for 3 days a trip) The benefit would be better planned meetings, improved training and networking opportunities

COMMENT (9): Reorganization and subsequent changes would serve to rejuvenate the program.

DISCUSSION: Reorganization/realignment affords OSD the opportunity to upgrade the ASBC program by transferring the best traits of each ASBC into a new organization.

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4. I have bypassed the series of implied options, such as decide to reorganize or decide not to reorganize, etc., and gone rather to recommendations. These recommendations are certainly not all inclusive, but rather considered as the minimum.

a. Make the decision to realign/reorganize and reduce the number of ASBCs authorized.

b. Obtain input from the twelve ASBCs on the desired council configuration, or select and direct the implementation of the selected configuration.

c. Issue a new "Charter" for the revised ASBC program.

d. Prepare and provide a definitive "Letter of Instruction" on the operation of an ASBC.

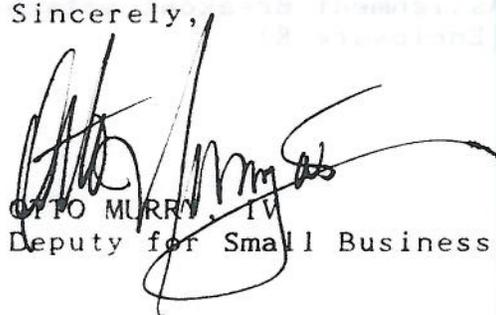
e. Conduct a meeting and training session for the new DoD Area Small Business Council's Chair and Vice Chair.

f. ASBC administrative requirements should include:

- (1) Advance schedule of all planned meetings.
- (2) Submission of an Annual Council Report.
- (3) Copies of all Agendas.
- (4) Charter amendments should be submitted to OSD for review and approval prior to placing before any council.
- (5) Councils should assist in the updating of DOD publications such as 4205.1-D and 4205.1-H.

5. Work papers and notes have been retained as backup to answer any specific question that may arise. Should you require any additional data or clarification, please do not hesitate to contact me.

Sincerely,


OTTO MURRE, IV
Deputy for Small Business

Enclosures:
Referenced at Annex A

ANNEX A

SUBJECT: References (Area Small Business Councils)

1. Letter, Subject: Establishment of Area Small Business and Disadvantaged Business Councils, Office of the Secretary of Defense (Director, Small Business and Economic Utilization Policy) dated 16 April 1980.
(Enclosure 1)
2. Letter, Area Small Business Councils, Office of the Secretary of Defense (Director, Office of Small and Disadvantaged Business Utilization) dated 6 April 1982.
(Enclosure 2)
3. Originally authorized Area Small Business Council Roster with sponsor services identified, dated 16 April 1980, provided as the enclosure to reference 1 above.
(Enclosure 3)
4. Current Area Small Business Council Roster (Updated) as of: 31 March 1993.
(Enclosure 4)
5. DOD Small Business Directory of Small Business Specialist (DOD 4205.1-H).
6. DOD Subcontracting Opportunities with DoD Major Prime Contractors Directory (DOD 4205.1-D).
7. Area Council Potential Representation Density Worksheet dated 1 January 1993.
(Enclosure 5)
8. Area Council Configuration (Five (5) Council) Map with Assignment Breakout attached.
(Enclosure 6)
9. Area Council Configuration (Six (6) Council) Map with Assignment Breakout attached.
(Enclosure 7)
10. Area Council Configuration (Seven (7) Council) Map with Assignment Breakout attached.
(Enclosure 8)

ANNEX A

Department of Defense Area Small Business Councils Realignment Study



1 April 1993
North Central Small Business Council

SMALL BUSINESS REPRESENTATION DENSITY

STATE REPRESENTATIVE	MILITARY ACTIVITIES	PRIME CONTRACTORS	STATE TOTALS	RECOMMENDED ASSIGNMENT
AK	7	12	19	
AL	13	37	50	
AR	5	11	16	
AZ	11	29	40	
CA	101	273	374	
CO	10	23	33	
CT	7	43	50	
DE	3	4	7	
FL	22	73	95	
GA	18	23	41	
HI	15	13	28	
IA	3	9	12	
ID	2	1	3	
IL	21	46	67	
IN	11	26	37	
KS	9	14	23	
KY	5	5	10	
LA	8	20	28	
MA	4	68	72	
MD	23	39	62	
ME	14	2	16	
MI	9	38	47	
MN	5	28	33	
MO	13	32	45	
MS	12	15	27	
MT	2	1	3	
NC	11	28	39	
ND	3	1	4	
NE	6	7	13	
NH	3	7	10	
NJ	12	51	63	
NM	7	22	29	
NV	5	0	5	
NY	21	112	133	
OH	16	70	86	
OK	8	9	17	
OR	3	6	9	
PA	28	71	99	
PR	5	3	8	

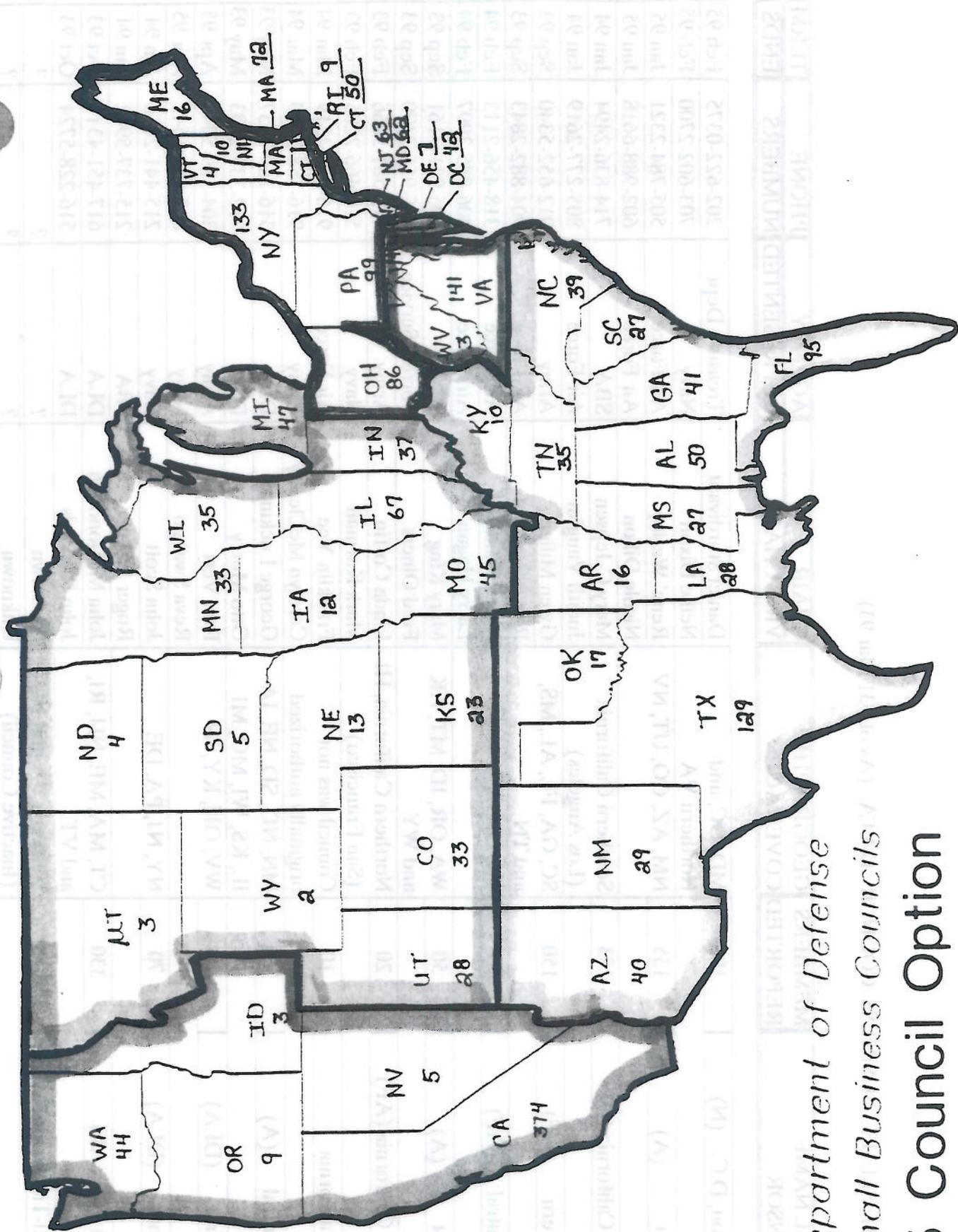
SMALL BUSINESS REPRESENTATION DENSITY

RI	3	6	9
SC	14	13	27
SD	3	2	5
TN	10	25	35
TX	40	89	129
UT	7	21	28
VA	57	84	141
VT	1	3	4
WA	16	28	44
WI	6	29	35
WV	2	1	3
WY	2	0	2

TOTALS 642 1573 2215

CURRENT SMALL BUSINESS COUNCIL DATA (As of: 31 Mar 93)

COUNCIL NAME and SPONSOR	MEMBERS REPORTED	GEOGRAPHIC COVERAGE	CHAIR VICE CHAIR	AGENCY		PHONE NUMBERS	TERM ENDS
				REPRESENTED			
Washington, D.C. (N)	100	MD, DC, and Northern VA	Daniel Sturdivant	Treasury Dept		202-622-0375	Feb 95
Southwest (A)	135	NM, AZ, CO, UT, NV	Nellie Dixon Rene' Wesley	Navy Air Force		703-602-2700 505-784-2321	Feb 95 Jan 95
Southern California (N)	173	Southern California (Los Angeles)	Nicole Dillon Mary C-Jepsen	Air Force SBA		602-988-6618 714-836-2494	Jan 95 Jan 94
Southeastern (AF)	150	SC, GA, FL, AL, MS, and TN	Judith Vaughn Gwen Miller	Air Force Army		805-277-2619 912-652-5340	Jan 94 Sep 93
South Central (AF)	57	TX, OK, AR, LA	Ralph Fragioni Karen Nance	Air Force Air Force		904-882-2843 318-456-2113	Sep 93 Feb 94
Northwest (A)	50	WA, OR, ID, MT, AK and WY	Larry Hagan Mary King	Air Force SBA		806-885-3997 206-931-7161	Feb 94 Sep 93
Northern California (AF)	20	Northern California, HI (San Francisco)	Fred Olness Linda Coffin	Forrest Service Army		206-956-2470 415-561-5066	Sep 93 Feb 93
Central California	10	Council was not originally authorized	Mark Korman Franklin Yee	Navy Air Force		510-466-2205 916-643-2819	Feb 93 Mar 94
North Central (A)	300	MN, ND, SD, NE, IA IL, KS, WI, MO, MI	Carolyn McClenny George Luckman	Army DLA		916-388-2510 316-269-7137	Mar 94 May 93
Mid Central (DLA)	30	WV, OH, KY, IN	Otto Murry Ron Vert	DLA Army		612-335-2003 304-529-5040	May 93 Apr 95
Mid Atlantic (DLA)	70	NY, NJ, PA, DE	Reva Swango John Scott	Navy Navy		812-854-1542 215-441-2456	Apr 95 Jan 94
Northeast (AF)	330	CT, MA, ME, NH, RI, and VT	Roger Rhyner John McDonough	SBA DLA		215-737-5912 617-451-4317	Jan 94 Oct 93
Richmond-Tidewater (DLA)	Unknown	Southern VA and NC (Inactive Council)	John Richards Unknown Unknown	DLA ? ?		516-228-5724 ? ?	Oct 93 ? ?



Department of Defense
 Small Business Councils
 5 Council Option
 Map A

FIVE COUNCIL OPTION - Refer to Map "A"

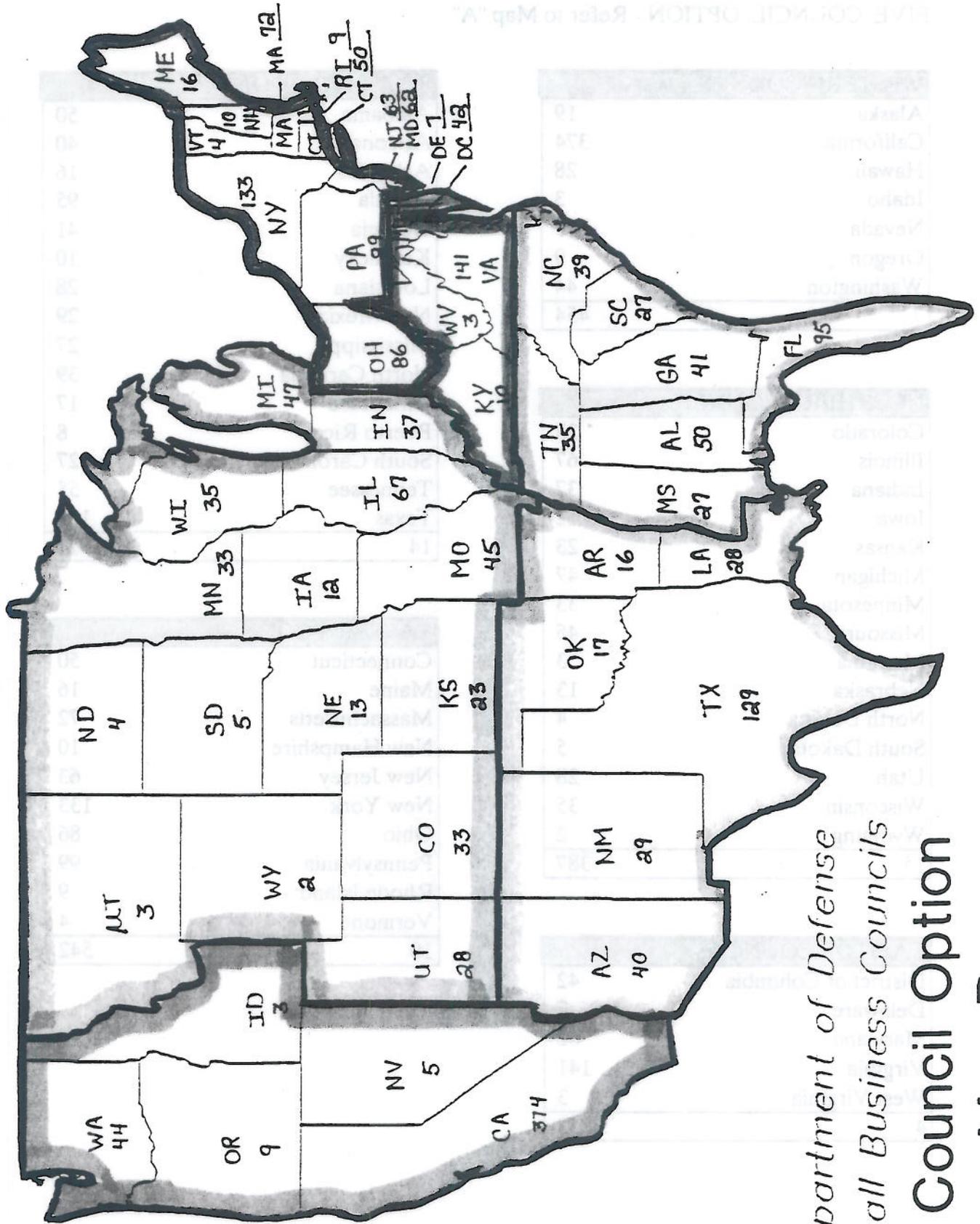
WESTERN COUNCIL	
Alaska	19
California	374
Hawaii	28
Idaho	3
Nevada	5
Oregon	9
Washington	44
7	454

NORTHERN COUNCIL	
Colorado	33
Illinois	67
Indiana	37
Iowa	12
Kansas	23
Michigan	47
Minnesota	33
Missouri	45
Montana	3
Nebraska	13
North Dakota	4
South Dakota	5
Utah	28
Wisconsin	35
Wyoming	2
15	387

CAPITOL COUNCIL	
District of Columbia	42
Delaware	7
Maryland	62
Virginia	141
West Virginia	3
4	255

SOUTHERN COUNCIL	
Alabama	50
Arizona	40
Arkansas	16
Florida	95
Georgia	41
Kentucky	10
Louisiana	28
New Mexico	29
Mississippi	27
North Carolina	39
Oklahoma	17
Puerto Rico	8
South Carolina	27
Tennessee	55
Texas	129
14	611

EASTERN COUNCIL	
Connecticut	50
Maine	16
Massachusetts	72
New Hampshire	10
New Jersey	63
New York	133
Ohio	86
Pennsylvania	99
Rhode Island	9
Vermont	4
10	542



Department of Defense
 Small Business Councils
6 Council Option
Map B

SIX COUNCIL, OPTION - Refer to Map "B"

WESTERN COUNCIL	
Alaska	19
California	374
Hawaii	28
Idaho	3
Nevada	5
Oregon	9
Washington	44
7	454

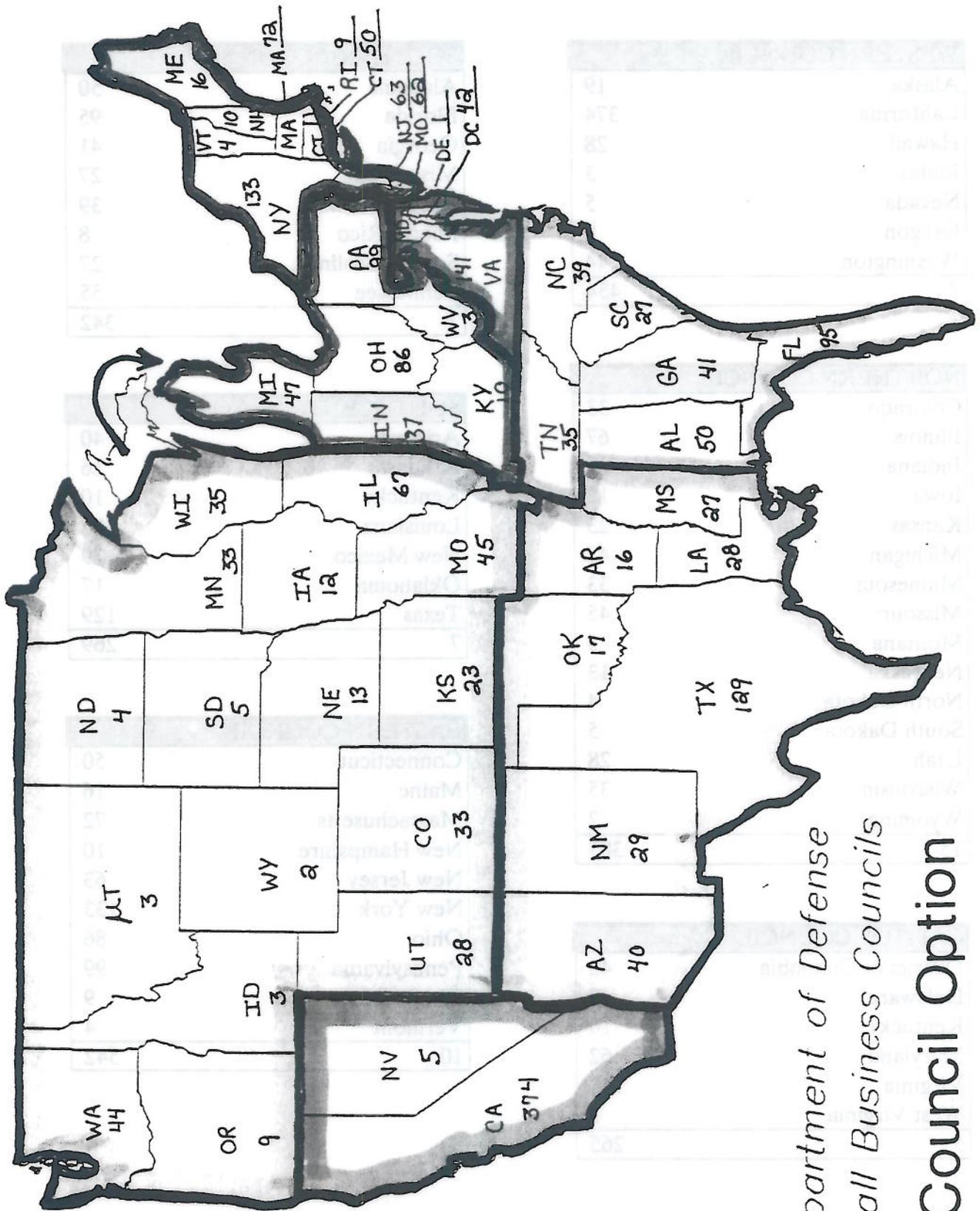
SOUTHERN COUNCIL	
Alabama	50
Florida	95
Georgia	41
Mississippi	27
North Carolina	39
Puerto Rico	8
South Carolina	27
Tennessee	55
7	342

NORTHERN COUNCIL	
Colorado	33
Illinois	67
Indiana	37
Iowa	12
Kansas	23
Michigan	47
Minnesota	33
Missouri	45
Montana	3
Nebraska	13
North Dakota	4
South Dakota	5
Utah	28
Wisconsin	35
Wyoming	2
15	387

SOUTHCENTRAL COU	
Arizona	40
Arkansas	16
Kentucky	10
Louisiana	28
New Mexico	29
Oklahoma	17
Texas	129
7	269

EASTERN COUNCIL	
Connecticut	50
Maine	16
Massachusetts	72
New Hampshire	10
New Jersey	63
New York	133
Ohio	86
Pennsylvania	99
Rhode Island	9
Vermont	4
10	542

CAPITOL COUNCIL	
District of Columbia	42
Delaware	7
Kentucky	10
Maryland	62
Virginia	141
West Virginia	3
5	265



Department of Defense
 Small Business Councils
 7 Council Option
 Map C

SEVEN COUNCIL OPTION - Refer to Map "C"

SOUTHWEST COUNCIL	
Alaska	19
California	374
Hawaii	28
Nevada	5
4	426

CAPITOL COUNCIL	
District of Columbia	42
Delaware	7
Maryland	62
Virginia	141
3	252

NORTHEAST COUNCIL	
Connecticut	50
Massachusetts	72
Maine	16
New Hampshire	10
New Jersey	63
New York	133
Rhone Island	9
Vermont	4
8	357

SOUTHCENTRAL COUNCIL	
Arizona	40
Arkansas	16
Louisiana	28
Mississippi	27
New Mexico	29
Oklahoma	17
Texas	129
7	286

NORTHERN COUNCIL	
Colorado	33
Idaho	3
Illinois	67
Iowa	12
Kansas	23
Minnesota	33
Missouri	45
Montana	3
Nebraska	13
North Dakota	4
Oregon	9
South Dakota	5
Utah	28
Washington	44
Wisconsin	35
Wyoming	2
16	359

NORTHCENTRAL COUNCIL	
Indiana	37
Kentucky	10
Michigan	47
Ohio	86
Pennsylvania	99
West Virginia	3
6	282

SOUTHERN COUNCIL	
Alabama	50
Florida	95
Georgia	41
Puerto Rico	8
North Carolina	39
South Carolina	27
Tennessee	55
6	295

