

## Small Business – The First Option for Innovation

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In November 2014, the Secretary of Defense cited America's eroding dominance in key warfighting areas when calling for "a broad, department-wide initiative to pursue innovative ways to sustain and advance our military superiority for the 21st century and improve business operations throughout the department."<sup>(1)</sup> The desire to do business with innovative non-traditional partners was clearly articulated by the creation of Defense Innovation Unit Experimental (DIUx) in the Silicon Valley and the strong emphasis Better Buying Power 3.0 places on the need to innovate and achieve technical excellence. Scan the Internet and one can find numerous articles questioning whether or not the Department of Defense (DoD) can do business with Silicon Valley and attract non-traditional defense companies to help solve our problems and retain our technological edge.



We can and we must. The Department of the Navy's (DoN's) Small Business Innovation Research (SBIR) program has shown the way, with more than 70 contributing small firms in Silicon Valley. In January 2015, the Secretary of the Navy Ray Mabus launched the DoN Innovation effort. In his vision, Mabus states "It is clear that innovation is not just about buying a new platform or weapon system; rather it is about changing the way we think, challenging outdated assumptions, and removing bureaucratic processes that prevent ideas from becoming reality."<sup>(2)</sup> We need to engage more effectively with commercial technology companies, in locations all across the country, and incentivize these companies to do business with DoD.

To get there, as the new Director of the DoN Office of Small Business Programs (OSBP), I challenge our DoN acquisition workforce to think of small business as the first option. "Small Business - The First Option" has been the OSBP's motto since January 2010. Now, more than ever, all DoN acquisition professionals need to think and act upon this motto. Not to meet a goal, but to access the advantage, the innovation, agility, and responsiveness that small businesses bring to the fight, allowing America to retain its technological superiority. Small businesses have long been a breeding ground for innovation and an essential part of our nation's industrial base. Per the Small Business Administration's Office of Advocacy, of high patenting firms (15 or more patents in a four-year period), small business produced 16 times more patents per employee than large patenting firms<sup>(3)</sup>. Small Businesses also comprise 99.7 percent of U.S. employer firms.<sup>(4)</sup> Since 2000, the DoN SBIR program has led all military departments in delivering

innovation to our warfighters, as measured by acquisition program investments in transitioning SBIR technologies.

Recognizing that “Small Business - The First Option” cannot be the motto of small business professionals alone, Assistant Secretary of the Navy (ASN) for Research Development and Acquisition (RD&A) Sean Stackley signed his “Tapping into Small Business in a Big Way” memo in January 2015. In this memo, Stackley explains that a “healthy small business industrial base is vital to the long-term success and affordability of the DoN, as well as to our national security.”<sup>(5)</sup> This memo formally assigns each deputy program manager as the small business advocate responsible for identifying opportunities within the program for small business participation, serving as technical point of contact for small businesses interested in pursuing these opportunities, and for management of SBIR and [Small Business Technology Transfer] STTR within their cognizance.” The memo also requires each head of contracting activity (HCA) and each program executive office (PEO) to formulate a small business strategy “clearly identifying how they will incorporate and promote small business participation as prime contractors and through sub-contract provisions across the breadth of contracts under their purview.”

By signing this memo, ASN (RD&A) is challenging each member of our acquisition workforce to think differently, to think “Small Business - The First Option”, and to ensure small businesses are an integral part of our acquisition strategies. Our acquisition workforce already has quite a bit on their plates so why would Secretary Stackley sign out a memo assigning even more responsibilities? The answer is not so the DoN can meet a small business goal. It is because he recognizes, in light of declining defense budgets, the need to increase competition and get innovative solutions in the hands of our Sailors and Marines, quickly and affordably.

DoN’s HCAs and PEOs cannot implement these small business strategies without the active engagement of each member of their acquisition team. All members of the acquisition workforce must think differently about small business and work together to create a small business friendly environment. DoN currently does business with small businesses. As highlighted in the DoN OSBP’s Executive Summary for FY14,<sup>(6)</sup> the DoN met all of its prime small business contracting goals for the first time in fiscal year 2014. DoN realized similar success in fiscal year 2015. But it is not just about meeting a goal. Small business professionals and senior acquisition leaders frequently hear from small businesses about the challenges they face in doing business with the DoN. These challenges include large businesses not utilizing small businesses as subcontractors to the extent proposed, gaining access to government employees in an effort to better understand the government’s requirements, and excessively long contracting cycle times.

The DoN OSBP leadership, along with the OSBP Associate Directors from each DoN buying command, is developing the DoN OSBP’s Strategic Plan which we will share on the DoN OSBP’s Web page<sup>(7)</sup>. Part of our strategy involves developing tools and processes to help the deputy program managers successfully execute their small business advocacy role and successfully integrate small business in their acquisition strategies.

I want to hear your thoughts and ideas on how we can make “Small Business -The First Option” a reality. Go to <https://doninnovation.ideascale.com/a/ideas/top/campaigns/15210> to discuss

current challenges or future opportunities to improve our processes. You may also connect with the DoN OSBP via twitter [@DON\\_OSBP](#) and Facebook <https://www.facebook.com/NAVYOSBP>.

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\*\* =The opinions expressed here are solely those of the author(s), and do not necessarily reflect those of the Department of the Navy, Department of Defense or the United States government.

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#### References:

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