

Dr. Donna L. Peebles, D.M.

Associate Director Office of Small Business Programs

Headquarters Army Corps Of Engineers

441 G Street NW

Washington, DC 20314

Office: (202) 761-8789

iPhone: (202) 779-1229

Donna.L.Peebles@usace.army.mil

Small Business Utilization - The Big Picture

APRIL 23, 2018

INTRODUCTORY REMARKS

SO HERE WE ARE IN THE U.S. ARMY CORPS OF ENGINEER'S GREAT MISSISSIPPI VALLEY DIVISION! LADIES AND GENTLEMEN THE MISSISSIPPI VALLEY DIVISION IS RESPONSIBLE FOR THE USACE'S WATER RESOURCES PROGRAM SPANNING 370,000 SQUARE MILES OF THE MISSISSIPPI RIVER VALLEY. THE BOUNDARY ENCOMPASSES THE ENTIRE RIVER VALLEY FROM MINNESOTA TO THE GULF OF MEXICO TOUCHING ALL OR PARTS OF THE 12 STATES IN BETWEEN.

AND OF COURSE RIGHT HERE, THE NEW OLEANS DISTRICT IS A VITAL PART OF THE MISSISSIPPI DIVISION, RESPONSIBLE —AMONG SO MANY OTHER THINGS —FOR MAINTAINING 5 OF OUR NATION'S 15 BUSIEST SHIPPING PORTS, REDUCING RISKS FROM HURRICANE AND STORM DAMAGE AND MAINTAINING OUR NATION'S MOST COMPLEX AND COMPREHENSIVE FLOOD CONTROL SYSTEMS. THEIR GOOD WORK SUPPORTS AND PROTECTS MANY BUSINESSES AND THE ECONOMY.

I'D LIKE TO GIVE A SHOUT OUT AND BIG HEARTY THANK YOU TO SOUTHEAST REGIONAL COUNCIL FOR HOSTING THIS EVENT AND INVITING ME TO SPEAK. THANK YOU FOR ALL OF YOUR HARD WORK AND TREMENDOUS BEHIND THE SCENES EFFORTS TO ENSURE WE CAN BE AS PRODUCTIVE AS POSSIBLE THIS WEEK.

I'M VERY HONORED TO BE SPEAKING TO YOU TODAY AT THIS KICK-OFF AND SO I THOUGHT IT WOULD BE APPROPRIATE TO HELP SET THE STAGE AND REMIND US OF ONE OF THE MAIN REASONS WHY WE'RE HERE.

IF THE MISSISSIPPI VALLEY IS LITERALLY THE BACKBONE OF OUR NATION'S WATERBORNE COMMERCE THEN SMALL BUSINESSES ARE THE BACKBONE OF OUR NATION'S ECONOMIC ENGINE...

SMALL BUSINESSES — BIG PICTURE:

SURE, YOU'VE PROBABLY HEARD THAT SMALL BUSINESSES ARE THE BACKBONE OF THE UNITED STATES ECONOMY —OR THAT SMALL BUSINESSES ARE THE LARGEST EMPLOYERS, JOB CREATORS AND CONTRIBUTORS TO THE NATIONAL GROSS DOMESTIC PRODUCT. IN FACT, WE HEAR A LOT OF THINGS ABOUT HOW GREAT THE UNITED STATE'S SMALL BUSINESSES ARE AND THEY ARE ALL TRUE!

SMALL BUSINESSES HAVE IMPRESSIVE NUMBERS:

THE SMALL BUSINESS ADMINISTRATION'S OFFICE OF ADVOCACY DEFINES SMALL BUSINESSES AS AN INDEPENDENT BUSINESS HAVING FEWER THAN 500 EMPLOYEES. SMALL BUSINESSES COMPRISE 99.9% OF ALL U.S. FIRMS. LET ME SAY THAT AGAIN — SMALL BUSINESSES COMPRISE 99.9% OF ALL U.S. FIRMS. DURING THE PAST 2 DECADES, THE NUMBER OF SMALL BUSINESSES HAS DOUBLED FROM 15 MILLION TO 29.6 MILLION TODAY COMPARED TO JUST 19,000 LARGE COMPANIES OF 500 EMPLOYEES OR MORE.

SMALL BUSINESSES COMBINED ARE AN ECONOMIC POWERHOUSE:

SMALL BUSINESSES REPRESENT NEARLY 98% OF ALL U.S. EXPORTERS AND IN 2014, THEY GENERATED 34% OF THE U.S.'S \$1.4 TRILLION DOLLARS IN EXPORT INCOME. SMALL BUSINESSES CREATE ABOUT 50% OF OUR NATION'S NON-FARMING GDP OR ROUGHLY \$6 TRILLION DOLLARS ANNUALLY AND OVER THE PAST YEAR HAVE CONTRIBUTED THEIR FAIR SHARE IN OUR NATION'S VERY SUCCESSFUL 3% GDP GROWTH. IN FACT, ACCORDING TO THE NATIONAL FEDERATION OF INDEPENDENT BUSINESS, SMALL BUSINESSES ARE AT THEIR HIGHEST OPTIMISM IN 45 YEARS AND ARE CURRENTLY SETTING RECORD-LEVEL NUMBERS OF WAGE RAISES AND RE-INVESTMENTS IN THEIR OWN COMPANIES WHICH IN TURN GROWS THE U.S. ECONOMY.

SMALL BUSINESSES CREATE JOBS:

IT'S TRUE! ALTHOUGH JUST 21.5 PERCENT OF ALL SMALL BUSINESSES ARE EMPLOYERS, ALMOST HALF OF THE NATION'S PRIVATE SECTOR WORKFORCE —48% PERCENT—IS EMPLOYED BY SMALL BUSINESS—THAT'S 58 MILLION PEOPLE! SINCE 1995, SMALL BUSINESSES HAVE BEEN RESPONSIBLE FOR CREATING 2 OUT OF EVERY 3 NET NEW JOBS IN OUR COUNTRY. LAST YEAR, THAT REPRESENTS 62% —OR 1.4 MILLION NET NEW JOBS.

SMALL BUSINESSES LEAD INNOVATION:

FOR EVERY SINGLE PATENT PRODUCED BY THE R & D DEPARTMENT OF A LARGE CORPORATION, SMALL BUSINESSES PRODUCE 16 MORE PATENTS. IN FACT, SMALL BUSINESSES REPRESENT 96 PERCENT OF ALL FIRMS IN HIGH-

PATENTING MANUFACTURING INDUSTRIES. IN THE PAST FIVE YEARS, HIGH-TECH INDUSTRIES HAVE SEEN THE FASTEST GROWTH IN SMALL BUSINESSES SPECIFICALLY, SOFTWARE PUBLISHING AND COMPUTER SYSTEMS DESIGN.

SMALL BUSINESSES REFLECT AMERICA'S DIVERSITY:

MORE AND MORE, SMALL BUSINESS OWNERSHIP REFLECTS THE DIVERSITY OF THE UNITED STATES. AS OF THE 2012 CENSUS, 8 MILLION BUSINESSES OR 29.3% WERE MINORITY OWNED. THIS INCLUDES 3.3 MILLION HISPANIC-AMERICAN OWNED, 2.6 MILLION AFRICAN-AMERICAN OWNED AND 1.9 MILLION ASIAN OWNED BUSINESSES. OWNERSHIP DIVERSITY IS ALSO REFLECTED IN THE 9.9 MILLION WOMEN OWNED BUSINESS OWNERS AND 2.5 MILLION VETERAN OWNED BUSINESSES. 93% OF SMALL BUSINESS OWNERS ARE AMERICAN CITIZENS.

SMALL BUSINESSES MAY BECOME BIG BUSINESSES:

HOWEVER, NOT ALL SMALL BUSINESSES WANT OR NEED TO BE LARGE EITHER. ALTHOUGH ONE QUARTER OF ALL SMALL BUSINESSES ARE OLDER THAN 20 YEARS, ALL LARGE BUSINESSES ONCE STARTED SMALL. — JEFF BEZOS STARTED AMAZON —THE WORLDS LARGEST ONLINE MARKETPLACE IN HIS GARAGE. STEVE JOBS STARTED APPLE IN HIS PARENT'S GARAGE AND MARK ZUCKERBERG STARTED FACEBOOK IN HIS COLLEGE DORM ROOM.

HOME-BASED, NON-EMPLOYING SMALL BUSINESSES BECOME SMALL EMPLOYERS, WHICH IN TURN BECOME BIG BUSINESSES. SO, IN A WAY, ONE COULD ARGUE THAT THE AMERICAN SMALL BUSINESS ECONOMY *IS* THE AMERICAN ECONOMY. IT'S WHERE THE U.S. ECONOMY BEGINS. OTHER THAN THE RECESSION YEAR OF 2008, SMALL BUSINESSES HAVE GROWN EVERY YEAR SINCE 1990 —ALWAYS GROWING FASTER THAN THEIR DEATH RATE. TODAY, SMALL BUSINESSES DOMINATE THE U.S. ECONOMY BUT THE RELATIONSHIP BETWEEN SMALL AND LARGE BUSINESSES ALWAYS REMAINS SYMBIOTIC.

SMALL BUSINESSES SEE LARGE FIRMS AS THEIR PARTNERS, OR AS PRODUCT DISTRIBUTERS, OR AS CUSTOMERS. LARGE CORPORATIONS REALIZE THAT MAKING SMALL BUSINESSES PART OF THEIR SUPPLIER BASE IS MORE THAN "CORPORATE RESPONSIBILITY" —IT'S JUST GOOD BUSINESS! SMALLER COMPANIES ARE MORE FLEXIBLE IN PROVIDING INNOVATIVE PRODUCTS AND SERVICES TO MEET LARGE CORPORATE NEEDS. THEY ARE QUICKER FOR EXAMPLE IN DELIVERING SERVICES LOCALLY, WHICH SAVES LARGE CORPORATIONS ON COSTS.

THE FEDERAL GOVERNMENT AND MAJOR CORPORATIONS SPEND BILLIONS OF DOLLARS ANNUALLY SEEKING PRODUCTS AND SERVICES FROM OTHER COMPANIES, SUCH AS LANDSCAPING, CLEANING SERVICES, LOGISTICS,

SOFTWARE DEVELOPMENT, FOOD SERVICES, AND OFFICE SUPPLIES. WHEN THESE COMPANIES ARE SMALL BUSINESSES, STUDIES HAVE SHOWN THAT 7 OF EVERY 10 SMALL BUSINESSES WILL INCREASE IN REVENUE AND SIZE WITHIN JUST TWO YEARS OF BECOMING PART OF THE LARGE CORPORATE SUPPLIER BASE.

THIS PAST YEAR NEARLY 25% OF FEDERAL PROCUREMENT DOLLARS WENT TO SMALL BUSINESSES. WHEN GOVERNMENT TAKES SMALL BUSINESSES INTO CONSIDERATION IN DEVELOPING REGULATIONS, IT NOT ONLY SAVES TIME AND MONEY, BUT IT SUPPORTS THE GROWTH OF OUR NATION'S MOST PRODUCTIVE SECTOR.

SMALL BUSINESS UTILIZATION — BIG PICTURE

BECAUSE OF ALL OF THESE FACTS AND THE IMPORTANCE OF SMALL BUSINESSES, WE ARE REQUIRED BY FEDERAL LAW TO REPORT HOW WE UTILIZE SMALL BUSINESSES. WE MUST REPORT IT BECAUSE WE ARE MEASURED BY HOW MUCH WE USE SMALL BUSINESS OR WHY WE DON'T. WE ARE GRADED, INSPECTED, AND SCRUTINIZED IF WE DON'T MEET ESTABLISHED TARGETS.

SMALL BUSINESSES ARE EVERYWHERE AND THE LAW REQUIRES THE GOVERNMENT TO AFFORD MAXIMUM UTILIZATION OF ALL SMALL BUSINESSES. AUDITORS AND THE SMALL BUSINESS ADMINISTRATION STEP INTO OUR OFFICES FREQUENTLY TO INSPECT OUR RECORDS, EVALUATE OUR PROCESSES AND WORK WITH US TO MAKE SURE WE ARE FOLLOWING ALL THE RULES AND REGULATIONS FOR ONE PURPOSE: TO MAKE SURE WE PROVIDE MAXIMUM OPPORTUNITY TO SMALL BUSINESSES. EVEN LARGE BUSINESSES ARE EVALUATED AND SCRUTINIZED IN THEIR SUBCONTRACTING AND UTILIZATION OF SMALL BUSINESS AND REPORTING AT ALL TIER LEVELS.

REPORT CARDS ARE PRODUCED EVERY YEAR SO THE PUBLIC KNOWS HOW WELL WE ARE MEETING OUR STATUTORY GOALS. ALL FEDERAL AGENCIES ARE EVALUATED WITH A REPORT CARD ON HOW WELL THEY ARE DOING. THE GOVERNMENT EVEN TRACKS LARGE BUSINESSES AND *THEIR* SMALL BUSINESS UTILIZATION. EVERYONE IS MEASURED!

FOR 2018, THE DOD'S SMALL BUSINESS SUBCONTRACTING GOAL IS 33% THE SBA ASSIGNS SUBCONTRACTING GOALS TO EACH FEDERAL AGENCY. WE TRACK OUR ACHIEVEMENTS BASED ON DOLLARS REPORTED IN SUMMARY SUBCONTRACT REPORTS SUBMITTED FOR INDIVIDUAL SUBCONTRACTING PLANS, COMMERCIAL PLANS, AND DOD COMPREHENSIVE PLANS. MS. BUFFLER HAS A LOT OF UPDATES ON THESE TOPICS FOR YOUR LATER THIS AFTERNOON.

THE DOD IS EVALUATED EVERY YEAR BY THE SBA ON SMALL BUSINESS UTILIZATION – WE ARE EVALUATED AND INSPECTED ON FACTORS SUCH AS: COMMITMENT TO SMALL BUSINESS UTILIZATION, EFFECTIVE ENGAGEMENT OF SENIOR LEVEL MANAGERS IN ACHIEVING SMALL BUSINESS GOALS, DATA QUALITY OF SMALL BUSINESS CONTRACTING, TRAINING OF ACQUISITION STAFF, OUTREACH TO SMALL BUSINESSES, DOCUMENTING BUNDLING AND ADVERSE EFFECTS ON SMALL BUSINESSES, AND EVALUATING HOW WELL WE ESTABLISH SMALL BUSINESS OFFICES WITHIN OUR ORGANIZATIONS AND EQUIP THEM WITH THE TOOLS THEY NEED FOR SUCCESS...LIKE THE TRAINING ALL OF US WILL RECEIVE THIS WEEK!

ALL GOVERNMENT CONTRACTORS—SMALL OR LARGE BUSINESSES—ARE SUBJECT TO A HOST OF LAWS, REGULATIONS, AND EXECUTIVE ORDERS DESIGNED TO ENSURE THAT PROCUREMENTS ARE COMPETITIVE, FAIR, AND ADVANTAGEOUS TO THE TAXPAYER AND COVER ALL AREAS OF THE PROCUREMENT PROCESS FROM PRE-SOLICITATION TO FINAL AWARD OF A CONTRACT. BUT IT DOESN'T STOP THERE—WE MUST INSPECT THROUGHOUT PERFORMANCE TO ENSURE THE LARGE BUSINESS PRIME IS UTILIZING THE SMALL BUSINESSES LIKE THEY SAID THEY WOULD DURING SOURCE SELECTION.

IN MY CAREER, ONE BASIC LESSON I LEARNED VERY QUICKLY IS SIMPLE: ALL ACQUISITION STRATEGIES ARE BASED ON FACTUAL EVIDENCE COLLECTED FROM THE MARKET RESEARCH THAT LEADS TO A KEY DECISION: SET ASIDE FOR SMALL BUSINESS...OR NOT. AND THE JUSTIFICATION TO NOT UTILIZE SMALL BUSINESSES IS GETTING HARDER TO DO - NOT EASY BECAUSE THERE ARE MANY SMALL BUSINESSES WITH INNOVATIVE CAPABILITIES.

I MENTIONED EARLIER THE NUMBER OF SMALL BUSINESSES – BECAUSE OF THE LARGE NUMBER OF SMALL BUSINESSES IN OUR COUNTRY AND HOW MUCH THEY CONTRIBUTE BOTH IN THE FEDERAL MARKET PLACE AND THE PRIVATE SECTOR, WE ARE REQUIRED TO ENSURE A FAIR OPPORTUNITY IN THE FEDERAL MARKET PLACE. THROUGH THE RULE MAKING PROCESS THE SMALL BUSINESS ADMINISTRATION REQUIRES THE GOVERNMENT TO CONSIDER SOCIO ECONOMIC SMALL BUSINESS SET-ASIDES. THE OTHER GUEST SPEAKERS HERE TODAY WILL PROVIDE UPDATES TO IMPORTANT REGULATIONS THAT GOVERN OUR DECISION MAKING PROCESSES AND IMPACT ALL BUSINESSES THAT WANT TO DO BUSINESS WITH THE GOVERNMENT. THERE ARE A LOT OF HOT TOPICS—KEEPING MANY OF US BUSY—SMALL BUSINESS SUBCONTRACTING PLANS AND INCLUDING SUBCONTRACTING DATA FOR EACH ORDER WHEN REPORTING SUBCONTRACTING, CREDIT FOR LOWER-TIER SMALL BUSINESS SUBCONTRACTING, AND HOW SMALL BUSINESS REGULATIONS APPLY OUTSIDE OF THE UNITED STATES; UNDERSTANDING THE IMPACT OF THE JANUARY 2017 CHANGES IN THE 'FAR' FOR SUBCONTRACT PLAN REQUIREMENTS, AND THE NEW DOD CHECKLISTS AVAILABLE TO BOTH

CONTRACTING OFFICERS, SMALL BUSINESS PROFESSIONALS, AND INDUSTRY, TO PREPARE OR REVIEW SUBCONTRACTING PLANS AND REPORTS.

THE GOVERNING RULES AND REGULATIONS ARE ESSENTIAL AND IMPORTANT TO ACQUISITION DECISION MAKERS. AS SMALL BUSINESS PROFESSIONALS AND CONTRACTING OFFICERS WE ARE PROVIDED GUIDE BOOKS AND FEDERAL REGULATIONS BUT IT IS A HUGE CHALLENGE ISN'T IT?—HOW DO WE NAVIGATE THRU IT ALL?—HOW DO WE GET TO OUR ULTIMATE GOAL TO MAXIMIZE FAIR OPPORTUNITY FOR SMALL BUSINESSES—BOTH PRIME AND SUBCONTRACTING?

WE ARE HERE BECAUSE WE ARE PASSIONATE ABOUT THE ROLES THAT EACH OF US PLAY IN THIS MACHINE WE CALL THE GOVERNMENT CONTRACTING PROCESS.

SMALL BUSINESS UTILIZATION IS SO IMPORTANT THE DOD HAS INVESTED AN ENTIRE TRAINING WEEK WITH OVER 600 ATTENDEES – RANGING FROM SMALL BUSINESS PROFESSIONALS, ACQUISITION AND CONTRACTING OFFICERS, THE SMALL BUSINESS ADMINISTRATION, AND MANY OTHER EXPERTS. THIS IS THE KICK-OFF TO A GREAT WEEK OF TRAINING BUT PERHAPS EVEN MORE IMPORTANT – AN IDEAL VENUE FOR EACH OF US TO:

CONNECT – COLLABORATE – AND INNOVATE TOGETHER!

I HOPE YOU HAVE GREAT WEEK!

THANK YOU

Data Sources:

- 1. U.S. Small Business Administration, Office of Advocacy*
- 2. National Federation of Independent Business*
- 3. Forbes, “Small Business Unleashed” Jan 2018*
- 4. Inc.com, “Are Small Businesses Really the Backbone of the Economy?” Dec 2014*