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**Increasing
the U.S. Department of the Navy's Opportunities
for Small Business and Non-Traditional Suppliers
through
Simplified Acquisitions Contracting and NAIC Targeting**

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- **Focus:** The challenge of small and nontraditional business participation in small-dollar “simplified” contracts awarded by the U.S. Department of the Navy (DON)
- **Scope:** contracts regardless of award method up to the Simplified Acquisition Threshold (SAT), generally \$150,000, except micro-purchase buys with government credit cards
- **Study methodology:** literature/case law review; case study of Naval Postgraduate School (NPS) SAT level contract award data recorded in the FPDS-NG
- **Questions:**
 - (1) What specific barriers prevent small and non-traditional suppliers from obtaining DON SAT level contract awards?
 - (2) What specific indicators should be assessed by buying commands to increase their SAT level small business spending?
 - (3) How should the DON buying commands apply SAT level contracting tools and best practices to overcome barriers to small business participation?





Study Problem: Small Business Participation Goals and Gaps

- **The “small-for-small” principle (“small biz sweetspot”):**
 - Common, intuitive truism that small firms should get all SAT level work
- **Across the Federal government:**
 - In FY2011, large businesses received “[a]bout \$4.74 billion, or 45 percent, of more than \$10.6 billion targeted for small businesses” in SAT level awards; “[s]ince fiscal 2006, the share of these contracts awarded to large businesses has risen to 45 percent from about 38 percent.” – The Washington Post (2012)
 - “[A] third-party analysis of data in the Federal Procurement Data System (FPDS) suggests that a significant amount of work under the SAT is not going to small businesses, including for products and services in industries where small businesses are typically well represented.” - OFPP & SBA (2012)
- **Within the U.S. Department of Defense:**
 - Small firms received 68 percent of total SAT level small business-eligible dollars awarded through 71 percent of SAT level contracts. Small business set-asides (reservations) of all kinds accounted for just 52 percent of total dollars and 47 percent of total actions. - DOD DPAP & OSBP (2012).
- **Role of the U.S. Department of the Navy:**
 - To help solve the “small-for-small” challenge, the DOD assigned an 86.18 percent SAT level small business spending goal to the DON for FY13. - ASN RD&A (2012)



Study Context: Small Business Contracting, Emphasis on Simplified

- **Preferred uses and attributed advantages of SAT level small business contracting:**

- **For increasing the government's small business performance:**

- OFPP and DOD/DON memos (2012)

- **For military operational use in disaster recoveries, contingencies, defense support of civil authorities, and emergencies:**

- OFPP Emergency Acquisition Guides (2007 and 2011)

- **Note: the Commander's Emergency Response Program (CERP) parallels SAT small business contracting**

- **For use in helping service-disabled veteran-owned small businesses (SDVOSBs) break into government contracting**

- Interagency Task Force on Small Business Owners report (2012)

- **SAT level contracting reform in Better Buying Power and Strategic Sourcing initiatives:**

- **BBPs 1.0 and 2.0** require better informed buyer discretion and meeting small business goals.

- **The DOD Strategic Sourcing Program** aims to enhance small business participation and realign the acquisition workforce from teams focused on business processes such as SAPs or other contracting mechanisms to teams based on supplies, equipment, and services portfolios. (DPAP 2013). *Should the item be bought at SAT level at all?*

- **DON SAT level small business contracting direction (ASN RDA 13 DEC 2012 Memo)**

- HCA level plans required; Sweetspot Executive Dashboard for Major Commands is used for 86.18 goal achievement assessments





What specific barriers prevent small and non-traditional suppliers from obtaining DON SAT level contract awards?



SAT Level Contracts: How Exactly Are They Awarded? Who Awards Them?

- **FAR Part 13 Simplified Acquisition Procedures (SAP):**
 - **Open market:** contracts solicited on www.fbo.gov (and www.neco.navy.mil) where they are **visible to everyone**, or orally and without vehicle prequalification up to \$30,000. Competition “to the maximum extent practicable”: at least three sources, two not solicited previously. - CRS (2011). Can solicited from local trade area. Reduced publicity aspect of the Procurement Administrative Lead Time (PALT) from 45 days (65 for WTO buys) to “reasonable” (3 days).
 - Purposes per FAR 13.002: (a) reduce administrative costs; (b) improve opportunities for small, SDBs, WOSBs, VOSBs, HUBZone, and SDVOSBs to obtain a fair proportion of government contracts; (c) promote efficiency and economy in contracting; and (d) avoid unnecessary burdens for agencies and contractors.”
 - Authorized Acquisition Workforce: 1102 Contracting Officers only
- **Task or Delivery Orders under Indefinite Delivery Vehicles (IDVs):**
 - **FAR Subpart 8.4 Federal Supply Schedule**
 - Orders solicited from GSA FSS holders only (or through GSA FSS Blanket Purchase Agreement holders), typically through GSA Advantage!
 - **FAR Subpart 16.5 Indefinite Delivery, Indefinite Quantity**
 - Orders solicited from IDV holders, typically through IDV-specific portals
 - Authorized Acquisition Workforce: 1102 Contracting Officers AND 1105 Purchasing Agents
 - In some commands, IDV ordering is further restricted to the DOD E-Mall portal
- **FAR Subpart 6.3 Sole Source Awards:**
 - Open market: Justifications & Approvals publicized on www.fbo.gov (and www.neco.navy.mil)
 - Authorized Acquisition Workforce: 1102 Contracting Officers only (1105 Purchasing Agents may place IDV orders)



What Tools Exist to Ensure Small Firm Participation in SAT Level Awards?

- **Mandatory Small Business Reservation (SBR):**
 - Automatic total set-aside tool for Open Market buys: “Acquisitions of supplies or services that have an anticipated dollar value exceeding \$3,000 and not exceeding \$150,000 are reserved exclusively for small business concerns and shall be set aside.” FAR § 13.003 (2012)
 - Presumptive Rule of Two: SAT level requirement be set aside for small business unless the contracting officer finds there is no reasonable expectation of obtaining offers from two or more responsible small business concerns that are competitive in terms of market prices, quality, and delivery. FAR § 19.502–2 (2012). In contracts above the SAT, an agency buyer must affirmatively demonstrate that there will be such a reasonable expectation.
- **Cascading Authority:**
 - Since 2006, if market research does not identify willing and capable small firms, the DFARS Cascading/Tiered Acquisition authority allows DOD buyers to state in the solicitation the intent to reserve an Open Market SAT acquisition for small businesses should such small businesses come forward later, or to reserve one or more SAT-level IDV task or delivery order awards for small businesses. Market research must be conducted; inability to make a definitive Rule of Two determination must be documented in contract file. (DFARS § 215.203-70, 2012).



What Tools Exist to Ensure Small Firm Participation in SAT Level Awards?

- **Discretionary Small Business Reservation (SBR):**

- The Small Business Jobs Act of 2010, Pub. L. 111-240, § 1331, authorizes the buying agencies, at their discretion, to use total or partial small business set-asides and small business “reserves” on IDVs, including FAR Subpart 8.4 FSS and FAR Subpart 16.5 MACs/IDIQs.
- In the view of the SBA, the SBR is a discretionary partial small business set-aside on IDV orders: “The SBA has ... seen instances where agencies will issue a multiple award contract using full and open competition, but state in the solicitation that all orders valued at less than a certain dollar threshold (e.g., \$150,000) are ‘reserved’ for small businesses. However, we believe that this could actually be a partial set-aside, since the agency could place into a separate category all orders at this dollar threshold . . .” (2012). This is similar to the already-existing DFARS Cascading authority.

- **Mandatory Consideration of Discretionary SBRs:**

- In 2012, a string of memos from OFPP, DPAP & OSBP, and ASN (RDA) directed:
 - New emphasis on mandatory SBR;
 - Mandatory consideration of discretionary SBR;
 - Mandatory justification in contract file for why no SBRs are used;
 - Controls on SBR non-use.



The Complexity in SAT Contracting: Industry and Requirements Coding

- Just when you thought you could do SAT level contracts by picking 1 in 4 contracting mechanisms and matching them to 1 in 3 small business contracting tools . . . you meet the codes!
 - Industrial classifications are done through the North American Industrial Classification System (NAICS) codes;
 - Requirements classifications are done through the combined system of Federal Supply Classifications (FSCs) and Product and Service Codes (PSCs).
 - The codes are used in market research, contract solicitations, and databases like SAM.gov and/or FPDS.gov to refer to both contracts and companies.
- These codes number in the thousands, and new codes are constantly added!
- Last effort to fundamentally reform the NAICS coding system died in 2004 . . .





The Complexity in SAT Contracting: The NAICS Coding System

- NAICS codes are **industry-specific** and based on a Census information system to track developments in various industries **pursuant to NAFTA**. In its Table of Size Standards, SBA assigns **to each NAICS code a small business size standard** based on average annual revenues, total employees, etc. “A concern must not exceed the size standard for the NAICS code specified in the solicitation.” (13 CFR § 121.402 (2012)).
- An agency buyer “designates the proper NAICS code and size standard in a solicitation, selecting **the NAICS code which best describes the principle purpose of the product or service being acquired**. Primary consideration is given to:
 - the industry descriptions in the NAICS United States Manual,
 - the product or service description in the solicitation and any attachments to it,
 - the relative value and importance of the components of the procurement making up the end item being procured, and
 - the function of the goods or services being purchased.” - 13 CFR § 121.402 (2012).
- The contract “is usually classified according to the component which accounts for the greatest percentage of contract value,” while the codes for IDV orders follow the code for the umbrella contract. - 13 CFR § 121.402 (2012).
- **Use of NAICS Codes:**
 - Small and large firms use NAICS codes in their SAM.gov registration, while buying agencies use NAICS codes in solicitations and in FPDS reporting of contract awards.
 - **Knowing NAICS codes is crucial for small firms because NAICS codes are used by agency buyers for the Rule of Two set-asides (SBRs) analysis.**



The Complexity in SAT Contracting: The FSC/PSC Coding

- The purpose of FSCs/PSCs is **primarily to classify the items (requirements) that are being bought regardless of the industry source.**
- FSCs, originally developed by the DOD (DLA), and PSCs, originally developed by the General Services Administration (GSA), are compiled and maintained by the GSA in its *Product and Services Codes Manual*. Due to GSA custody, the PSC acronym is usually used.
- **Use of FSC/PSC Codes:**
 - FSCs/PSCs published on the www.fbo.gov constitute “accurate description[s]” of agencies’ requirements so as to help **prospective contractors “make an informed business judgment as to whether to request a copy of the solicitation” and submit offers,**
 - while helping **agencies meet publicity rules** of the Competition in Contracting Act of 1984 and FAR Subpart 5.2. (GAO, *TMI Management Systems*, B-401530 (2009)).
 - Just like with NAICS code, small and large firms firm use PSC codes in their SAM.gov registration, while buying agencies use PSC codes in solicitations and in FPDS reporting of contract awards.
 - However, buying agencies **do NOT** use PSC codes for purposes of the Rule of Two
- Therefore, FSCs/PSCs are **of primary importance to established, especially large, firms selling particular items through a variety of contracting vehicles.**



NAICS and PSC Relationship: The Confused Buying Power

- **Fog-of-rules questions:** Which code should an agency buyer pick? Based on what criteria? Does that depend on past agency history? On past DOD history? On the database? On contracting mechanism/vehicle? On workforce series authority and training? Should NAICS and PSC codes be consistent with past use? Should they match each other? What if a buyer can't find firms in exact NAICS? Should small firms register for PSC and NAIC? . . .





NAICS and PSC: The 14 Barriers to Entry

- Illustration: Dilbert is unsure about requirements and industrial classifications and codes





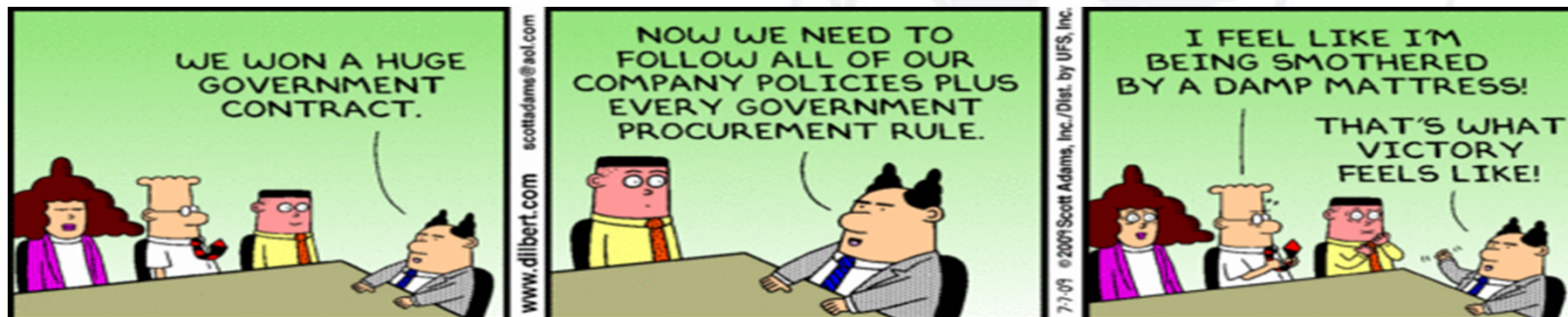
NAICS and PSC Mismatches: The 8 “General” Barriers to Entry

- (1) FPDS support contractor’s electronic reference table aids in matching NAICS and FSCs/PSCs; this table **does not preclude choosing more than one NAICS code for each of the FSCs/PSCs, and vice versa.** (GSA, *FPDS-NG User Manual*, § 2, 2013 and 2008).
 - “[T]he generality of both classification systems limits the ability to drill down to a level of detail that differentiates between information technology equipment. This prevents agencies from formulating commodity strategies . . .” (Bunting, *Play It Again, Sam*, PCLJ (2013)).
- (2) Individual agency buyers possess wide discretion in assigning NAICS codes, which will not be overturned by the courts, SBA, or the GAO unless unreasonable.
- (3) NAICS codes control the agency buyers’ market research, but **industry cannot legally rely on NAICS codes**, even though NAICS choices may be protested to the SBA.
 - GAO allows agencies wide latitude to use illegal or improper NAICS codes **as long as they use correct FSCs/PSCs.** (GAO, *TMI Management Systems*, B-401530 (2009)).
- (4) A single NAICS or a PSC category may cover **different goods and services** bought in a single acquisition because FPDS reports the predominant code as required by SBA.
- (5) FPDS allows agency buyers to inadvertently confuse the industry by writing requirements descriptions that “should directly **relate to the PSC or NAICS code . . .**” (GSA, *FPDS Manual*, (2013 and 2008)).
- (6) GAO itself acknowledged that NAICS code searches are “**quite burdensome for a contractor to have to regularly search such a large database in order for the contractor to be assured that it remained aware of potential contracting opportunities.**” (GAO 2005).
- (7) NAICS designations on IDV task and delivery orders contracting **awards do not accurately reflect the supplier base or the subject matter of the contracts** to be performed.
 - E.g., DON’s Seaport-e MAC is held by 1,800-plus professional services contractors through 22 functional areas, and only one NAICS code.
- (8) GAO precedents actually direct prospective vendors to search solicitations three (3) ways: by geographic location, NAICS, and PSC designations. (GAO 2009 and 2005).



NAICS and PSC Mismatches: Enter the Non-Manufacturer Rule

- Purpose of the Non-manufacturer Rule (NMR) is to protect domestic small manufacturers:
 - **The duty of agency buyers:** “Acquisitions for supplies must be classified under the appropriate manufacturing NAICS code, not under a Wholesale Trade or Retail Trade NAICS code. . . .”
 - **The duty of small businesses:** “A concern that submits an offer or quote for a contract where the NAICS code assigned to the contract is one for supplies, and furnishes a product it did not itself manufacture or produce, is categorized as a nonmanufacturer and deemed small if it meets the requirements set forth in 13 CFR § 121.406(b) (2012).”
- A nonmanufacturer small business **must furnish products of a small business manufacturer**, unless it meets complicated waivers and limited exceptions:
 - In a set-aside “other than for construction or services,” the SBA may issue a class or contract-specific waiver to supply any firm’s product if it finds that there are no small business manufacturers. (FAR § 19.102(f) 2012).
 - “In addition, SBA has excepted procurements processed under simplified acquisition procedures (see Part 13), **where the anticipated cost of the procurement will not exceed \$25,000**, from the nonmanufacturer rule. The exception permits small businesses to provide any domestic firm’s product [and such small firms will be considered for Rule of Two purposes].” (FAR § 19.502-2(c) (2012)).
- Small businesses register for manufacturing NAICS codes in SAM.gov. There is **no opportunity** to register for the waiver up to \$25,000. If an agency makes a mistake, the small firm loses out.





The 6 Manufacturing Barriers to Entry

- (1) Obtaining NMR waivers is **unduly burdensome** in the time-sensitive SAP/SAT environment.
 - PALT publicity and posting times may be reduced to “reasonable,” e.g. 3 days, or oral solicitations
- (2) Agency buyers **lack direction on when to seek NMR waivers**.
 - Where a buyer cannot determine whether small business manufacturers exist, he or she may simply cancel the SAP Open Market set-aside even if there are two or more small business resellers and award directly to the large business manufacturer without seeking the NMR waiver. (GAO, *Fluid Power International*, B- 278479 (1997)).
- (3) GAO encouraged **easy cancellations of manufacturing set-asides**:
 - Even where there are several small business resellers but only one known small business manufacturer, the agency is able to conduct procurements on an unrestricted basis. (GAO, *Adrian Supply Co.*, B-257261 (1994)). In contrast, FAR § 19.502-2 (2012)) expects that an award will be made to the sole small firm responding to a set-aside.
- (4) Small manufacturers and resellers are given **confusing directions** in SAM.gov:
 - The SAM User Guide (2013) **does not recognize a reseller category** within its core data registration fields, only the manufacturer category. Reseller designations can only be chosen as part of industrial classification entries as part of assertions data. SAM User Guide § 3.4.2 further confuses the issue by advising at once to enter NAICS codes for what the company **can** provide and for what **best** represents its business line. **There is no opportunity to register as a reseller qualified to provide manufactured goods under the SBA’s \$25,000 waiver.**
- (5) In SAM.gov, PSC/FSC Codes are requested as **optional entries only**, while at least one NAICS code is **mandated** for a complete registration. This creates the false impression that PSCs/FSCs are superfluous.
- (6) GSA’s FPDS Manual A.28 (2013 and 2008) allows NAICS and FSC/PSC matches which **vary from buying official to buying official, contract to contract, regardless of identity of requirements**.
 - “[W]e allow users to select what they want from two or three filters. For example, we do not buy “Photographic and Photocopying Equipment Manufacturing”, “Photographic Equipment and Supplies Wholesalers”, or “Camera and Photographic Supplies Stores”, we buy cameras.”



Current Solutions to the Problem of SAT Level Small Biz Participation

- **Administrative Controls: The 2012 OFPP/DOD/DON mandatory consideration memos**
 - Consist of dashboard, requirements to plan, to document non-SBR acquisition strategies, and to conduct file reviews.
- **Interagency Comparisons of Small Business Vendor Pools: The DOD OSBP MAXPRAC Model**
 - Consists of a large .ZIP file with DOD-wide small business contracting data arranged by NAICS and PSC <http://www.acq.osd.mil/osbp/docs/CivilianAgencyMaxPracFY11-0312.zip>. DOD agencies would compare other DOD agencies' small business history and try to solicit those vendors.
 - **MAXPRAC design assumptions render it unsuitable for SAT level contracting:**
 - (1) Multi-agency data is a legally sound set-aside tool. In contrast, the GAO cast doubt on whether multiagency successful histories are sound data for purposes of specific set-asides. (GAO 1987).
 - (2) A buying command can or will make all its requirements advertising within a particular NAICS category available to all potential suppliers. This rule is valid solely for Open Market procurements over \$25,000. (GAO 2005). Under FAR Subparts 5.1 and 5.2, 8.4, 13.3, and 16.5, these rules do not apply to IDV orders postings and IDV Blanket Purchase Agreements (BPAs) in certain Strategic Sourcing Initiatives (e.g., furniture and office supplies).
 - (3) Multi-agency aggregate data is accurate and consistent for SAT market research purposes. In reality, as illustrated in Jess Bruner, "the correct NAICS code . . . include[d] many divergent services and postings nationwide [on www.fbo.gov]; indeed, a [sample] search was conducted and it yielded well over 900 different postings." (GAO 2005). Further, large agency IDVs or MACs combine widely diverse PSC requirements under each preferred NAICS code.
 - (4) MAXPRAC assumes enough time is available in SAT level buys to sort out external data.
 - (5) MAXPRAC ignores varying skills and authorities of 1105 Purchasing and 1102 Contracts Specialist series.
- **Tacit Avoidance of NAICS/PSC Through Aggregation: The RFP-EZ Portal**
 - Consists of a NAICS- and PSC-free vendor registration portal, RFP-EZ, <https://rfpez.sba.gov>, developed by the Presidential Innovation Fellows in 2012. Industries are limited to 8 new media-related types; contracts are SAT level. New entrant firms, SBIR participants, and other small businesses are targeted.





What specific indicators should be assessed by buying commands to increase their SAT level small business spending?



What Is Needed To Make SAT Simple?

- **A new analytical model** focused on:
 - Command level, not inter-agency level;
 - Building up current/local small business supplier base;
 - SAT level, not bigger awards;
 - Aggregation of NAICS and PSC codes by sector, subsectors, and portfolios to step over coding barriers;
 - Analysis of market dominance of NAICS and PSC classifications by business sector
 - Insight into workforce competencies and knowledge of existing supplier base. Look at the **transactional** process from the view of individual buyer and vendor
- **The NAICS Access Visualization – Understanding Subsector Availability (NAVUSA) model** is proposed as a SAT level alternative to the MACPRAC model



NPS SAT Level Procurement FY 2012

Why examine NPS SAT Level Procurement?

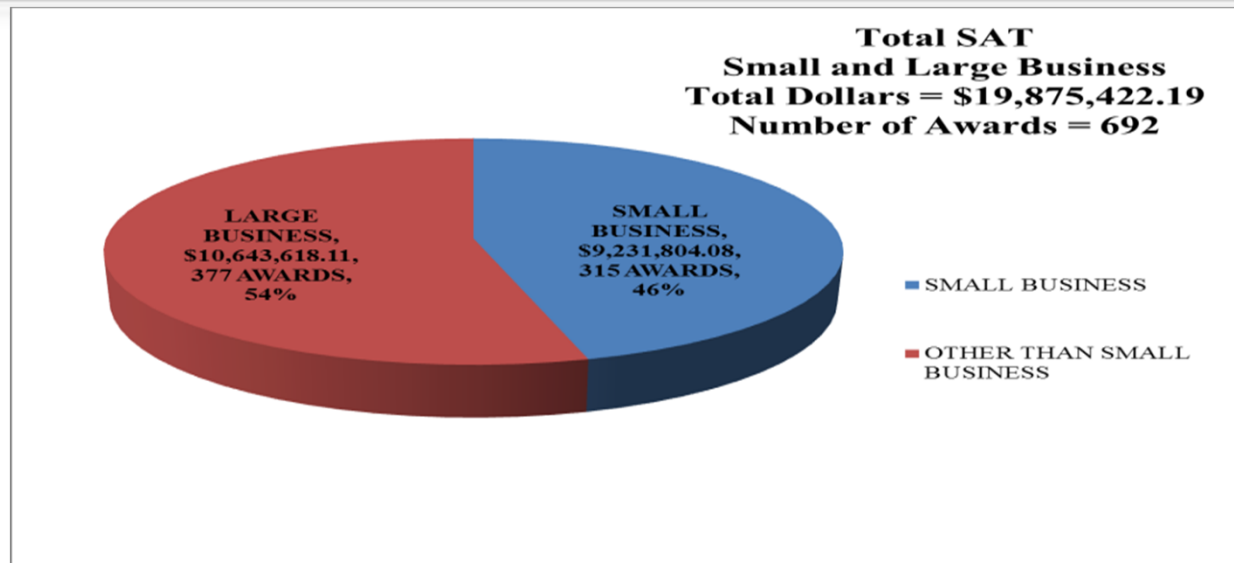
- The NPS Directorate of Contracting and Logistics Management (NPS C&LM) was granted warrant authority from Fleet Logistics Center San Diego (FLC SD) in early 2011.
- The Director of the NPS C&LM is a seasoned contracting official with over 30 years within Navy Contracting. The procurement officials of the NPS C&LM were in a neophyte stage with the DAU educational certifications. The teams individual experience background and less than 5 years of contracting experience of over the micro purchase thresholds of IDV and MAC ordering. (NAICS already set).

Professional Authority Thresholds and Training	1105 Purchasing Agent (warranted)	1102 Contracting Specialist (warranted)
*DAU Certification Required (per DAU 2013)	Purchasing Level I and II	Contracting Level I, II, III
Products Open Market	\$3,000	\$150,000
Products and Services IDVs	\$150,000	\$500,000
Services Open Market	\$2,500	\$150,000

- In FY 2011, the five year single award (awarded by an FLC) IDIQ had expired and this award was the main source of service support for the entire campus under a small business single NAICS code. This IDIQ was used for a wide variety of requirement support.
- NPS historically has had a large number of SAT level sole source requirements to large businesses.
- FPDS data specific to NAICS and PSC/FSC codes had never been examined at NPS as a independent contracting office.



The Case Study Setting: NPS FY 2012 SAT level Awards



- 40% short of meeting 86.16% goal
- Small Business award have increase by at least 40%. Is that possible?
- Small business goal feasibility cap: 24.93% were Large Business sole source awards, leaving approximately 75% as feasibility ceiling and requiring about a 30% increase in small business spending
- Command cannot meet without intensive market research and changing historical RFQ NAICS and PSC codes
- Aggregation of NAICS subsectors and PSC Portfolios may help NPS to meet the Command specific feasibility percentage.



NAV-USA Model Small Business Capability Determination

PSC

PSC CATEGORIES	ACTUAL SPENDING	LB ACTUAL SHARE	SB ACTUAL SHARE	TOTAL SHARES	SB CAPABLE SHARE
SMALL BUSINESS ONLY	\$491,746.58		2.47%	2.47%	2.47%
LARGE BUSINESS ONLY	\$387,938.82	1.95%		1.95%	
LB-MAJORITY TOTAL	\$10,193,904.15			51.29%	
LB-MAJORITY LARGE BUSINESS	\$7,159,320.27	36.02%			15.27%
LB-MAJORITY SMALL BUSINESS	\$3,034,583.88		15.27%		15.27%
SB-MAJORITY TOTAL	\$8,801,772.64			44.28%	
SB-MAJORITY LARGE BUSINESS	\$3,096,299.02	15.58%			15.58%
SB-MAJORITY SMALL BUSINESS	\$5,705,473.62		28.71%		28.71%
TOTAL	\$19,875,422.19	53.55%	46.45%	100.00%	77.29%

NAICS

NAICS CATEGORIES	ACTUAL SPENDING	LB ACTUAL SHARE	SB ACTUAL SHARE	TOTAL SHARES	SB CAPABLE SHARE
SMALL BUSINESS ONLY	\$313,756.13		1.58%	1.58%	1.58%
LARGE BUSINESS ONLY	\$79,836.00	0.40%		0.40%	
LB-MAJORITY TOTAL	\$6,844,762.08			34.44%	
LB-MAJORITY LARGE BUSINESS	\$5,639,103.81	28.37%			6.07%
LB-MAJORITY SMALL BUSINESS	\$1,205,658.27		6.07%		6.07%
SB-MAJORITY TOTAL	\$12,637,007.98			63.58%	
SB-MAJORITY LARGE BUSINESS	\$4,924,618.30	24.78%			24.78%
SB-MAJORITY SMALL BUSINESS	\$7,712,389.68		38.80%		38.80%
TOTAL	\$19,875,422.19	53.55%	46.45%	100.00%	77.29%

- Small Business has the capability to achieve 77.29% of SAT level awards
- Large Business have exclusive 1.95% of PSC and .40% of NAICS spending
- PSC codes are dominated by Large Business Majority of 51.29%
- Small business-dominated NAICS codes (majority spending with Small Business) equal 63.58%.

Small business have higher NAICS exclusivity and domination of mixed-size NAICS codes; Large business show some PSC dominance



Aggregation Results of the NAV-USA model

Aggregation	Total LB Awards	Total SB Awards	Majority LB Awards	Majority SB Awards
NAICS Subsectors	5	3	13	8
% of Total Award Dollars	1.58%	.40%	34.44%	63.58%
PSC/FSC Portfolios	12	13	8	16
% of Total Award Dollars	1.95%	2.47%	51.29%	44.28%

- NAICS Subsectors favor Small Business dominance
 - Small firms face a classification transparency gap of 18.41% in SB dominance (yellow)
- PSC/FSC Portfolios favor Large Business dominance
- Opportunity exists to increase Small Business awards by examining and identifying the NAICS Subsectors and PSC Portfolio classification of the Majority Large Business Awards



Aggregation/Dominance of Small Business Vendor Base by NAICS

- Existing small business vendor base could fulfill well-over two-thirds of current SAT level spending (65.16%) through mandatory or discretionary SBRs within 13 NAICS subsectors. Approximately a third of total SAT level spending (34.44% accounting for 13 NAICS subsectors) could be subject to partial SB reserves and/or cascading procedures:

NAICS SUBSECTORS WITH TOTAL SMALL BUSINESS AWARDS (TOTAL SB RESERVATION CAPABLE):		
236 CONSTRUCTION AND BUILDINGS	\$286,206.00	1.44%
326 PLASTICS AND RUBBER PRODUCTS MANUFACTURING	\$14,570.13	0.07%
327 NONMETALLIC MINERAL PRODUCT MANUFACTURING	\$2,790.00	0.01%
484 TRUCK TRANSPORTATION	\$4,690.00	0.02%
562 WASTE MANAGEMENT AND REMEDIATION SERVICES	\$5,500.00	0.03%
TOTAL:	\$313,756.13	1.58%
NAICS SUBSECTORS WITH TOTAL LARGE BUSINESS AWARDS (SB RESERVATION UNLIKELY):		
331 PRIMARY METAL MANUFACTURING	\$1,082.00	0.01%
533 LESSORS OF NONFINANCIAL INTANGIBLE ASSETS (EXCEPT COPYRIGHTED WORKS)	\$7,440.00	0.04%
813 RELIGIOUS, GRANTMAKING, CIVIC, PROFESSIONAL, AND SIMILAR ORGANIZATIONS	\$71,374.00	0.36%
TOTAL:	\$79,896.00	0.40%
NAICS SUBSECTORS WITH MAJORITY-LARGE BUSINESS AWARDS (SB RESERVATION PARTIALLY CAPABLE):		
323 PRINTING AND RELATED SUPPORT ACTIVITIES	\$34,344.28	0.17%
335 ELECTRICAL EQUIPMENT, APPLIANCE, AND COMPUTER MANUFACTURING	\$272,214.73	1.37%
337 FURNITURE AND RELATED PRODUCT MANUFACTURING	\$24,646.63	0.12%
339 MISCELLANEOUS MANUFACTURING	\$134,251.15	0.68%
442 FURNITURE AND HOME FURNISHING STORES	\$206,515.02	1.04%
443 ELECTRONICS AND APPLIANCE STORES	\$643,004.10	3.24%
444 BUILDING MATERIALS AND GARDEN EQUIPMENT AND SUPPLIES DEALERS	\$43,239.08	0.22%
511 PUBLISHING INDUSTRIES (EXCEPT INTERNET)	\$912,513.98	4.59%
512 MOTION PICTURES AND SOUND RECORDING INDUSTRIES	\$66,750.00	0.34%
517 TELECOMMUNICATIONS	\$237,079.47	1.19%
519 OTHER INFORMATION SERVICES	\$578,835.41	2.91%
611 EDUCATIONAL SERVICES	\$3,404,138.94	17.13%
811 REPAIR AND MAINTENANCE	\$287,229.29	1.45%
TOTAL:	\$6,844,762.08	34.44%
NAICS SUBSECTORS WITH MAJORITY-SMALL BUSINESS AWARDS (TOTAL SB RESERVATION CAPABLE):		
332 FABRICATED METAL PRODUCT MANUFACTURING	\$98,214.84	0.49%
333 MACHINERY MANUFACTURING	\$355,527.33	1.79%
334 COMPUTER AND ELECTRONIC PRODUCT MANUFACTURING	\$5,194,895.19	26.14%
336 TRANSPORTATION EQUIPMENT MANUFACTURING	\$128,615.73	0.65%
423 MERCHANT WHOLESALERS, DURABLE GOODS	\$132,482.14	0.67%
532 RENTAL AND LEASING SERVICES	\$68,353.32	0.34%
541 PROFESSIONAL, SCIENTIFIC, AND TECHNICAL SERVICES	\$6,287,488.85	31.63%
561 ADMINISTRATIVE AND SUPPORT SERVICES	\$371,430.58	1.87%
TOTAL:	\$12,637,007.98	63.58%



Aggregation/Dominance of Small Business Vendor Base by PSC

- Small firms dominate less than 50% (46.75%) of command SAT level requirements as classified by PSC/FSC portfolios (but 65.16% as classified by NAICS subsectors):

PSC PORTFOLIOS WITH TOTAL LARGE BUSINESS AWARDS (SB RESERVATION UNLIKELY):		
16 AIRCRAFT COMPONENTS/ACCESSORIES	\$5,976.30	0.03%
20 SHIPS AND MARINE EQUIPMENT	\$33,027.72	0.17%
39 MATERIALS HANDLING EQUIPMENT	\$12,142.00	0.06%
69 TRAINING AIDES AND DEVICES	\$70,060.60	0.35%
95 METAL BARS, SHEETS, SHAPES	\$1,082.00	0.01%
AJ GENERAL SCIENCE/TECHNOLOGY R&D	\$104,124.00	0.52%
AP NATURAL RESOURCES R&D	\$6,500.00	0.03%
B5 SPECIAL STUDIES - NOT R&D	\$36,144.00	0.18%
H9 OTHER QUALITY TESTING AND INSPECTION SERVICES	\$30,000.00	0.15%
R7 MANAGEMENT SUPPORT SERVICES	\$77,462.20	0.39%
W0 LEASE OR RENTAL OF EQUIPMENT	\$5,031.00	0.03%
X1 LEASE/RENTAL OF BUILDINGS	\$6,449.00	0.03%
TOTAL	\$387,998.82	1.95%
PSC PORTFOLIOS WITH TOTAL SMALL BUSINESS AWARDS (TOTAL SB RESERVATION CAPABLE):		
34 METAL WORKING MACHINERY	\$21,335.83	0.11%
36 SPECIAL INDUSTRY MACHINERY	\$18,895.00	0.10%
45 PLUMBING, HEATING, WASTE DISPOSAL	\$5,500.00	0.03%
49 MAINTENANCE/REPAIR SHOP EQUIPMENT	\$3,950.00	0.02%
53 HARDWARE AND ABRASIVES	\$4,500.00	0.02%
54 PREFABRICATED STRUCTURES/SCAFFOLDING	\$24,036.37	0.12%
63 ALARM, SIGNAL, SECURITY DETECTION	\$4,235.00	0.02%
75 OFFICE SUPPLIES AND DEVICES	\$4,776.00	0.02%
77 MUSICAL INSTRUMENTS/PHONOGRAPHS/HOME RADIO	\$56,778.53	0.29%
84 CLOTHING/INDIVIDUAL EQUIPMENT, INSIGNIA	\$35,303.85	0.18%
K0 MODIFICATION OF EQUIPMENT	\$18,750.00	0.09%
N0 INSTALLATION OF EQUIPMENT	\$7,480.00	0.04%
Z1 MAINTENANCE, ALTERATION, REPAIR OF BUILDINGS	\$286,206.00	1.44%
TOTAL	\$491,746.58	2.47%
PSC PORTFOLIOS WITH MAJORITY-LARGE BUSINESS AWARDS (SB RESERVATION PARTIALLY CAPABLE):		
59 ELECTRICAL/ELECTRONIC EQUIPMENT COMPONENTS	\$61,356.26	0.31%
70 ADP EQUIPMENT/SOFTWARE/SUPPLIES AND EQUIPMENT	\$5,498,716.67	27.67%
71 FURNITURE	\$262,182.10	1.32%
76 BOOKS, MAPS, OTHER PUBLICATIONS	\$884,674.44	4.45%
AF EDUCATION R&D	\$89,115.00	0.45%
H1 QUALITY CONTROL SERVICES	\$8,291.16	0.04%
T0 PHOTOGRAPHY, MAPPING, PRINTING, PUBLISHING	\$160,850.20	0.81%
U0 EDUCATION AND TRAINING SERVICES	\$3,228,718.32	16.24%
TOTAL:	\$10,193,904.15	51.29%
PSC PORTFOLIOS WITH MAJORITY-SMALL BUSINESS AWARDS (SB RESERVATION FULLY CAPABLE):		
18 SPACE VEHICLES	\$155,158.72	0.78%
19 SHIPS, SMALL CRAFT, PONTOON, DOCKS	\$141,366.00	0.71%
43 PUMPS AND COMPRESSORS	\$28,412.80	0.14%
52 MEASURING TOOLS	\$68,680.21	0.35%
58 COMMUNICATION/DETECTION/COHERENT RADIATION	\$311,941.10	1.57%
61 ELECTRIC WIRE, POWER DISTRIBUTION EQUIPMENT	\$84,105.27	0.42%
65 MEDICAL, DENTAL, VETERINARY EQUIPMENT AND SUPPLIES	\$20,942.85	0.11%
66 INSTRUMENTS AND LABORATORY EQUIPMENT	\$1,678,060.82	8.44%
67 PHOTOGRAPHIC EQUIPMENT	\$133,625.16	0.67%
74 OFFICE MACHINES/TEXT PROCESSING/VISIBLE RECORDING	\$114,041.17	0.57%
AD DEFENSE (OTHER) R&D	\$60,806.87	0.31%
D3 ADP AND TELECOMMUNICATIONS	\$2,330,031.51	11.72%
J0 MAINTENANCE, REPAIR, REBUILD OF EQUIPMENT	\$256,373.41	1.29%
L0 TECHNICAL REPRESENTATIVE SERVICES	\$156,322.00	0.79%
R4 PROFESSIONAL SERVICES	\$2,972,288.16	14.95%
R6 ADMINISTRATIVE SUPPORT SERVICES	\$289,616.59	1.46%
TOTAL	\$8,801,772.64	44.28%



Manufacturing, Supplies, or Services NAICS Subsectors Impact on Awardee Business Size

Manufacturing and Services provide Opportunity to increase SB Awards. Correctly coding manufacturing awards helps Small Business

NAICS Subsector	Large Business Awards %	Small Business Awards %
Manufacturing	16.58%	19.51%
Supplies: Sellers and Stores	3.10%	2.06%
Services	33.88%	24.87%

Manufacturing is small business-friendly: Manufacturing Large Business spending was made predominantly in NAICS Subsectors dominated by Small business

LARGE BUSINESS AWARDS FOR MANUFACTURING NAICS SUBSECTORS		
332 FABRICATED METAL PRODUCT MANUFACTURING	\$15,298.00	0.08%
333 MACHINERY MANUFACTURING	\$27,278.01	0.14%
334 COMPUTER AND ELECTRONIC PRODUCT MANUFAC	\$2,429,296.01	12.22%
336 TRANSPORTATION EQUIPMENT MANUFACTURING	\$61,965.30	0.31%
SUBTOTAL: ALL MAJORITY-SB NAICS SUBSECTORS:	\$2,533,837.32	12.75%
331 PRIMARY METAL MANUFACTURING	\$1,082.00	0.01%
SUBTOTAL: ALL LB-ONLY NAICS SUBSECTORS	\$1,082.00	0.01%
335 ELECTRICAL EQUIPMENT, APPLIANCE, AND COMPI	\$155,697.63	0.78%
337 FURNITURE AND RELATED PRODUCT MANUFACTUR	\$15,568.06	0.08%
339 MISCELLANEOUS MANUFACTURING	\$105,200.00	0.53%
323 PRINTING AND RELATED SUPPORT ACTIVITIES	\$20,073.02	0.10%
511 PUBLISHING INDUSTRIES (EXCEPT INTERNET)	\$463,638.66	2.33%
SUBTOTAL: ALL MAJORITY-LB NAICS SUBSECTORS:	\$760,177.37	3.82%
TOTAL:	\$3,295,096.69	16.58%

SMALL BUSINESS AWARDS FOR MANUFACTURING NAICS SUBSECTORS		
332 FABRICATED METAL PRODUCT MANUFACTURING	\$82,916.84	0.42%
333 MACHINERY MANUFACTURING	\$328,249.32	1.65%
334 COMPUTER AND ELECTRONIC PRODUCT MANUFAC	\$2,765,599.18	13.91%
336 TRANSPORTATION EQUIPMENT MANUFACTURING	\$66,650.43	0.34%
SUBTOTAL: ALL MAJORITY-SB NAICS SUBSECTORS:	\$3,243,415.77	16.32%
326 PLASTICS AND RUBBER PRODUCTS MANUFACTURI	\$14,570.13	0.07%
327 NONMETALLIC MINERAL PRODUCT MANUFACTURIN	\$2,790.00	0.01%
SUBTOTAL: ALL SB-ONLY NAICS SUBSECTORS:	\$17,360.13	0.09%
323 PRINTING AND RELATED SUPPORT ACTIVITIES	\$14,271.26	0.07%
335 ELECTRICAL EQUIPMENT, APPLIANCE, AND COMPI	\$116,517.10	0.59%
337 FURNITURE AND RELATED PRODUCT MANUFACTUR	\$9,078.57	0.05%
339 MISCELLANEOUS MANUFACTURING	\$29,051.15	0.15%
511 PUBLISHING INDUSTRIES (EXCEPT INTERNET)	\$448,875.32	2.26%
SUBTOTAL: ALL MAJORITY-LB NAICS SUBSECTORS:	\$617,793.40	3.11%
TOTAL:	\$3,878,569.30	19.51%



Non-Manufacturer Rule Impact

- **Improper designations of manufacturing NAICS procurements within retail subsectors of Supplies (Sellers and Stores) favors large firms:**
 - Large firms received virtually all of their Suppliers (Sellers and Stores) awards in 3 NAICS subsectors dominated by large firms, and minimal spending under 0.01% in one NAICS subsector dominated by small firms. Small firms received the vast majority (1.4% out of 2.06%) of their Supplies (Sellers and Stores) awards in the three NAICS subsectors dominated by large firms.

LARGE BUSINESS AWARDS FOR SUPPLIES (SELLERS AND STORES) NAICS SUBSECTORS		
423 MERCHANT WHOLESALERS, DURABLE GOODS	\$856.00	0.00%
SUBTOTAL: ALL MAJORITY-SB NAICS SUBSECTORS:	\$856.00	0.00%
442 FURNITURE AND HOME FURNISHING STORES	\$140,885.55	0.71%
443 ELECTRONICS AND APPLIANCE STORES	\$447,320.91	2.25%
444 BUILDING MATERIALS AND GARDEN EQUIPMENT AND SUPPLIES	\$26,605.32	0.13%
SUBTOTAL: ALL MAJORITY-LB NAICS SUBSECTORS:	\$614,811.78	3.09%
TOTAL:	\$615,667.78	3.10%

SMALL BUSINESS AWARDS FOR SUPPLIES (SELLERS AND STORES) NAICS SUBSECTORS		
423 MERCHANT WHOLESALERS, DURABLE GOODS	\$131,626.14	0.66%
SUBTOTAL: ALL MAJORITY-SB NAICS SUBSECTORS:	\$131,626.14	0.66%
442 FURNITURE AND HOME FURNISHING STORES	\$65,629.47	0.33%
443 ELECTRONICS AND APPLIANCE STORES	\$195,683.19	0.98%
444 BUILDING MATERIALS AND GARDEN EQUIPMENT AND SUPPLIES	\$16,633.76	0.08%
SUBTOTAL: ALL MAJORITY-LB NAICS SUBSECTORS:	\$277,946.42	1.40%
TOTAL:	\$409,572.56	2.06%



Large Business NAICS Subsectors

LARGE BUSINESS AWARDS FOR SERVICES NAICS SUBSECTORS		
532 RENTAL AND LEASING SERVICES	\$6,374.00	0.03%
541 PROFESSIONAL, SCIENTIFIC, AND TECHNICAL SER	\$2,264,711.77	11.39%
561 ADMINISTRATIVE AND SUPPORT SERVICES	\$118,839.21	0.60%
SUBTOTAL: ALL MAJORITY-SB NAICS SUBSECTORS:	\$2,389,924.98	12.02%
533 LESSORS OF NONFINANCIAL INTANGIBLE ASSETS	\$7,440.00	0.04%
813 RELIGIOUS, GRANTMAKING, CIVIC, PROFESSIONAL	\$71,374.00	0.36%
SUBTOTAL: ALL LB-ONLY NAICS SUBSECTORS	\$78,814.00	0.40%
512 MOTION PICTURES AND SOUND RECORDING INDUS	\$43,750.00	0.22%
517 TELECOMMUNICATIONS	\$230,773.97	1.16%
519 OTHER INFORMATION SERVICES	\$516,747.41	2.60%
611 EDUCATIONAL SERVICES	\$3,316,889.37	16.69%
811 REPAIR AND MAINTENANCE	\$155,953.91	0.78%
SUBTOTAL: ALL MAJORITY-LB NAICS SUBSECTORS:	\$4,264,114.66	21.45%
TOTAL:	\$6,732,853.64	33.88%

21.45% Dominated by LB

Top LB Subsectors

16.69%

Educational Services
- *target for cascading*

11.39%

Professional, Scientific, and
Technical Services
- *target for SBR*

Small Business NAICS Subsectors

SMALL BUSINESS AWARDS FOR SERVICES NAICS SUBSECTORS		
532 RENTAL AND LEASING SERVICES	\$61,979.32	0.31%
541 PROFESSIONAL, SCIENTIFIC, AND TECHNICAL SER	\$4,022,777.08	20.24%
561 ADMINISTRATIVE AND SUPPORT SERVICES	\$252,591.37	1.27%
SUBTOTAL: ALL MAJORITY-SB NAICS SUBSECTORS:	\$4,337,347.77	21.82%
236 CONSTRUCTION AND BUILDINGS	\$286,206.00	1.44%
484 TRUCK TRANSPORTATION	\$4,690.00	0.02%
562 WASTE MANAGEMENT AND REMEDIATION SERVICE	\$5,500.00	0.03%
SUBTOTAL: ALL SB-ONLY NAICS SUBSECTORS:	\$296,396.00	1.49%
512 MOTION PICTURES AND SOUND RECORDING INDUS	\$23,000.00	0.12%
517 TELECOMMUNICATIONS	\$6,305.50	0.03%
519 OTHER INFORMATION SERVICES	\$62,088.00	0.31%
611 EDUCATIONAL SERVICES	\$87,249.57	0.44%
811 REPAIR AND MAINTENANCE	\$131,275.38	0.66%
SUBTOTAL: ALL MAJORITY-LB NAICS SUBSECTORS:	\$309,918.45	1.56%
TOTAL:	\$4,943,662.22	24.87%

24.87% Dominated by SB

Top SB Subsector

20.24%

Professional, Scientific, and
Technical Services

*SB Participation efforts should focus
on the top LB Subsectors*



PSC Portfolio Analysis by Size Sector

LB received 70.92% of their work in exclusive contracts in 12 PSC/FSC portfolios (no small firms), and in 8 PSC/FSC portfolios where LB dominated. About one-third of large firm spending (29.08% of large business spending) were in 8 PSC/FSC portfolios where small firms dominated. **Large firms tend to dominate fewer PSC/FSCs than small firms, and large firms have a clear competitive advantage over small firms in select top PSC/FSC portfolios.**

Small firms received two-thirds of their work (67.13 % of small business awards) in exclusive contracts in 13 PSC/FSC portfolios (no large firms), and in 17 PSC/FSC portfolios where they dominated. About one-third of small business awards (32.87% of SB spending or 15.27 % of total spending) were in 8 PSC/FSC portfolios where large firms dominated. **In top 10 PSC/FSCs portfolios for large and small firms, 6 overlap.**

LARGE BUSINESS PSC PORTFOLIOS		
U0 EDUCATION AND TRAINING SERVICES	\$3,083,964.14	28.97%
70 ADP EQUIPMENT/SOFTWARE/SUPPLIES AND EQUIPMENT	\$2,893,605.38	27.19%
R4 PROFESSIONAL SERVICES	\$1,272,938.77	11.96%
D3 ADP AND TELECOMMUNICATIONS	\$762,307.52	7.16%
76 BOOKS, MAPS, OTHER PUBLICATIONS	\$720,259.62	6.77%
66 INSTRUMENTS AND LABORATORY EQUIPMENT	\$630,348.85	5.92%
71 FURNITURE	\$183,058.93	1.72%
T0 PHOTOGRAPHY, MAPPING, PRINTING, PUBLISHING	\$137,850.20	1.30%
J0 MAINTENANCE, REPAIR, REBUILD OF EQUIPMENT	\$104,706.45	0.98%
AJ GENERAL SCIENCE/TECHNOLOGY R&D	\$104,124.00	0.98%
AF EDUCATION R&D	\$84,165.00	0.79%
R6 ADMINISTRATIVE SUPPORT SERVICES	\$83,430.92	0.78%
R7 MANAGEMENT SUPPORT SERVICES	\$77,462.20	0.73%
69 TRAINING AIDES AND DEVICES	\$70,060.60	0.66%
18 SPACE VEHICLES	\$55,915.72	0.53%
19 SHIPS, SMALL CRAFT, PONTOON, DOCKS	\$54,052.00	0.51%
59 ELECTRICAL/ELECTRONIC EQUIPMENT COMPONENTS	\$51,251.00	0.48%
74 OFFICE MACHINES/TEXT PROCESSING/VISIBLE RECORDING	\$42,522.03	0.40%
B5 SPECIAL STUDIES - NOT R&D	\$36,144.00	0.34%
20 SHIPS AND MARINE EQUIPMENT	\$33,027.72	0.31%
H9 OTHER QUALITY TESTING AND INSPECTION SERVICES	\$30,000.00	0.28%
61 ELECTRIC WIRE, POWER DISTRIBUTION EQUIPMENT	\$20,098.14	0.19%
67 PHOTOGRAPHIC EQUIPMENT	\$19,810.01	0.19%
AD DEFENSE (OTHER) R&D	\$13,166.87	0.12%
39 MATERIALS HANDLING EQUIPMENT	\$12,142.00	0.11%
65 MEDICAL, DENTAL, VETERINARY EQUIPMENT AND SUPPLIES	\$10,409.45	0.10%
58 COMMUNICATION/DETECTION/COHERENT RADIATION	\$9,796.84	0.09%
L0 TECHNICAL REPRESENTATIVE SERVICES	\$6,735.00	0.06%
AP NATURAL RESOURCES R&D	\$6,500.00	0.06%
X1 LEASE/RENTAL OF BUILDINGS	\$6,449.00	0.06%
16 AIRCRAFT COMPONENTS/ACCESSORIES	\$5,976.30	0.06%
52 MEASURING TOOLS	\$5,630.65	0.05%
H1 QUALITY CONTROL SERVICES	\$5,166.00	0.05%
W0 LEASE OR RENTAL OF EQUIPMENT	\$5,031.00	0.05%
43 PUMPS AND COMPRESSORS	\$4,429.80	0.04%
95 METAL BARS, SHEETS, SHAPES	\$1,082.00	0.01%
TOTAL:	\$10,643,618.11	100.00%

SMALL BUSINESS PSC PORTFOLIOS		
70 ADP EQUIPMENT/SOFTWARE/SUPPLIES AND EQUIPMENT	\$2,605,111.29	28.22%
R4 PROFESSIONAL SERVICES	\$1,699,349.39	18.41%
D3 ADP AND TELECOMMUNICATIONS	\$1,567,723.99	16.98%
66 INSTRUMENTS AND LABORATORY EQUIPMENT	\$1,047,711.97	11.35%
58 COMMUNICATION/DETECTION/COHERENT RADIATION	\$302,144.26	3.27%
Z1 MAINTENANCE, ALTERATION, REPAIR OF BUILDINGS	\$286,206.00	3.10%
R6 ADMINISTRATIVE SUPPORT SERVICES	\$206,185.67	2.23%
76 BOOKS, MAPS, OTHER PUBLICATIONS	\$164,414.82	1.78%
J0 MAINTENANCE, REPAIR, REBUILD OF EQUIPMENT	\$151,666.96	1.64%
L0 TECHNICAL REPRESENTATIVE SERVICES	\$149,587.00	1.62%
U0 EDUCATION AND TRAINING SERVICES	\$144,754.18	1.57%
67 PHOTOGRAPHIC EQUIPMENT	\$113,815.15	1.23%
18 SPACE VEHICLES	\$99,243.00	1.08%
19 SHIPS, SMALL CRAFT, PONTOON, DOCKS	\$87,314.00	0.95%
71 FURNITURE	\$79,123.17	0.86%
74 OFFICE MACHINES/TEXT PROCESSING/VISIBLE RECORDING	\$71,519.14	0.77%
61 ELECTRIC WIRE, POWER DISTRIBUTION EQUIPMENT	\$64,007.13	0.69%
52 MEASURING TOOLS	\$63,049.56	0.68%
77 MUSICAL INSTRUMENTS/PHONOGRAPHS/HOME RADIO	\$56,778.53	0.62%
AD DEFENSE (OTHER) R&D	\$47,640.00	0.52%
84 CLOTHING/INDIVIDUAL EQUIPMENT, INSIGNIA	\$35,303.85	0.38%
54 PREFABRICATED STRUCTURES/SCAFFOLDING	\$24,036.37	0.26%
43 PUMPS AND COMPRESSORS	\$23,983.00	0.26%
T0 PHOTOGRAPHY, MAPPING, PRINTING, PUBLISHING	\$23,000.00	0.25%
34 METALWORKING MACHINERY	\$21,335.83	0.23%
36 SPECIAL INDUSTRY MACHINERY	\$18,895.00	0.20%
K0 MODIFICATION OF EQUIPMENT	\$18,750.00	0.20%
65 MEDICAL, DENTAL, VETERINARY EQUIPMENT AND SUPPLIES	\$10,533.40	0.11%
59 ELECTRICAL/ELECTRONIC EQUIPMENT COMPONENTS	\$10,105.26	0.11%
N0 INSTALLATION OF EQUIPMENT	\$7,480.00	0.08%
45 PLUMBING, HEATING, WASTE DISPOSAL	\$5,500.00	0.06%
AF EDUCATION R&D	\$4,950.00	0.05%
75 OFFICE SUPPLIES AND DEVICES	\$4,776.00	0.05%
53 HARDWARE AND ABRASIVES	\$4,500.00	0.05%
63 ALARM, SIGNAL, SECURITY DETECTION	\$4,235.00	0.05%
49 MAINTENANCE/REPAIR SHOP EQUIPMENT	\$3,950.00	0.04%
H1 QUALITY CONTROL SERVICES	\$3,125.16	0.03%
TOTAL:	\$9,231,804.08	100.00%



SBR Targeting: Top NAICS Codes

In top 10 large business NAICS, large firm awards were approximately 41.24 % of total spending, which includes 4 large-small overlapping NAICS. The fifth overlapping NAICS was the 11th top for large business. Approximately 12 percent of total SAT level spending was on all other small business NAICS codes.

Spending on codes which did not overlap with top large business NAICS codes were 11.43 % of total spending. Small firm awards in top 10 small firm NAIC codes constituted 31.72 % of total spending; all other small firm NAICS codes got about 15 %. Spending on non-overlapping NAICS codes accounted for only 8.43 %.

TOP LARGE BUSINESS NAICS CODES		
COLLEGES, UNIVERSITIES, AND PROFESSIONAL SCHOOLS	\$2,674,364.67	13.46%
ALL OTHER NAICS CODES	\$2,226,795.50	11.20%
ELECTRONIC COMPUTER MANUFACTURING	\$1,485,106.67	7.47%
OTHER COMPUTER RELATED SERVICES	\$1,135,495.35	5.71%
PROFESSIONAL AND MANAGEMENT DEVELOPMENT TRAINING	\$566,082.50	2.85%
RESEARCH AND DEVELOPMENT IN THE PHYSICAL, ENGINEERING, AND LIFE SCIENCES (EXCEPT BIOTECHNOLOGY)	\$496,789.79	2.50%
ALL OTHER INFORMATION SERVICES	\$492,705.57	2.48%
COMPUTER AND SOFTWARE STORES	\$447,320.91	2.25%
SOFTWARE PUBLISHERS	\$366,738.52	1.85%
ADMINISTRATIVE MANAGEMENT AND GENERAL MANAGEMENT CONSULTING SERVICES	\$277,855.89	1.40%
SEARCH, DETECTION, NAVIGATION, GUIDANCE, AERONAUTICAL, AND NAUTICAL SYSTEM AND INSTRUMENT MANUFACTURING	\$253,006.72	1.27%
INSTRUMENTS AND RELATED PRODUCTS MANUFACTURING FOR MEASURING, DISPLAYING, AND CONTROLLING INDUSTRIAL PROCESS VARIABLES	\$221,356.02	1.11%
TOTAL	\$10,643,618.11	53.55%

TOP SMALL BUSINESS NAICS CODES		
ALL OTHER NAICS CODES	\$2,927,650.19	14.73%
OTHER COMPUTER RELATED SERVICES	\$2,813,061.85	14.15%
ELECTRONIC COMPUTER MANUFACTURING	\$973,402.51	4.90%
ALL OTHER PROFESSIONAL, SCIENTIFIC, AND TECHNICAL SERVICES	\$489,850.20	2.46%
TELEPHONE APPARATUS MANUFACTURING	\$333,368.00	1.68%
SOFTWARE PUBLISHERS	\$324,378.78	1.63%
OTHER MEASURING AND CONTROLLING DEVICE MANUFACTURING	\$292,347.00	1.47%
INSTRUMENTS AND RELATED PRODUCTS MANUFACTURING FOR MEASURING, DISPLAYING, AND CONTROLLING INDUSTRIAL PROCESS VARIABLES	\$289,449.17	1.46%
COMMERCIAL AND INSTITUTIONAL BUILDING CONSTRUCTION	\$286,206.00	1.44%
RADIO AND TELEVISION BROADCASTING AND WIRELESS COMMUNICATIONS EQUIPMENT MANUFACTURING	\$274,068.38	1.38%
SEARCH, DETECTION, NAVIGATION, GUIDANCE, AERONAUTICAL, AND NAUTICAL SYSTEM AND INSTRUMENT MANUFACTURING	\$228,022.00	1.15%
TOTAL	\$9,231,804.08	46.45%



Overlapping Top NAICS Codes

TOP SET-ASIDE TARGETS: SPENDING IN OVERLAPPING TOP NAICS CODES		
ELECTRONIC COMPUTER MANUFACTURING	12.37%	\$2,458,509.18
OTHER COMPUTER RELATED SERVICES	19.87%	\$3,948,557.20
SOFTWARE PUBLISHERS	3.48%	\$691,117.30
SEARCH, DETECTION, NAVIGATION, GUIDANCE, AERONAUTICAL, AND NAUTICAL SYSTEM AND INSTRUMENT MANUFACTURING	2.42%	\$481,028.72
INSTRUMENTS AND RELATED PRODUCTS MANUFACTURING FOR MEASURING, DISPLAYING, AND CONTROLLING INDUSTRIAL PROCESS VARIABLES	2.57%	\$510,805.19
TOTAL:	40.70%	\$8,090,017.59

5 Overlapping NAICS codes = 40.70% of total SAT level spending (\$8,090,017.59)

Overlapping NAICS Codes are prime candidates for mandatory Small Business Reservations



How should the DON buying commands apply SAT level contracting tools and best practices to overcome barriers to small business participation?



Conclusions and Recommendation

- **This study confirms: Simplified Acquisitions are far from simple!**
- **Greatest barriers to participation of small and non-traditional suppliers in DON SAT:**
 - (1) vendors' confusion in terms of NAICS and PSC use in registration to do business with the government and market research of contracting opportunities;
 - (2) inconsistent use and mismatching of NAICS and PSC codes by agency buyers when describing their needs;
 - (3) greater favorability of PSC coding to large firms than to small firms;
 - (4) manufacturing NAICS issues, such as use of incorrect codes and complexity in NMR waivers.
 - The study's NAVUSA model can help overcome them.
- **The promise of the NAVUSA model:**
- Potential 31 percent increase in SB SAT level contract spending, up to and, possibly, slightly above the "feasibility ceiling" created by LB sole source.
- Between 6 and 15 percent in new SB business spending will come in the form of SB awards made **other than mandatory SBRs, such as cascading.**
- Thus, another 15 to 25 percent in new SB spending should come from **mandatory SBRs.**
- The higher percentage of SBRs would occur upon **proper alignment** of NAICS and PSCs.
- The NAVUSA model also provides a boost to small manufacturers. Approximately 5 to 6 percent of total SAT level spending can be redirected to small business manufacturers from the resellers. **About 12 percent of SAT level spending can be redirected from large business manufacturers to small business manufacturers through SBRs.**



Conclusions and Recommendation

- **Buying commands should strategically assess these specific sourcing indicators:**
 - the “**small business goal feasibility cap**,” defined as total SAT spending less large business sole source spending;
 - **aggregated small and large business participation** by NAICS subsectors and PSC portfolios, including **sector size dominance** of various NAICS and PSCs;
 - the “**classification transparency gap**” measuring the difference in small business dominance of SAT awards by NAICS and PSC;
 - **aggregated** services, resale, and manufacturing **spending by size sectors**; and
 - **top NAICS and PSC codes** where large and small firm **participation overlaps**.
- **Buying commands should undertake the following NAVUSA-based strategies:**
 - in conjunction with local PTACS, conduct **targeted NAICS, PSC, and IDV registration/prequalification campaigns** to help current small suppliers expand their visibility for the command’s total acquisition workforce;
 - utilize **mandatory** (or mandatory-type) SBRs in small business-dominated NAICS and PSCs,
 - utilize **cascading** and discretionary SBRs in other NAICS and PSCs.
- **Finally, SECNAV OSBP should:**
 - seek **NMR class waivers** from the SBA up to the full SAT level in as many NAICS categories as possible (e.g., FAR Part 13 blanket waiver) with **related SAM coding**,
 - **issue guidance for the 1105 and 1102 acquisition workforce** on:
 - (1) small business-friendly **matching of NAICS and PSC codes**, with **related amendments** to SAM and FPDS; and
 - (2) proper use of **manufacturing NAICS codes**.