



# SBTW★23

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**Driving Small Business Performance**

JUNE 20-23, 2023 | BALTIMORE MD

# Expanding the Defense Industrial Base: A Small Business Perspective



Moderated by Christopher Hall

Deputy Director, Office of Small Business Programs, Defense Logistics Agency (DLA)



June 21, 2023



**SBTW<sup>23</sup>**  
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# Panelists:



## Polly Hall

Senior Advisor to the Chief Procurement Officer, Department of Homeland Security (DHS)

## Jennifer A. Hanks

CEO, MMC Consulting

## Richard D. Hanks

CEO, FedPROPEL Enterprises



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# Agenda

- Introductions
- Overview of the Federal Small Business Marketplace
- Moderated Q&A
- Open Q&A
- Summary Discussion



# Panel Moderator



## Christopher Hall

Deputy Director, Office of Small Business Programs,  
Defense Logistics Agency (DLA)

Serving as the Deputy Director since 2016, Mr. Hall supports DLA leadership on small business matters and works to increase small business participation in DLA acquisitions.

Mr. Hall promotes small business utilization to strengthen the industrial base that fulfills DLA's mission while meeting the needs of the Warfighter and ensuring each tax dollar is spent responsibly.

Prior to his current role, Christopher previously served as the Program Manager for the Procurement Technical Assistance Program (PTAP). Mr. Hall began his career with DLA in 2003 as a contract specialist and is DAWIA Level III Certified and is a member of the Defense Acquisition Corps.

- BS Management Science & Statistics, University of Maryland
- Masters of Management, University of Maryland





# Distinguished Guest Speaker



## Polly Hall

Senior Advisor to the Chief Procurement Officer,  
Department of Homeland Security (DHS)

Polly serves as the Senior Advisor to the Chief Procurement Officer at the Department of Homeland Security. In this capacity, she supports priority procurement matters, strategic planning and management of the procurement function, and process improvement and modernization initiatives across the DHS procurement organization. Prior to this role, she served as Executive Director for the DHS Procurement Innovation Lab (PIL).

Polly earned her B.A. in Political Science at Roanoke College and her M.A. in Public Policy at the George Washington University. She is FAC-C Professional certified with a Digital Service (DS) credential. She was recognized with a Federal 100 Award in 2019 and with Top 50 Agile distinction in 2020. She serves as co-Vice Chair of the Federal Innovation Council, a Board Member of the DHS Center for Accelerating Operational Efficiency (CAOC), and as a Faculty Associate in the Supply Chain Management Department at the W.P. Carey School of Business at Arizona State University.



# FedPROPEL's Founders

## Richard D. Hanks

CEO, FedPROPEL Enterprises

Richard has nearly three decades of financial, real estate and entrepreneurial experience, and he has participated in \$1.7 billion in M&A transactions and nearly \$1 billion in real estate development activities.

Architect of the FedPROPEL ecosystem, Richard employs a 360° approach to solving multi-factorial challenges. A FedPROPEL goal is to transform the federal supply chain to reflect of our national diversity.

Richard also serves as Chief Strategist for MMC with responsibilities for supporting growth initiatives and building the firm's operational platform.

- Univ. of Chicago Booth MBA
- Goldman Sachs 10k Small Business alum
- Past President Abramson Foundation



## Jennifer A. Hanks

CEO, MMC Consulting

A proven industry leader, Jennifer has excelled in the public and private sector and has awarded or managed over \$2 billion in federal contracts.

As MMC's CEO, Jennifer is a visionary that leads the firm's acquisition and change management practices. Her varied experiences inform her ability to provide targeted solutions to her client's mission critical problems.

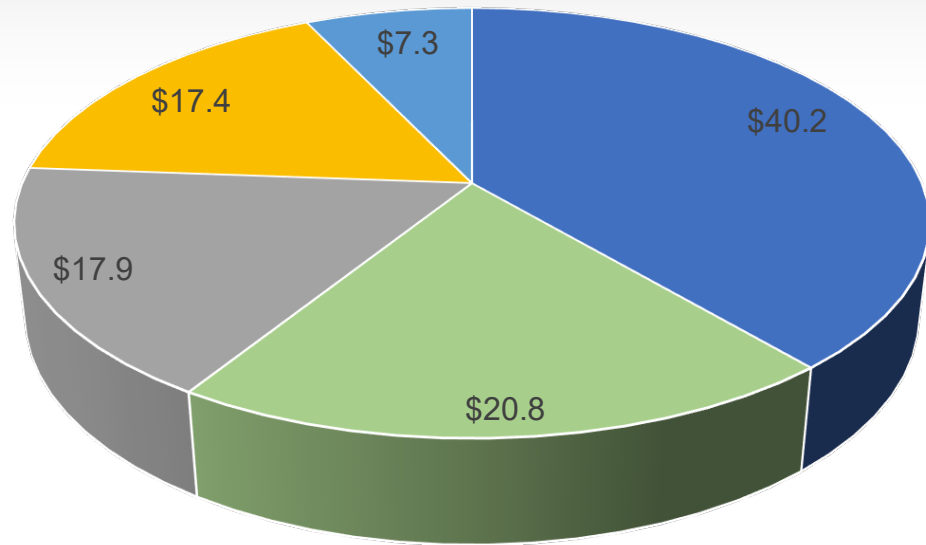
A past president and advisor to the NCMA Tyson's chapter, she led the 1,100-member organization efforts supporting contracting professionals at all levels. She is also a frequent panelist at industry national and local conferences.

- Former FAC-C III Contracting Officer (USAID)
- International experience in Afghanistan, Guatemala, and Germany



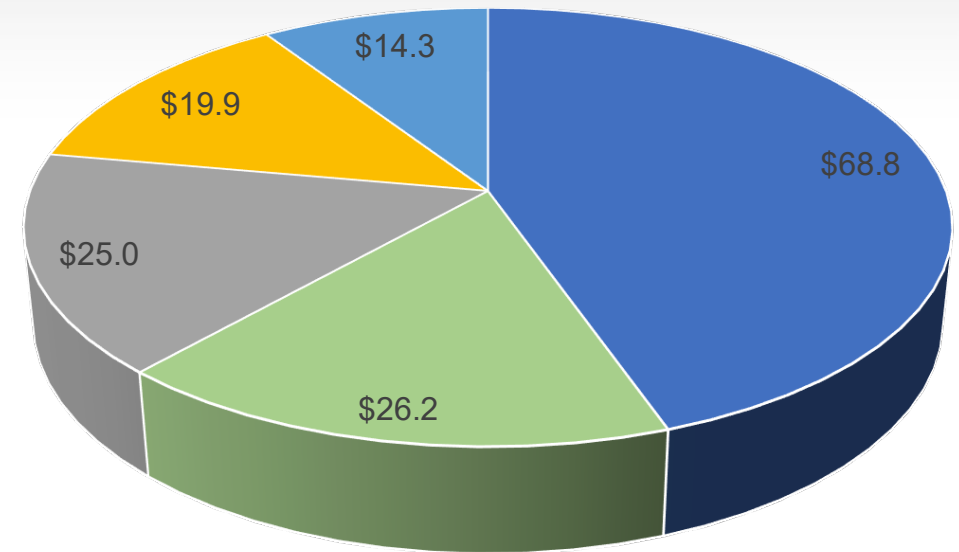
# Federal Small Business Spend

## FY17 SB Totals



■ SDB ■ WOSB ■ SDVOSB ■ 8(a) ■ HUBZone

## FY21 SB Totals



■ SDB ■ WOSB ■ SDVOSB ■ 8(a) ■ HUBZone

Source: sam.gov and SBA Procurement Scorecards



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# FY17 - FY21 Observations

Total dollar spend increased every year; however, each category's percentage of total spend changed unevenly.

Category	Goal	FY'17 Actual	FY'21 Actual	% Change
HUBZone	3%	1.7%	2.5%	32.8%
SDB	5%	9.1%	11.0%	17.3%
SDVOSB	3%	4.1%	4.4%	7.0%
WOSB	5%	4.7%	4.6%	(1.5%)
Total SB	23%	23.8%	27.2%	12.6%

Source: SBA Procurement Scorecards

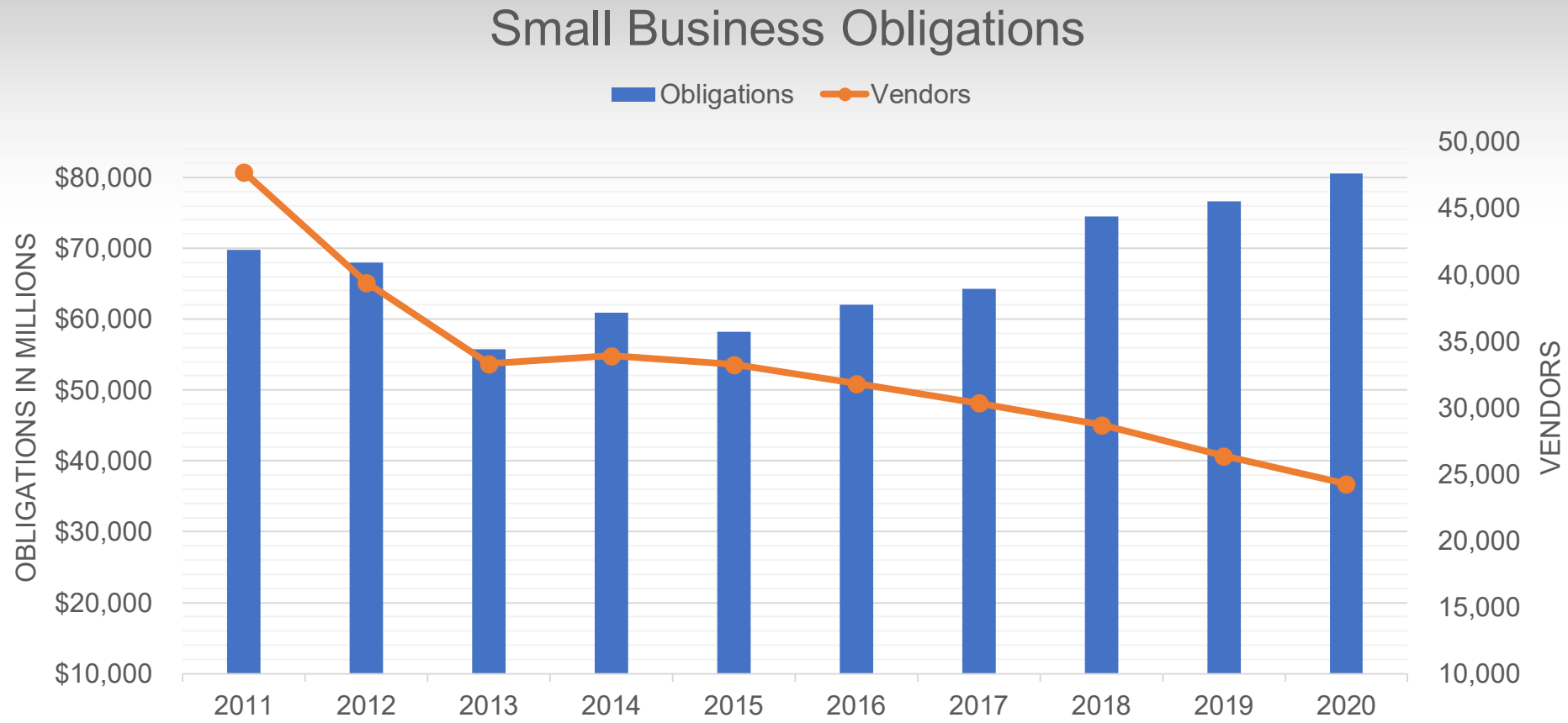


# FY17 - FY21 Observations

Fiscal Year	All Small	Small Disadvantaged	Veteran Owned	Woman-Owned
<b>2017</b>	91,006	25,624	12,600	19,204
<b>2018</b>	79,942	24,777	11,462	16,976
<b>2019</b>	72,325	23,740	10,791	15,419
<b>2020</b>	71,658	24,938	10,533	15,308
<b>2021</b>	67,606	24,508	10,120	14,239
<b>2022</b>	64,386	24,388	9,614	13,700
<b>Firms Lost</b>	26,620	1,236	2,986	5,504
<b>% Lost</b>	29.3%	4.8%	23.7%	28.7%



# Decline in SB Vendors; Increase in Awards



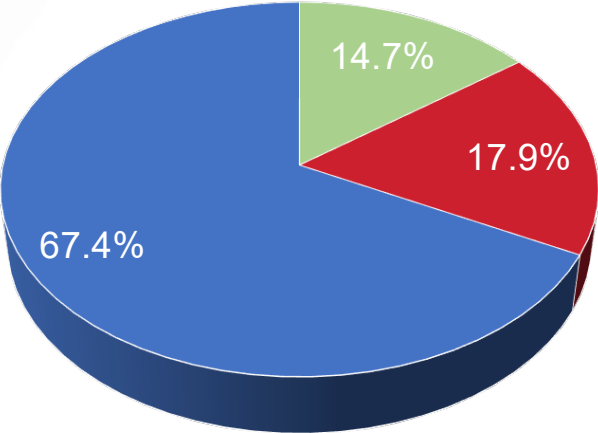
Source: 2023 DOD Small Business Strategy



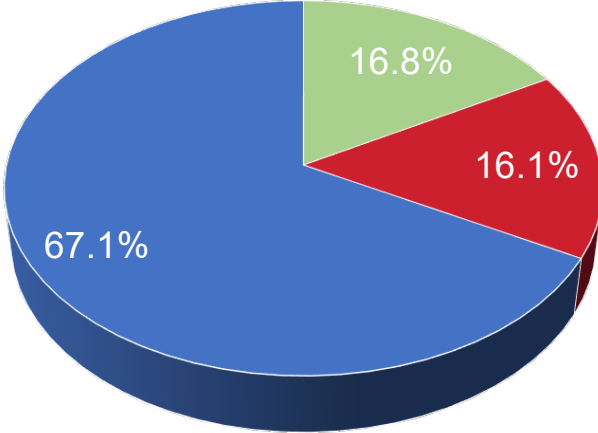
# Lack of Parity in Federal Procurement

Current procurement awards do not reflect our communities.

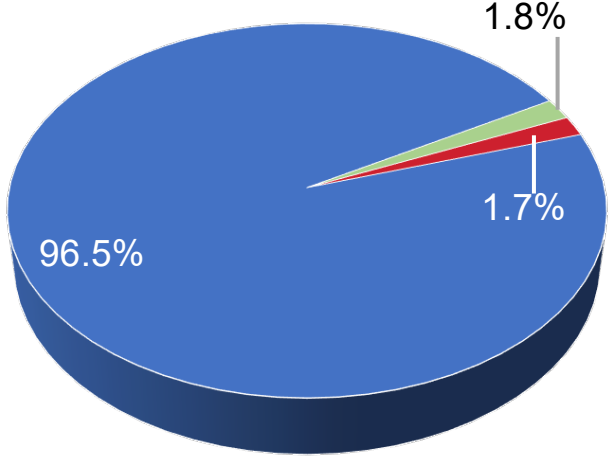
Population %



Active Military %



Federal Contracts %



- African-American (AA)
- Hispanic/Latinx (H/L)
- Other

- AA
- H/L
- Other

- AA
- H/L
- Other



# PMA's Policy Implications

- Signed January 20, 2021
- Equity Assessment in Federal Agencies – Domestic Policy Council (DPC)
- Increases Federal spend 50% with small disadvantaged businesses by 2025
- Identifies Methods to Assess Equity – Office of Management and Budget (OMB)
- Allocates Federal Resources to Advance Fairness and Opportunity
- Promotes Equitable Delivery of Government Benefits and Equitable Opportunities
- Establishes an Equitable Data Working Group





# Panel Q&A

Moderated by Dwight Deneal



# Creating a Stronger Defense Industrial Base

Expanding the Defense Industrial Base / Federal small business supply chain requires a coordinated response to key challenges.

## Five Es to Greater Small Business Equity in Federal Procurement

<b>Expand</b>	There are not enough small businesses in the marketplace to fill current demand.
<b>Educate</b>	Most entrepreneurs outside of the federal market do not understand the benefits.
<b>Enhance</b>	Most small disadvantaged businesses lack the infrastructure to scale.
<b>Engage</b>	SB participation/competition is limited by administrative burdens.
<b>Expedite</b>	Certification process is outdated, inefficient, punitive, and time consuming.



# Expand – 2x the Federal SB Supply Chain

To reduce the national security risk while increasing competition and diversity requires reversing the mass supplier exodus.

## Factors

- The federal small business supply chain has shrunk by 30% since 2012
- Net new entrants was down 3% since 2017
- Senior DoD leadership: “national security risk”

## Solutions

- Create greater awareness of the benefits in the SB community at-large (~32 million)
- Provide greater opportunities for success to the supplier base = testimonials
- Ensure that all stakeholders are doing their part



# Educate – A Compelling Narrative

Sharing the benefit of supporting the federal government with a wider audience in ways that speaks to their decision matrix.

## Factors

- 99.9% of small business are not in the federal supply chain
- More than half of small business contracts are awarded in 17 congressional districts
- Those outside of this concentration bubble are agnostic to federal contracting

## Solutions

- Expand the delivery beyond traditional methods for changing demographics
- Expand the use of alternative media and engagement
- Use testimonials and non-government sources to tell the story



# Enhance – Prepare Firms for Success

Most entrepreneurs do not understand the foundational requirements to succeed in federal contracting.

## Factors

- Registering in SAM is not enough; getting a certification isn't either
- Most entrants lack the required infrastructure for federal contracting
- Building a successful platform takes understanding, access, and mentorship

## Solutions

- Ensure vendors understand the (small) business of federal contracting
- Provide more in-depth business development solutions
- Expand the delivery beyond traditional methods for changing demographics





# Engage – Reduce Administrative Burdens

The use of technology and existing authorities can reduce the cost of creating small business opportunities for the government and its vendors.

## Factors

- The Rule of Two supersedes category management and preferred acquisition strategy
- Market research as a tool to create more opportunities, competition, and participants
- AI and RPA can reduce/eliminate many pre-award bottlenecks and inefficiencies

## Solutions

- Provide more in-depth business development solutions
- Ensure providers understand the (small) business of federal contracting
- Expand the delivery beyond traditional methods for changing demographic



# Expedite – A More Inviting Customer Experience

With today's technology, the process for activating a small business in the federal market should be transparent, quick, and pleasant.

## Factors

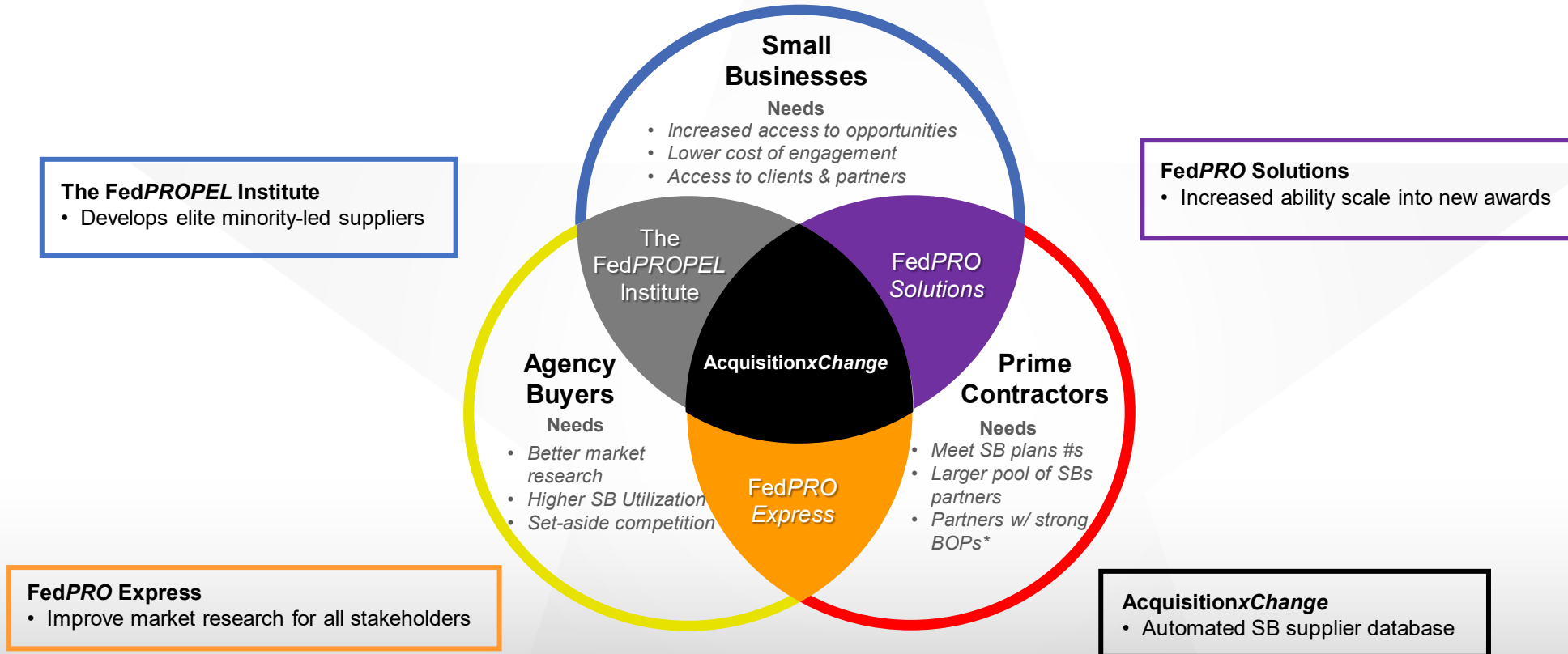
- Decentralized systems increases complexity and confusion.
- Lack of transparency increases the cost of certifications
- Multiple systems & portals artificially limit market effectiveness

## Solutions

- Improve registration processes and experience
- Real time user tracking of applications
- Improve agency data sharing to reduce redundancy



# The FedPROPEL Ecosystem



# Audience Q&A

Moderated by Dwight Deneal



# CONNECT WITH US!

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Richard Hanks: [rdh@fedpropel.org](mailto:rdh@fedpropel.org)



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**Thank you.**



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