



ACQUISITION AND
TECHNOLOGY

OFFICE OF THE UNDER SECRETARY OF DEFENSE

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27 NOV 1995

Ms. Alice M. Toms
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Dear Ms. Toms:

This letter concerns your participation in the 1995 Pentagon conference to consider the future of the Department of Defense Area Councils. In our letter to you of September 28, 1995, we provided a copy of DoD Policy Guidance on Department of Defense Regional Councils for Small Business Education and Advocacy (Part 1 of 3).

DoD Policy Guidance on Department of Defense Regional Councils for Small Business Education and Advocacy (Part 2 of 3) is enclosed. This guidance addresses a series of issues derived from the conference. The issues are sequenced to fit under the four basic building blocks which need careful attention if all regional councils are to be successful. These basic building blocks are: institutional foundations of regional councils; basic structure of regional councils; infrastructure of regional councils; and regional council operations. These building blocks need to be viewed as mutually supportive. There are, of course, other elements to each of these building blocks that are not discussed in this policy guidance. DoD Policy Guidance (Part 3 of 3), which emphasizes certain processes that need to be examined by regional councils, will directly follow this letter.

Your continuing energetic support of the Department of Defense Regional Councils for Small Business Education and Advocacy is genuinely appreciated.

Sincerely,

DANIEL R. GILL
Director, Office of Small and
Disadvantaged Business Utilization

Enclosure



DEPARTMENT OF DEFENSE



OFFICE OF SMALL AND DISADVANTAGED BUSINESS UTILIZATION

Policy Guidance

on

Department of Defense Regional Councils

for

Small Business Education and Advocacy

(Part 2 of 3)

November 27, 1995

FOREWORD

Policy Guidance (Part 2 of 3) consists of details associated with key issues raised during the course of a conference held at the Pentagon in January 1995. The participants to that conference represented the twelve area councils. As a result of that conference, the twelve area councils are now restructured into eight regional councils. Though this geographic restructuring proved to be one of the more challenging issues addressed, there were many other key issues that were critically examined.

The key issues contained herein are structured for ease of review and reflect the considered concerns of the conference participants. A few of the issues were not discussed in great detail during the conference, but, as they logically flow from related issues, are included in this policy guidance. The sequence of issues discussed in the conference has been altered appropriately to fit under the four basic building blocks which need careful attention if all regional councils are to be successful. These basic building blocks are: institutional foundations of regional councils; basic structure of regional councils; infrastructure of regional councils; and regional council operations. These building blocks need to be viewed as mutually supportive. There are, of course, other elements to each of these building blocks that are not discussed in this policy guidance.

We feel it fair to say that all issues have been carefully reviewed in the light of both the solutions reached during the conference and an ensuing policy review by the Department of Defense. We are certain that new issues will continue to emerge as each of the regional councils chart individual courses to achieve the twin objectives of small business education and advocacy.

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**Department of Defense Regional Councils
for
Small Business Education and Advocacy**

Issue Number - 1

Issue Subject - Rationale for Councils

Background - For over fifteen years, area councils (now regional councils) have been a very vital part of the Department of Defense Small and Disadvantaged Business Utilization Program. Over that period, councils have matured, become secure, and sometimes sophisticated and well able to address a wide range of issues confidently. In short, they have become stronger, progressively better suited to tackle new challenges. Nonetheless, it becomes necessary periodically to re-examine councils in the light of changed conditions to determine what the future holds. In coming to an understanding, it is best to review what councils are, how councils began, where councils have been, and where councils are going. And it is most important to examine both the successes and failures of councils so that the future can be better charted. Though failures (poor attendance, inadequate program) were evident from time to time, overwhelmingly councils were successful (outstanding training, wide variety in programs) in fulfilling their purposes.

In brief, the impact of councils has been strong and positive. The true value of councils has been recognized. On the surface, councils provide exposure to small business initiatives, opportunities for training and networking, a forum for keeping abreast of small business legislation, and an environment for exchanging ideas to strengthen all aspects of the small business program. Though some parts of the councils require alteration, generally the question of the future of the councils turned on the idea that they need to be appropriately preserved, strengthened, and maintained so that they can fulfill their expected mission without undue intrusion.

Discussion - The underlying concepts for the perpetuation of regional councils are those of conservation, preservation, and restoration. First, all of our participatory resources committed to regional councils must be conserved so that optimal results can be realized in reaching our objectives. In brief, our resources must be used wisely, must be conserved so that they can constructively strengthen councils in all respects. Second, our resources and our successful programs need to be preserved so that councils do not unnecessarily expend energies on re-

inventing successful programs and burdening our participatory personnel so that they lose interest or motivation. Third, all councils need to seek new opportunities to strengthen the management of regional councils, while drawing upon those strong proven operational aspects that may need to be rekindled or restored.

DoD Policy Guidance - In accordance with the Small Business Act, it is the policy of the federal government to aid, assist and counsel small business to assure that a fair share of contracts are awarded to small business. Consistent with this, it is the policy of DoD to sponsor regional councils as one significant way to aid, assist, and counsel small business through education and advocacy of its members who are charged with the responsibility of fulfilling this federal policy.

**Department of Defense Regional Councils
for
Small Business Education and Advocacy**

Issue Number - 2

Issue Subject - Sponsorship of Councils

Background - Preliminary to addressing sponsorship of councils, we need to review how councils originated and discuss initiating sources of strength. The roots of how councils began are more pedestrian than distinguished. The idea emerged gradually. There was no booming thunder nor singular flash of lightning. Were we to search for a beginning, we must start with four geographic training conferences held in 1978 and sponsored by the Office of the Secretary of Defense (OSD). These conferences were considered successful. They answered a long felt need of small business specialists frequently isolated, remote from direct program impact, and sometime serving in an unfriendly environment frequently predisposed to fostering programs antithetical to the DoD Small and Disadvantaged Business Utilization Program. At that time, there was excitement in the very thought of meeting with their peers, exchanging ideas, and commiserating with others who suffered also from extended exposure in an environment alien to the socioeconomic ends of a program that they were honor-bound to serve as stewards. These conferences turned a new knob, opened a new door, and became the foundation for developing a concept leading to the formation of area small business councils. In 1980 and 1982, memoranda were signed by OSD (Small Business) to the Small Business Directors of the Army, Navy, Air Force, and the Defense Logistics Agency, authorizing twelve area councils, delegating oversight of specific area councils, and encouraging councils to meet and exchange ideas.

Discussion - With sponsorship and oversight responsibility of councils assigned to the military departments and the Defense Logistic Agency, some substantial progress was evident within councils. There was an immediate sense that councils were training organizations for the benefit of the membership. Further, councils were organizations to build cohesiveness among the membership and the activities represented. Also recognized was the apparent fact that councils were entities that were able to operate with minimal guidance, oversight, and direction (to some, this became a strength; to others, this became a weakness). For good reason, many considered that councils were created to expand the mind, thus strengthening the small business program. When viewed in totality, the sponsorship aspects became unwieldy and proved unsuccessful. It appeared that sponsorship was more a matter of geography than a specific need to be addressed, program

content, or general interest. OSD interplay with councils largely was drawn from participation in council meetings or through review of reports prepared by the councils. In this regard, though some area councils have been far more diligent in submitting their reports of progress, very few reports overall have been submitted by area councils. Many of the conferees at the 1995 Pentagon conference were present at the creation of area councils and were able to supplement from their own experiences the beginnings of area councils, their trials and tribulations, and their great successes in advancing the fundamental stewardship inherent in serving as a small business specialist. All of them recognized the fact that a small business specialist serves 480 productive minutes daily as an ombudsman for small business, as an advocate in fulfilling the Small Business Act of 1953, as amended, and as a protagonist for the advancement of small business programs deemed by the Congress to be worthy of continuing commitment.

DoD Policy Guidance - In view that Department of Defense Regional Councils for Small Business Education and Advocacy are products of OSD, sponsorship of these councils shall reside with OSD with the solid support of the Director, Office of Small and Disadvantaged Business Utilization of each of the military services and the defense agencies. Accordingly, regional councils should draw upon the services and defense agencies for training assistance, speaker opportunities, and other appropriate help on special subjects. Concomitantly, the military services and defense agencies should enthusiastically honor these requests.

**Department of Defense Regional Councils
for
Small Business Education and Advocacy**

Issue Number - 3

Issue Subject - Names of Councils

Background - The initial twelve councils were area councils encompassing the fifty states and the District of Columbia. Each of the area councils, except the District of Columbia Small Business Area Council and the two area councils in California, assumed responsibility for a number of states. The names of the original twelve area councils were, as follows:

- . Northeast Small Business Area Council
- . Mid-Atlantic Small Business Area Council
- . District of Columbia Small Business Area Council
- . Richmond-Tidewater Small Business Area Council
- . Southeast Small Business Area Council
- . North Central Small Business Area Council
- . Mid-Central Small Business Area Council
- . South Central Small Business Area Council
- . Southwest Small Business Area Council
- . Pacific Northwest Small Business Area Council
- . Northern California Small Business Area Council
- . Southern California Small Business Area Council

Discussion - Subsequently, Richmond-Tidewater Small Business Area Council become dysfunctional and was absorbed, principally by the Southeast Small Business Area Council. Central California Small Business Area Council was formed, keeping the total number of area councils at twelve. To differentiate clearly between area councils and successor councils, it was decided to drop all references to area councils. The successor councils would be considered regional councils. Accordingly, upon reconfiguration, the twelve area councils became eight regional councils. The eight regional councils were named as follows:

- . Northeast Regional Council
- . Mid-Atlantic Regional Council
- . District of Columbia Regional Council
- . Southeastern Regional Council
- . North Central Regional Council
- . South Central Regional Council
- . Pacific Northwest Regional Council
- . Western Regional Council

DoD Policy Guidance - The names of the new regional councils were formally promulgated in Policy Guidance (Part 1 of 3) of September 28, 1995 and provided to all participants of the 1995 Pentagon Conference and to the Directors, Small and Disadvantaged Business Utilization, of the military services and defense agencies.

**Department of Defense Regional Councils
for
Small Business Education and Advocacy**

Issue Number - 4

Issue Subject - Enabling Charter/By-laws

Background - Policy guidance for the original twelve area councils was initially promulgated in 1980 and further guidance was issued in 1982. On April 16, 1980, following a successful series of four small and disadvantaged business workshops held throughout the country, the Department of Defense requested the executives of the small business programs of the Army, Navy, Air Force, and the Defense Logistics Agency to take action in organizing twelve area councils by July 1, 1980. Some flexibility in the state coverage and other matters was anticipated by the Department of Defense. On April 6, 1982, amplifying guidance was issued to assure support by local commanders for the participation in area council meetings of small business specialists. Further, in the same guidance, commanders should be encouraged to become speakers at council meetings and councils should submit reports as required.

Discussion - Participants to the Pentagon conference wholly favored an updating of the charter for area councils, together with more explicit guidance on desired by-laws for the new regional councils. In the absence of guidance by the Department of Defense, councils developed their own internal rules and processes to accomplish the desired mission. As a result, considerable differences emerged council to council. It was felt that councils should essentially be alike with allowances made for local peculiarities or emphases. Essentially, there should be substantial uniformity among the councils, for example, charter, by-laws, membership, and related matters

DoD Policy Guidance - There is genuine merit in having councils function in a similar fashion. The way to assure attainment of such an objective is through the development of similar by-laws. Full details on enabling charter/by-laws will be delineated in DoD Policy Guidance (Part 3 of 3), which will be released in early December 1995.

**Department of Defense Regional Councils
for
Small Business Education and Advocacy**

Issue Number - 5

Issue Subject - Restructuring of Councils

Background - The unevenness of area councils, in terms of viability, regularity of meetings, content of meetings, an engaged constituency, full administrative and command support, program content, and a training orientation, set the stage for self-examination. Periodic, corrective fixes tended merely to delay the needed review. The most substantive review was conducted by the North Central Area Council, under the direction of Otto Murry, III. The review was with the cooperation of existing area councils. The resulting study report highlighted the need for revamping the twelve area councils and recommended the consideration of a range of options, all of which would effectively reduce the number of councils. Integral to the study was the number of DoD installations, bases, and activities by state, plus the number of defense prime contractors by state. Other federal agencies, then active in councils, were not considered in developing the options.

Discussion - Participants at the Pentagon conference provided details on current council operations and insights on the most desired reconfiguration. It was generally recognized that a reduction in the number of councils was necessary. In part, such a move would be consistent with the ongoing general downsizing of organizations and personnel within the Department of Defense. None of the participants took the position that the number of councils should be increased beyond twelve. Some participants felt strongly that a reduction in the number of councils would strengthen operations at individual councils, that is, larger councils should prove more efficient, more effective. There would be a larger base of members to draw upon for programming, logistics support, training, and other key council matters. Most participants were vitally concerned with the ultimate reconfiguration and how that reconfiguration would impact on their current operations. One negative aspect of larger councils is increased travel funds resulting from the greater distances individual council members would need to travel to meetings. (Note: This issue is discussed elsewhere within Policy Guidance (Part 2 of 3). It was most obvious that restructuring would have a traumatic effect for some councils, especially those councils considered losing councils. After wrenching discussion, three configurations were put to vote: five-councils, six-councils, or seven-councils. Although a few councils were not represented, the participants favored the six-council structure.

Subsequently, in a DoD review, it was determined that the six-council structure presented more difficulties than possibilities. As a result of that review, a decision was made to reconfigure the twelve area councils into eight regional councils. In the event that flaws eventually appear in the eight council configuration, appropriate steps should be taken to re-examine the structure.

DoD Policy Guidance - The number and configuration of regional councils should be reviewed periodically to assure the most effective and efficient structure to attain the stated objectives of councils. The eight new regional councils were formally promulgated in Policy Guidance (Part 1 of 3) of September 28, 1995 and provided to all participants of the 1995 Pentagon conference and to the Directors, Small and Disadvantaged Business Utilization, of the military services and defense agencies.

**Department of Defense Regional Councils
for
Small Business Education and Advocacy**

Issue Number - 7

Issue Subject - Concept of Customers

Background - The traditional concept of customers in business transactions, that is buyer and seller, is well understood. Under this concept, the buyer is the customer for goods or services provided by the seller. In this arrangement, the buyer generally expects the best effort that the seller or supplier can provide in terms of quality, price, delivery, and other requirements of the business relationship. Failure to fulfill expectations creates disappointments that could very well adversely affect the business relationship, including future orders. This traditional concept is rather pervasive in sound business relationships. In effect, customers want their expectations fulfilled.

Discussion - The traditional approach to customers has considerably been expanded over the past decade as a result of the growth and acceptance of the quality management philosophy espoused by W. Edwards Deming, William Scherkenbach, Heero Hacquebord, and others. Under their concept, customers can be understood at two basic levels. There are external customers and internal customers. The external customers are the ones we usually think about when we use the term. They purchase products or services. The internal customers are those employees of an organization who receive a product or service from any other employee. These customers, whether external or internal, are furnished something by a supplier. In our daily work activities, we fulfill the role of supplier and customer at one time or another. Just as business owners have internal suppliers and customers, as well as external suppliers and customers, all organizations have similar relationships that need to be attended. Under this understanding, everyone in a business environment must relate to his customers' satisfaction and reaction to products or services rendered. The same considerations apply to highly structured government entities, such as the cabinet-level departments, and more loosely designed organizations, such as the DoD Regional Councils for Small Business Education and Advocacy. Close attention by regional councils to the concept of external and internal customers and suppliers will improve regional councils in a wide variety of ways and will facilitate better internal and external relationships, communications, and expectations.

DoD Policy Guidance - Regional councils need to be customer and supplier oriented for both internal and external customers and suppliers. By applying the broader concept of customer and supplier, higher expectations can be met and greater satisfactions derived. The result will be stronger councils.

**Department of Defense Regional Councils
for
Small Business Education and Advocacy**

Issue Number - 6

Issue Subject - Final Domain of Councils

Background - Issue Number 3 and Issue Number 5 discuss elements of the original establishment of councils and their subsequent transformation from twelve area councils to eight regional councils.

Discussion - The prelude to the final domain of regional councils was comprehensively considered during the Pentagon conference. The participants generally supported a reconfiguration and a resultant reduction in the number of councils. With some hesitation and concern, the participants voted for strawmen totaling five, six, or seven councils. The result of the vote favored the six-council option. Subsequently, that option was extensively examined by DoD and rejected on the basis of creating discontinuities and other difficulties.

DoD Policy Guidance - The final domain of regional councils was formally promulgated in Policy Guidance (Part 1 of 3) of September 28, 1995 and provided to all participants of the 1995 Pentagon conference and to the Directors, Small and Disadvantaged Business Utilization, of the military services and defense agencies. It is the intention of DoD to provide color viewgraphs to each of the twelve regional councils. Immediately upon availability from the private contractor, a set will be provided to each regional council.

**Department of Defense Regional Councils
for
Small Business Education and Advocacy**

Issue Number - 8

Issue Subject - National Meeting of Council Principals

Background - There has been no formal mechanism whereby the elected leaders of councils would routinely have the opportunity to discuss face-to-face their problems and achievements with their counterparts in other councils. Since the inception of area councils, there have been several instances where formal meetings have been held at the Pentagon to discuss common problems and opportunities. There have also been opportunities to get together as a group at one of the annual national training conferences of small business specialists. But, there has been no regular established national meeting of the principals of area councils.

Discussion - During the 1995 Pentagon meeting of area councils, one of the participants spoke in favor of having annual conferences to iron out old problems and learn about any pending changes. Further, he suggested that a formal announcement be made that annual conferences be held at the Pentagon or some other location. These conferences would help to improve any communication gaps and would be a positive step to assure that all participants are well-tuned to new programs and initiatives that should be fostered when councils regularly meet. There was a general consensus that such conferences would be of marked value. It was also suggested that such a meeting be held approximately thirty days after the councils send their annual reports to OSD. Subsequent to the 1995 Pentagon meeting, DoD reviewed the suggestion and found it to possess merit. To the extent practicable, an annual meeting should be held, either at the Pentagon or as a separate part of the DoD annual small business conference.

DoD Policy Guidance - The Chairperson and the Vice Chairperson of each regional council should attend the annual meeting of councils to be held either at the Pentagon or as a separate part of the DoD annual small business conference. Their participation should yield great benefit to the local management of regional councils.

**Department of Defense Regional Councils
for
Small Business Education and Advocacy**

Issue Number - 9

Issue Subject - Membership and Participants

Background - In the initial guidance on the establishment of area councils (OSD Memorandum of April 16, 1980), membership was to be drawn from DoD employees and employees of other federal agencies. Employees of civilian contractors were also eligible to join, however, they were subject to the "desires of the council membership". Most of the twelve area councils welcomed employees of civilian contractors, while a few rejected the idea as not workable, intrusive, and possibly disruptive to the free flow of discussion among federal employees. Most councils considered employees of civilian contractors to mean employees of major defense contractors, while others considered them to mean small and disadvantaged business firms seeking government contracts.

Discussion - Councils remain partially divided on the issue of membership. Councils having a heavy concentration of members from the contract administration community feel strongly that major defense prime contractors should be a very active part of regional councils because they can provide their insights on problems associated with assuring that small business, small disadvantaged business, and women-owned small business goals can be realized. They can provide positive insights on managing subcontracting plans, on internal operations bearing upon socioeconomic programs, as well as participating in cooperative efforts to strengthen council operations. Councils with members drawn from major defense prime contractors usually have separate break-out sessions for government and non-government personnel so that internal matters can be freely discussed. Some of the councils also draw their membership from small and disadvantaged business firms. Generally, these firms gain considerably from the ready access to information helpful to their firm or to their individual development. Many councils also encourage membership from NIB, NISH, PTAs, HBCUs, and MIs. A very important part of membership is defining voting and non-voting members.

DoD Policy Guidance - Regional councils should recruit potential members and retain current members, as practicable. There shall be voting members and non-voting associate members. Voting members shall consist of all federal civilian and military employees. Non-voting associate members shall consist of employees of major defense prime contractors, and, with locally determined optional membership, of employees of the National

Industries for the Blind (NIB), NISH (not an acronym), Procurement Technical Assistance (PTA) Centers, Historically Black Colleges and Universities (HBCUs), Minority Institutions (MIs), small businesses (SBs), and small disadvantaged businesses (SDBs).

**Department of Defense Regional Councils
for
Small Business Education and Advocacy**

Issue Number -10

Issue Subject - Officers and Terms

Background - The initial DoD guidance of April 16, 1980 stipulates that area councils shall have officers and consist of DoD employees and other federal agency employees desiring membership. Civilian contractor personnel could also join predicated on the desires of council membership. The titles and terms of office were not specified.

Discussion - Based on this meager DoD guidance, area councils formulated rules generally consistent with the guidance. As time elapsed and by-laws were developed at the local level, area councils defined the nature of the emerging organizations. Some councils opened membership to large business, small business, non-profit organizations, federal agencies, state governments, and variations thereof. Some councils took strong stands on limiting membership and maintaining DoD control of the elected positions. Among the councils, the term of office varied somewhat, either one-year or two-year. All councils elected at least one DoD employee as an officer. Some councils favored that a DoD employee only should be elected as the council head. Participants to the Pentagon conference took different positions on who should be a member and who should not, and who should be a voting or a non-voting member. With several exceptions, the general consensus was that there should be four officers (Chairperson, Vice Chairperson, Secretary, and Treasurer) to be elected for a period of two years. All council elections should be held about the same time and there should be no overlap of term of election, council to council. Also, officers can be re-elected to the same or different office. Consistent with the initial guidance, at least one of the officers must be a DoD employee for purpose of maintaining a liaison with DoD on council matters.

DoD Policy Guidance - Regional councils should elect four officers (Chairperson, Vice Chairperson, Secretary, and Treasurer) for a period of two years. These officers can be re-elected to the same or different positions if the membership so elects. At least one of the four officers must be a DoD employee for purposes of maintaining a liaison with DoD on council matters. Council elections should be held at approximately the same time so that all officers of all regional councils will begin and end their terms at the same time.

**Department of Defense Regional Councils
for
Small Business Education and Advocacy**

Issue Number -11

Issue Subject - Dues and Membership Fees

Background - Income for area councils are derived from a variety of sources, including membership fees from new members, annual dues from members, and registration fees related to regular meetings or procurement conferences held in conjunction with regular meetings. As a rule, income is used as a means to defray costs incident to the event, such as mailings, coffee breaks, and other event-related matters.

Discussion - Participants confirmed that costs are generated in the normal operation of councils. Funds are needed for operations. Reserve funds are needed in the event that a planned meeting at a hotel or a center falls short of expectations. As a rule, more funds are generated from registrations rather than dues or membership fees. Some councils find that annual dues assist considerably to support operations: None of the participants to the 1995 Pentagon conference presented a case to increase/reduce fees or to dismantle traditional means to raise income for council operations.

DoD Policy Guidance - Regional councils need to have tools available to defray costs of operations. One such tool is to have a membership fee; another is to have reasonable dues. These tools can be used to supplement or complement others that need to be developed by regional councils to shore up operations. The standard to be used by regional councils is to maintain a minimal level of funds consistent with good operations.

**Department of Defense Regional Councils
for
Small Business Education and Advocacy**

Issue Number -12

Issue Subject - Finances and Controls

Background - Finances associated with area councils have been the subject of much interest over the years. From the inception of area councils, it was a given that each council to some extent would be involved in financial matters that would need to be controlled to assure appropriate accountability. Though there would be commonalties in financial matters among the area councils, there would also be some differences traceable to the scope and manner of operations. Larger councils would necessarily deal with larger amounts of money and accordingly greater expenditures. At one point, there was fear that opening the membership to more and more groups would have a negative influence in that DoD would lose control. That fear has been allayed over the years by judicious handling of financial matters. Of continuing concern has been the fact that some councils tend to accumulate more funds than is prudent and have moved in the direction of registering with the Internal Revenue Services regarding their non-profit status.

Discussion - Council participants confirmed that financial matters were different region to region. Some councils operate on minimal funds, while other councils tend to accumulate more funds to provide greater operational stability. Some councils have solid procedures in place to assure full accountability by maintaining complete records on all transactions. All councils have internal procedures that give them sufficient confidence that all transactions are proper and accountable. Of special concern to councils and to DoD was the fact that councils would be reduced from twelve to eight and, as a result, a condition of losing and gaining regions would affect not only council members but the funds accumulated by these councils. Accordingly, to ease the transition, councils to be joined should make sure that a final report of council funds be made to the gaining council and that any residual funds be transferred to the gaining council or be sent directly to the general fund of the U.S. Treasury.

DoD Policy Guidance - Regional councils need to be managed prudently. Full and complete financial records need to be maintained, audits need to be conducted, and reports generated to cover all financial transactions. Internal controls to safeguard financial matters need to be in place. Good audits and sound reports must become a workaday concern. Minimal funds should be accumulated by regional councils. Excess funds accumulated should either be provided to the U.S. Treasury or used to offset future council meetings and programs. In brief, the financial goal of each council should be maintain minimal dollars sufficient to facilitate sound operations.

**Department of Defense Regional Councils
for
Small Business Education and Advocacy**

Issue Number - 13

Issue Subject - Records and Reports

Background - Records and reports are maintained by all area councils. However, they are not wholly consistent in substance council to council, nor are they submitted to DoD and furnished to other councils at the same time. Some councils submit minimal reports. Generally, all councils recognize the need for records and reports.

Discussion - The participants favored annual reports to be submitted to OSD. Among other considerations, these reports should contain the highlights of operations, progress realized against annual objectives and goals, and audit results of financial condition. One of the suggestions related to scheduling an annual meeting of council officials one month after the submission of an annual report to OSD and each service, with distribution to other councils (see Issue No. 8 in Policy Guidance 2 of 3).

DoD Policy Guidance - DoD fully supports that records should be maintained and reports issued, as appropriate. Records and reports must be considered a requisite for sound operation by councils. Steps will be taken immediately to make sure that standardized records and reports become a reality at all regional councils. Full details on records and reports will be delineated in DoD Policy Guidance (Part 3 of 3), which is to be released in early December 1995.

**Department of Defense Regional Councils
Small Business Education and Advocacy**

Issue Number - 14

Issue Subject - Recognition of Officers and Others

Background - Recognition of deserving individuals, especially elected officers and other participating members who have served well and faithfully, has been bestowed, generally, at the area council level. DoD recognition of deserving individuals has been sporadic, almost random. There has been no mechanism developed for routine involvement by DoD in the recognition process.

Discussion - Participants to the 1995 Pentagon meeting favored involvement by DoD in recognizing deserving individuals who have served their councils well. Among the suggestions were recognition letters, recognition certificates, plaques, and/or monetary recognition. It was immediately recognized that the prospects for monetary recognition would be exceedingly slim and would not be entertained as viable. Council officers, who have served well, should be appropriately recognized. Others, who are not officers but who have contributed significantly in strengthening the councils, should also be recognized as the need demands.

DoD Policy Guidance - DoD fully supports that officers and members of regional councils need to be recognized appropriately. Steps will be taken immediately to make such recognition a reality as soon as practicable. Full details on the recognition of officers and others will be delineated in DoD Policy Guidance (Part 3 of 3), which is to be released in early December 1995.

**Department of Defense Regional Councils
for
Small Business Education and Advocacy**

Issue Number - 15

Issue Subject - Uniformity of Councils

Background - Ostensibly, all area councils are uniform, at least in the essentials. They are uniform in that each has an assigned geographical area, has officers, have meetings regularly, and provide a forum for education and exchange of information. There is non-uniformity in such areas as duration of meetings; frequency of meetings; dates for the election of officers; preparation, content, and frequency of reports; substance of by-laws; and other elements as liberally discussed in the various issue papers. Since the inception of area councils, there was no intent to make each council a carbon copy of other councils. The basic intent was to have each council essentially uniform so that each would be recognized as a DoD area council.

Discussion - Participants agreed that there is merit in having area councils uniform in certain characteristics, that is, sufficiently uniform to recognize that each council bears a high similarity to other councils, but is not so alike that the unique characteristics of each cannot be realized. It needs to be recognized that councils have different clients and customers defined by territory and special business conditions, and because of that will have a different means of fulfilling local missions. In brief, in the significant areas of education and advocacy, they will be alike; in locally determined elements, they will be dissimilar.

DoD Policy Guidance: Regional councils should be uniform in all essential elements. Councils clearly need to be uniform in reporting requirements, council officers, terms of office, membership requirements, emphasis on education and advocacy, basic by-laws, and in comparable essential areas. Regional councils need not be uniform in all those locally driven matters that tend to make each council special and unique.

**Department of Defense Regional Councils
for
Small Business Education and Advocacy**

Issue Number - 16

Issue Subject - Command Support

Background - For area councils, command support has traditionally been a source of strength. It has been relied upon by members of councils and has been viewed as a catalyst in assuring that individual contributions of energy, enthusiasm, and dedication remain high on a continuing basis. The very longevity of area councils can, in part, be traced to the foresight of commanders and their recognition of the utility of councils in fostering individual growth and assuring a more effective command organization. Reportedly, at some locations, commanders have been less supportive of council activities. Informal requests have been made that DoD issue specific directions for command support.

Discussion - DoD pondered this request and determined that it was not generally workable. Command support for what is essentially an intellectual activity, that is, education and advocacy, cannot be directed; it needs to be earned. It is earned by keeping command fully informed of council programs, successes, and plans for the future. Commanders need to be briefed on a regular basis. They need to be a part of the process. They should be requested to speak annually to the councils on substantive, challenging issues. Commanders can be used in outreach, such as encouraging other federal agencies to participate in regional council activities. Council members can earn the respect of their commanders by the quality of their involvement in council activities. If council programs remain strong and effective, commanders will readily volunteer the support of their offices.

DoD Policy Guidance - Command support is an important element in maintaining viable regional councils. Commanders are eager to support regional councils once they become a part of the process and sense the important role played by councils in developing knowledge-based, effective members of their organizations. Accordingly, it is incumbent on all regional councils to engage command support for council matters.

**Department of Defense Regional Councils
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Issue Number - 17

Issue Subject - Travel Support

Background - Travel support for council activities periodically crops up as a problem in some field activities. Travel support relates to the issue of command support and is a subset of it. Travel support is a necessary ingredient for council success and should not be taken lightly. Informal requests have been made that DoD issue specific directions to field activities on travel support in the form of a new directive.

Discussion - A new directive on travel support for regional councils is not workable, as it tends to micromanage from a distance. A better and a more traditional approach to travel support is to consider travel support for regional councils in budget planning for small business operations. Travel support for regional councils is basically training travel, similar to the travel associated with the DoD annual small business conference. Whether the training relates to the national annual small business conference or to regular meetings of regional councils, it is important that council members keep their commanders informed of regional councils, both before and after meetings.

DoD Policy Guidance - Travel support is fundamentally important if regional councils are to succeed. It is incumbent on all council members to plan and to budget council activities as training travel. Council members need to keep their commanders informed on the proceedings of regional councils.

**Department of Defense Regional Councils
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Issue Number - 18

Issue Subject - Communication

Background - Since the inception of area councils, communication has played a very important role in keeping council members fully informed regarding where the council is and where it is going. Minutes are developed and distributed, specialized clipping services sometimes employed, interplay among councils persist, and generally cooperative exchanges of information have become the rule.

Discussion - Nonetheless, there is a sense that communications could be improved among the various councils and the DoD. Much of what has transpired has resulted from an unstructured approach to maintain organizational communication rather than a predictable, formal approach to exchange information at specified times and given formats. The participants felt that communication doors should be kept open to assure positive exchange of information to assist in developing stability and growth of councils. Communication among councils was emphasized as especially valuable in building organizational identities and relationships. Communication in the sense of public relationships was also emphasized as significant in a council's communication with its membership, customers, and stakeholders. Particularly important is communication between members and the heads of organizations, such as commanders.

DoD Policy Guidance - DoD recognizes the importance of communications in maintaining viable councils nationally, especially communication between DoD and regional councils, and among all councils. Though it is impossible to list all communication prospects, whatever the means considered - minutes, clipping services function, bulletin boards, E-mail, Internet, newsletters - are considered positive factors in council development. Hence, they are encouraged, endorsed.

**Department of Defense Regional Councils
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Issue Number - 19

Issue Subject - Publicity and Public Relations

Background - The proper blend of publicity and public relations frequently results in stronger organizations. All area councils reported on the variety of means employed to keep members informed of proceedings and the public aware of certain happenings associated with councils. Councils announce meetings, keep minutes, make reports, and share the fruits of meetings among the members and frequently provide their minutes, proceedings, and the results of their internal clipping services to other councils. By being proactive in publicity and public relations, councils grow, become strengthened, and make positive contributions to their organizations and the DoD Small and Disadvantaged Business Utilization Program.

Discussion - Councils reported on the variety of means employed to publicize their activities. Routinely, councils announce meetings and other activities, prepare minutes of meetings, distribute minutes to other councils, use leaflets to attract new members, and do whatever is necessary to recruit new members and retain current members. Among the many options available to councils in improving their public relations are the use of the Commerce Business Daily, bulletin boards, and Internet to make special announcements. SBA's PASS system can be used to develop special lists to invite to training sessions or procurement conferences sponsored by the councils. On occasions, other organizations should be used as additional arms to assist councils, such as the Small Business Development Centers of the Small Business Administration, the Procurement Technical Assistance Centers associated with the Defense Logistics Agency, and the development centers of the Minority Business Development Agency.

DoD Policy Guidance - Publicity and public relations are clearly a regional council responsible. All councils need to be attentive to the importance of these elements for purposes of strengthening the organization and its members. Councils need to emphasize publicity and public relations in building stable organizations. In view of the many different opportunities a council has in broadcasting its good work, specific means to attain need not be prescribed.

**Department of Defense Regional Councils
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Issue Number - 20

Issue Subject - Networking

Background - Networking is a term used to convey the idea of making connections among people or groups of people possessing a similar orientation. Networking is present at all meetings. Frequently, it is limited by size, character, or variety of participants. Networking often results in better connections among people through the transfer of knowledge or information of common interest and also serves as a means of re-enforcing such interest or expanding one's world so he or she can function better by realizing the fruits of networking. All networking does not result in tangible benefits, but some networking does. Frequently, area council participants are engaged in some form of networking.

Discussion - Participants to the 1995 Pentagon Conference generally agreed that networking is a positive means for individual members to build relationships with others of similar interest and that ultimately networking will strengthen both the participating individual and the individual's organization. Successful networking is frequently a function of the size and variety of the attending group. Area councils traditionally sponsoring small meetings in terms of the number and variety of participants probably have less opportunity for networking.

DoD Policy Guidance: Consider networking as an opportunity to exchange ideas, for personal growth, and for building stronger relationships among the many players in the world of small business. Networking should be considered as a way to build stronger ties, thereby helping your organization and the overall DoD Small and Disadvantaged Business Utilization Program. Consider networking as a means of building stronger professional relationships within your own organization, other federal agencies, with small business liaison officers of major defense prime contractors, and others.

**Department of Defense Regional Councils
for
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Issue Number - 21

Issue Subject - Frequency of Council Meetings

Background - Generally, area councils meet in a frequency compatible with their perceived local needs, understanding of what councils are, how they came into being, how they developed, and what purpose they serve. As a result, councils developed differently and, were, in part, influenced by the support or the lack of support of the agencies or activities providing council members. Consciously or not, councils reflected the local environment, members' proximity to one another, and such externalities as the availability of travel funds to support active participation. As a result, some councils met very infrequently (annually or not at all), while others met very frequently (monthly). The frequency of meetings influenced both the content of meetings and duration of meetings.

Discussion - The frequency of council meetings, as an issue for discussion, dove-tailed with other issues of a related nature, especially the length of meetings and their duration. As participants reported on their councils, it became evident that the wide disparity in frequency of meetings, together with the content of meetings and the duration of meetings, fairly well determined the nature of the individual councils. After thorough discussion of the future of councils and the added declared emphasis on the concept of education and advocacy, consensus was reached on the frequency of meetings, stressing the minimum rather than the maximum number of meetings. The minimum number of meetings agreed upon was two meetings annually.

DoD Policy Guidance - To assure stability and a basic comparability among councils, regional councils need to hold a minimum of two meetings annually.

**Department of Defense Regional Councils
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Issue Number - 22

Issue Subject - Duration of Council Meetings

Background - Since inception of area councils, the desired duration of council meetings has been unspecified by DoD. To prescribe the duration of meetings was felt to be overly restrictive to councils. Councils, it was assumed, would reach a favorable level, sufficient to meet the DoD intent of councils and the needs of the membership in fulfilling the training requirements and other obligations. For various reasons, some councils elected to build a meeting around a lunch gathering and several hours of training and discussion, while other councils offered more training over extended periods, for example 3-4 days. Because of the continuing interest in councils and what they can do to advance the DoD Small and Disadvantaged Business Utilization Program, it became apparent that the duration of meetings is a function of material that can be conveyed to the council membership. The question of "How long should a council meeting last?" needed to be discussed with the councils.

Discussion - The issue was discussed as a part of the 1995 Pentagon conference. Each of the councils reported on the duration of council meetings and on the substantive materials that routinely were covered during a meeting. It became apparent that quantity, depth, and variety of training materials could only be realized in protracted meetings over several days. As an example, a council meeting that routinely contained lectures on a variety of subjects (such as defense conversion, electronic commerce/electronic data interchange, the status of new legislation, acquisition reform, base closure, environmental remediation, the evolution of PASS, small business innovation research, Project HOPE, Native American Small Businesses on and off the reservations, the essence of architect-engineer contracting, the impact of Midwest floods on small business, advanced manufacturing technology, the plight of inner cities and twelve small business measures to remedy the problems, and other subjects) offers much more to its membership than a council attempting to cram a subject or two in a meeting of short duration. One aspect affecting duration is the cost of meetings. Some representatives indicated that protracted meetings might not be as readily found to be receptive to commanders and other heads of agencies. The consensus of the participants favored a minimum specification rather than a maximum number of days. By specifying the minimum, greater flexibility in duration of council meetings could be realized.

DoD Policy Guidance - In order to fulfill DoD objectives, regional councils need to be attentive to the duration of council meetings. Accordingly, all regional council meetings should cover a period of at least day.

**Department of Defense Regional Councils
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Issue Number - 23

Issue Subject - Content of Council Meetings

Background - Under the area council configuration, the content of council meetings varied considerably. Many of the area councils developed a pattern of meetings that proved to be acceptable locally. As there was no requirement for a council routinely to compare itself to other councils, rarely did this occur. Further, there was no incentive to compare, inasmuch as content is a function of meeting duration. If a council meeting consists of a one-half day meeting, obviously the desired variety and richness of content would be left wanting. When councils meet for extended periods, example 3-4 days, then the content and variety of meetings become substantial.

Discussion - The content of meetings evoked much discussion. Some councils immediately recognized that more needs to be done to develop programs and improve both the breadth and depth of meetings. Only with program improvement would it be possible to transform the councils to training instruments directed to mission fulfillment. Among the topics that should be considered for program enhancement would be: new legislation and its impact on small business; streamlining; marketing assistance; special emphasis subjects (thrust areas); improved marketing techniques for small business; base closures; Native American programs; new OSD program initiatives; new outreach films; structured training packages developed by OSD or departmental small business offices; new initiatives and techniques developed by major defense prime contractors; and other topics. The range of available topics is remarkable.

DoD Policy Guidance - Regional councils should be singularly aware of the importance of maintaining a high level of program content in council meetings. Council meetings should be well planned so that topics, and subject matter in general, reflect the best that the council can produce for its members. In this regard, all regional councils should not only look within themselves, but search out and take advantage of insights available from other regional councils. Full details on the content of council meetings will be delineated in DoD Policy Guidance (Part 3 of 3), which is to be released in early December 1995.

**Department of Defense Regional Councils
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Issue Number - 24

Issue Subject - Speakers for Council Meetings

Background - Since the inception of area councils, speakers have been recruited to round out meeting agendas. Recruitment has been employed to assure that each council meeting utilizes both inside and outside speakers. Generally, it has been found that councils need to balance their programs to assure that their members have access to new information that speakers can frequently bring. Councils have been both weakened and strengthened by speakers recruited for council meetings. The right speaker at the right time can do much to build councils and help to fulfill their objectives in keeping members well-informed. The wrong speaker can take away from an otherwise positive council meeting. Sometimes councils bring in speakers from similar organizations, such as headquarters' small business representatives from the Army, Navy, Air Force, and the Defense Logistics Agency.

Discussion - Speakers are driven by agendas. All councils seek speakers equal to the agenda or the subject to be addressed. Speakers need to be appropriate to the task at hand. They may be drawn from the council membership, from other governmental agencies, from private industry, from educational institutions, and other sources. Local specialists invariably abound and should be recruited as speakers to fit continuing needs. Certainly, commanders and directors of DoD installations should participate periodically as speakers. Also, speakers can be drawn from departmental headquarters of the Army, Navy, Air Force, Defense Logistics Agency, and other defense agencies, such as DIA, DNA, ARPA, BMDO, and DMA. Certainly, OSD small business personnel can be made available periodically to fill speaker needs. Redundancy needs to be avoided. Though caution needs to be exercised, other OSD personnel (research and development, dual-use, health affairs, acquisition reform, and others) may be receptive. In this regard, OSD SADBUE is working on a special speakers list of OSD personnel who have expressed an interest in supporting area councils. This list probably will need to be used for special occasions only. Details have not been worked out fully. Care needs to be exercised to assure that speakers are not overused, that there is not an overkill of key speakers for a given event, and that the speaker somehow matches the

event. It is important to differentiate between subject matter experts and high level speakers. With high level speakers, some topic latitude should be considered. It is also important to plan for backup speakers to fill emergencies.

DoD Policy Guidance - DoD fully supports the recruitment of subject matter experts and high level speakers. Steps will be taken immediately to strengthen the recruitment of speakers to meet regional council needs. Full details on speaker recruitment will be delineated in DoD Policy Guidance (Part 3 of 3), which is to be released in early December 1995.

**Department of Defense Regional Councils
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Issue Number - 25

Issue Subject - Primacy of Training

Background - Training under the area council configuration has been a mixed bag, with some councils exhibiting great dexterity and innovation in assuring that members were given ample opportunity to learn about a wide range of topics and subjects that are a part of or bear upon the DoD Small and Disadvantaged Business Utilization Program. Other councils functioned under a narrower band of operations and offered training opportunities that were focused but were constrained by insufficient time or personnel. All councils at one time or other displayed flashes of training insight.

Discussion - With the formation of the new regional councils comes the unmistakable emphasis on training and advocacy. They are both closely related, with training as the driving force. It is through sound training that all council-members will become highly proficient in leading and implementing the small business program within their respective departments, agencies, and organizations. It follows that regional councils need to develop ways to assure that training opportunities are made available at every council meeting. In this regard, each council needs to work with other councils and seek appropriate insight. It is not expected that each council will become a carbon copy of each other, but each council has something to gain from each other.

DoD Policy Guidance - Regional councils should understand the primacy of training in their operations. This concept should permeate all council planning. Consider all council meetings as training and networking opportunities, as a means to bring together as many members as practicable, all of whom should gain by the training. Stress that each meeting is a forum for keeping abreast of small business legislation, as an opportunity for gaining insights on all aspects of small business, as well as feedback opportunities for new ideas. Emphasize that each council meeting is a new training opportunity for ongoing small business matters as well as new initiatives.