



U.S. Department of Defense

Small Business Strategy



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Message from the Secretary

Small businesses occupy a central position in the American economy and way of life. They account for over ninety-nine percent of all employer firms and generate over forty-four percent of our Nation's economic activity. Small businesses keep our military forces combat ready with critical parts, cutting edge technology, and top-notch services, and fortify our Defense supply chains in times of crisis. Small businesses help ensure that our military has the very best capabilities to keep us safe. Some of the most innovative minds in the country come from smaller companies, and in an era of strategic competition small businesses are one of our greatest tools.

Despite their significance to the defense mission, the Department of Defense has yet to utilize the full potential of small businesses. Although the Department has met its small business prime-contracting goals for the past eight years and has increased spending on small business prime contracting, participation of small business in the defense industrial base has declined by over forty percent in the past decade. Small businesses comprise more than seventy percent of the companies that do business with the Department. If the Department does not work to reverse the decline of small business contracting, then the industrial base that equips our military will weaken. Unfortunately, small businesses encounter many challenges in working with the Department. A complex web of entry points and intricate regulations, as well as a trend of fewer opportunities, are pushing firms away from us at a time when we need them urgently. The Department is determined to reduce these barriers. If we do not take action, we risk losing mission critical domestic capabilities, stifling competition and innovation, and potentially weakening our supply chains.

This Small Business Strategy outlines a Department-wide plan to harness the power of America's small, innovative, and agile companies and grow their contributions to the defense mission. These initiatives will streamline efforts across DoD in order to make it easier for small businesses to work with DoD, align small business activities to sustain and expand the Department's diverse and modernized capabilities, and reduce barriers for small businesses to help reverse the declining trend in small business suppliers. Small businesses provide our most creative entrepreneurs and most driven workers, and it is imperative that we extend them an open hand. Through implementing this strategy, we will ensure that small businesses continue to serve as indispensable partners in the mission to protect our national security.



A handwritten signature in black ink, which appears to read "Lloyd J. Austin III". The signature is stylized and fluid.

Lloyd J. Austin III
Secretary of Defense

Executive Summary

The United States faces unprecedented national security and economic challenges. Strategic competitors seek to displace the U.S. military as the world's preeminent force, the COVID-19 pandemic and impacts from climate change have exposed fragility in critical supply chains, and consolidation in the defense marketplace has undermined the competition and innovation needed to provide the best systems, technologies, services, and products to support the warfighter. These vulnerabilities especially threaten capital-strapped small businesses, which represent a majority of prime- and sub-tier defense suppliers. This Small Business Strategy outlines strategic objectives that will enable the Department of Defense (DoD or the Department) to expand and strengthen its relationship with small businesses and better leverage their capabilities to help solve the Department's and our Nation's most complex challenges.

It is imperative for the Department to focus on small business. These innovative companies account for 43 percent of all high-tech jobs in the U.S. and generate sixteen times more patents than large firms. Small businesses spur innovation, represent most new entrants into the Defense Industrial Base (DIB), and through their growth represent the next generation of suppliers with increasingly diverse capabilities. Small businesses are agile and often can implement change more quickly than larger firms. In Fiscal Year (FY) 2021, small businesses made up 73 percent of all companies that did business with DoD and 77 percent of the research and development (R&D) companies

that did business with DoD.¹ One high-profile example is Moderna, a former small business and Defense Advanced Research Projects Agency (DARPA) grant recipient that produced millions of mRNA vaccines to help fight the COVID-19 global pandemic. Without small businesses, the vital engine of growth for the United States industrial base would cease to exist.

Despite their importance to the Department, small businesses face various obstacles in helping DoD meet its challenges. Regulations and business practices can be difficult to understand or otherwise create barriers or increase the cost of doing business with DoD. Larger, better-resourced companies are better able to navigate these obstacles and address these costs than smaller businesses. Some of these barriers include confusing points of entry into defense markets, improper bundling and consolidating of contracts, and understanding complex regulations. These barriers strain the relationship between the Department and small businesses.

In combination with economic conditions leading to a consolidating DIB, these barriers have contributed to a reduction of small businesses in the DIB. Although the Department has achieved its small business prime contracting goal for the past eight years, the number of small business participating in the defense industrial base has declined by over 40 percent in the past decade (Figure 1).² Over time, a decline in the number of small businesses participating in defense acquisitions will lead to a reduction of innovative concepts, capabilities, quality of service and increased acquisition costs.

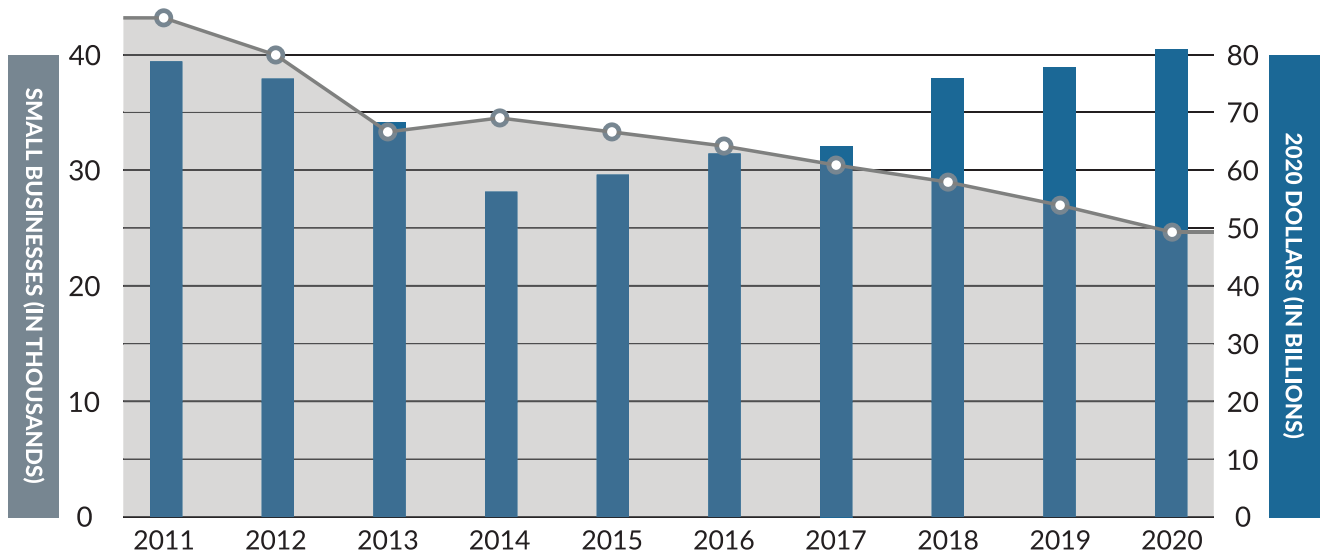


Figure 1. The Department's contract obligations to small businesses and the number of small businesses that received contract awards from the Department (FY 2011 - 2020).

¹ DoD contract data sourced from the System for Award Management, operated by the General Services Administration.
² U.S. Government Accountability Office (GAO) Report No. GAO-22-104621 "Small Business Contracting: Actions Needed to Implement and Monitor DoD's Small Business Strategy" (October 2021).

Through recognizing these vulnerabilities now, the Department can respond with targeted initiatives that leverage diverse small business suppliers to strengthen our domestic supply chains, reduce reliance on single or sole sources of supply, and help ensure the United States continues to lead in innovation. By adjusting to macroeconomic trends and understanding that the Department must take action to encourage more small businesses to work with the Department, DoD can implement appropriate strategies to expand use of small businesses.

Increasing small business participation in defense acquisitions is critical. Expanding participation will keep DoD at the forefront of innovation, while simultaneously fostering increased competition that can reduce costs for high quality capabilities. It will also ensure that the Department continues to leverage the untapped potential of disadvantaged-, women-, and veteran-owned small businesses that have historically been underutilized. As the Department aims to maintain the technological edge, small businesses are key.

These small business efforts are a critical part of implementing the Department's broader industrial base priorities, which directly support and align with the priorities of the President. These priorities include ensuring robust domestic capacity and capabilities to meet our national security challenges, promoting competition in the procurement process to benefit from improved costs, performance, and innovation, and advancing equity and inclusion in defense acquisition to leverage the unique talent and ideas that come from diverse communities from across the country.

Success of implementing these priorities relies on small businesses being drivers to generate these outcomes.

The Department of Defense is building this Small Business Strategy around three strategic objectives. First, improve management practices by sharing best practices and creating efficiencies across the enterprise for small business activities and programs. Second, ensuring that small business activities within DoD better support national security priorities. And third, strengthening the Department's ability to engage and support small businesses. Implementing this strategy will make the DIB more innovative, resilient, and effective, producing a Joint Force that is better equipped to execute its mission.

This strategy heavily relies on the Department's own continued push for excellence. Numerous existing small business initiatives have made incredible progress in addressing these issues. For example, the Department of the Air Force's Open Topic Small Business Innovation Research (SBIR) and the Small Business Technology Transfer (STTR) Programs have successfully brought first time applicants into the DoD. This strategy seeks to uncover similar pockets of excellence, share best practices, develop policy, distribute guidance, and establish initiatives, as appropriate, to continue to accelerate the Department's ability to partner with and benefit from America's small business base.



Strategic Objective 1: Implement a Unified Management Approach for Small Business Programs and Activities

The Department's small business programs, activities, and workforce are distributed across the Military Services, Defense Agencies, and field activities (DoD Components), including Components of the Office of the Secretary of Defense (OSD). This distribution, although beneficial in some areas, also often leads to confusion for small businesses as to what the entry points are, how programs and initiatives connect to each other, and how a small business can or should utilize DoD's various small business programs to mature their capabilities from prototype to full-scale integration or to diversify the goods and services they provide to DoD. To address these issues, DoD will develop and implement a unified management structure for DoD small business programs and activities, develop a unified small business professional workforce, and streamline entry points, and improve small business access to decision makers.³

Strategic Objective 2: Ensure the Department's Small Business Activities Align with National Security Priorities

National security concerns are a primary force guiding the Department's military and defense objectives. Accordingly, national security concerns should guide the Department's activities with respect to the small business industrial base. To build enduring advantages and get the technology we need more quickly, DoD must have access to a healthy small business industrial base with broad capabilities to produce parts and systems, secure supply chains, and access a skilled workforce. Presidential executive orders to promote competition,⁴ foster supply chain resiliency,⁵ and advance equity⁶ also put small business at the nexus of the nation's economic and national security priorities. Attending to commercial trends is critical, as today's innovative companies have many choices for capital, are not reliant on defense spending, and, therefore, have other options for how to do business. These trends may lead to adverse incentives that inhibit the Department's ability to access America's most innovative minds, and potentially impacting DoD's ability to achieve national defense priorities. The Department must, therefore, take action to entice small businesses into the defense

marketplace, while simultaneously taking into account their commercial growth objectives. The Department will ensure small business activities are carried out to further national defense priorities through efforts to stabilize and scale existing programs that help small technology and manufacturing businesses deliver capabilities to the warfighter, utilize data tools to understand and expand small business participation and spending, and expand policy and process engagement of small business professionals and senior leaders on small business matters.

Strategic Objective 3: Strengthen the Department's Engagement and Support of Small Businesses

For the Department to effectively support small businesses, DoD must improve its ability to meaningfully engage with small businesses including firms from critical socioeconomic categories and underserved communities. The Department must also ensure that its operational and acquisition leadership continues to recognize the abilities of small business to support the defense mission, and that small businesses can understand and access the Department's most current initiatives, efforts, and policies. Furthermore, DoD should provide training and other resources to help educate small businesses and enhance their ability to resist cyber threats, IP infringement, and foreign ownership, control, or influence. These efforts help reduce the vulnerability of the DoD's supply chain. The Department will advance these efforts through strategies to improve outreach and communication with small businesses, provide cybersecurity training and resources to small businesses, and educate small businesses.

³ Section 4901 of title 10, United States Code (U.S.C.); Section 861(b) of the William M. (Mac) Thornberry National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2021 (Public Law 116-283); Department of Defense Instruction (DoDI) 4205.01 "DoD Small Business Programs (SBP)" (August 2018); DoDI 5134.04 "Director of Small Business Programs (SBP)" (December 2017).

⁴ Executive Order (E.O.) 14036 "Promoting Competition in the American Economy" (July 2021).

⁵ E.O. 14017 "America's Supply Chains" (February 2021).

⁶ E.O. 13985 "Advancing Racial Equity and Support for Underserved Communities Through the Federal Government" (January 2021).

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Strategic Objective 1: Implement a Unified Management Approach for Small Business Programs and Activities

There is a rich diversity of small business programs and related efforts distributed throughout the Department. As a result, it can be confusing for both industry and government personnel to understand how to engage with the Department's small business enterprise. Small businesses and even members of the DoD acquisition workforce can find it challenging to understand where to go first and who to contact to find information on available DoD small business programs and opportunities. Additionally, DoD small business offices, programs, and initiatives often have limited connectivity to each other and have potentially overlapping responsibilities. To address these challenges, this Small Business Strategy focuses on: (1) increasing collaboration across DoD small business programs and related efforts through implementation of a unified management approach, (2) increasing the training and education of the small business workforce, and (3) using digital tools to lower barriers of entry and reduce the search costs for government and industry to access the DoD small business enterprise. The intent of these efforts is to reduce confusion and increase the overall effectiveness of small businesses in furthering the objectives of the Department.

1.1. Implement a Unified Management Structure by Establishing a Group to Integrate Small Business Programs and Activities

The execution of small business programs within OSD is split among different program offices within the Offices of the Under Secretary of Defense for Acquisition and Sustainment (USD(A&S)) and the Under Secretary of Defense for Research and Engineering (USD(R&E)) stemming from the organizational division of the Office of the former Under Secretary of Defense for Acquisition, Technology, and Logistics (Figure 2). These divisions are also mirrored within some DoD Components. As a result, responsibilities and resources related to these various small business activities are also fragmented among multiple organizations and may not be fully matched to mission responsibilities. These divisions interfere with DoD's ability to easily and efficiently leverage economies of scale and ensure alignment of small business efforts across the Department.

The Department understands the importance of implementing a unified management approach that will better align and integrate small business programs and related efforts by improving synergies, enabling long-term program planning, better defining roles and responsibilities of small business professionals, and leveraging resources more effectively. To establish a unified small business management structure under this unified management approach, the Department will establish a small business integration group, chaired by the Director of the DoD Office of Small Business Programs (OSBP), who serves as the principal advisor to the USD(A&S) and the Secretary of Defense on small business matters and is the principal proponent within OSD for executing national and DoD policy regarding DoD's small business programs. This integration group will include representatives from the Office of the Under Secretary of Defense for Acquisition and Sustainment (OUSD(A&S)), the Office of the Under Secretary of Defense for Research and Engineering (OUSD(R&E)), the Directors of OSBPs for the DoD Components, who serve as the principal small business leads in their respective organizations and who report to the Component head or deputy, and representatives of other industrial base programs as needed.⁷ The small business integration group will work to improve alignment between the Department's small business programs by creating a forum for discussion,

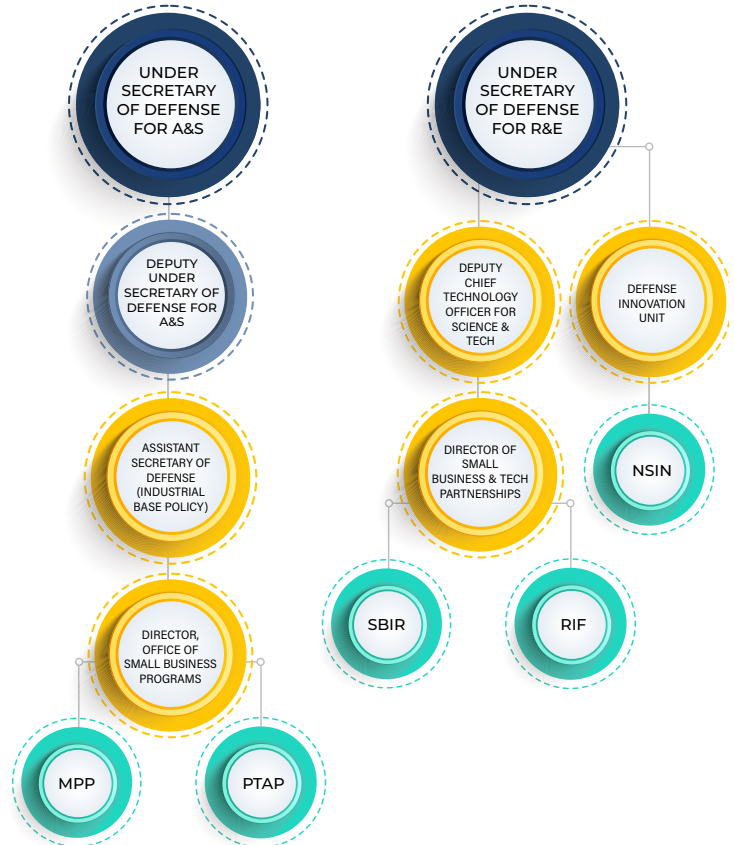


Figure 2. Current Organizational Alignment of Key DoD Programs and Initiatives that Interface with Small Businesses

⁷ See 15 U.S.C. § 644; 10 U.S.C. §§ 7024, 8028, and 9024; DoDI 4205.01 "DoD Small Business Programs (SBP)" (August 2018); Defense Federal Acquisition Regulation Supplement (DFARS) section 219.201(c).

collaboration, and deliberation. The group will host regular meetings to discuss small business programs and activities throughout the Department and will address such topics as the unification of small business policy, acquisition workforce development, transitioning emerging capabilities into programs of record and fielded systems, and reducing barriers to entry into the defense marketplace for small businesses. Section 4901 of title 10, United States Code (U.S.C.), requires DoD to ensure there is a unified management structure for small business programs. In its assessment of the Mentor-Protégé Program (MPP), the Defense Business Board emphasized this point and recommended the Department “consider designating a specific office, with sufficient resourcing and appropriate leadership, to oversee all its small business programs.”⁸ A primary strategic goal of this Small Business Strategy is to establish a management structure that aligns small business programs and small business-related efforts across the Department. As detailed in the following paragraphs, DoD has an incredible diversity of small business programs and related efforts, many of which are highly collaborative within themselves (e.g., the DoD SBIR/STTR program with the Military Services’ SBIR/STTR programs), but all of which can benefit from collaboration across efforts and programs. Implementing a unified approach that focuses on those activities that underpin all small business programs and efforts, including small business policy development and oversight, small business workforce management and collaboration, and making small business opportunities more accessible, would facilitate cross pollination of both issues and potential solutions to increase the effectiveness of the entire DoD small business enterprise.

The Department generally carries out three types of small business programs. Although these programs are categorized independently for the purposes of oversight, most have cross-cutting elements and activities and depend on effective execution across categories (e.g., the SBIR/STTR program is a small business program with an R&D focus that also conducts outreach and training).

- The first type are participation programs for small business categories, including small businesses, Small Disadvantaged Businesses (SDBs), women-owned small businesses (WOSBs), Historically Underutilized Business Zone (HUBZone) small businesses, and Service-Disabled Veteran-Owned Small Businesses (SDVOSBs), and other categories, including the Indian Incentive Program (IIP). Small business category participation programs typically employ spend goals, set-asides, or other acquisition preferences.

- The second type are small business technology development, funding, and assistance programs, including SBIR/STTR, the Defense Research and Development (R&D) Rapid Innovation Program (also known as the Rapid Innovation Fund (RIF)), and the DoD Mentor-Protégé Program (MPP). Some of these programs, e.g., SBIR/STTR, also have statutory acquisition preferences and goals.
- The third type are outreach, counseling, and industry training programs, including APEX[†] (previously named Procurement Technical Assistance Program), DoD efforts in connection with section 1644 of the National Defense Authorization Act (NDAA) for FY 2019 which requires dissemination of cybersecurity resources, self-assessments, and training, and various small business initiatives for matchmaking, training, and navigating regulatory requirements.

The Department carries out several other programs and efforts at both the DoD and Service level that have special focus, preferences, utility, or priorities for small businesses.

Proactively aligning these programs and efforts to work together will broaden outreach, drive prototyping, strengthen the DoD supply chain, and increase technology transfer into defense programs, thus is critical to engaging small businesses and increasing their contributions to defense priorities. The small business integration group will focus on increasing collaboration so the Department’s small business programs and related efforts can better leverage each other’s expertise to grow small businesses in the national technology and industrial base, attract more companies, mature technologies, and allow for more rapid tech transfer and commercialization. This approach will facilitate development of an easy-to-understand pathway for industry so that a small business could enter the supply chain through participation in a targeted outreach effort, such as hackathon or pitch

⁸ United States Code, 10 U.S.C. 4901; *William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021*, Public Law 116-283, Section 861(b), 10 U.S.C. 4901 note, January 2021.

[†] APEX is the procurement technical assistance program operating under 10 U.S.C. chapter 388. The Department recently retitled this program “APEX” and retitled the participating eligible entities who provide procurement technical assistance as part of this program as “APEX Accelerators”.



event, become a protégé firm to a successful mentor to obtain business development support, engage their local APEX Accelerator to get counseling and identify contracting opportunities, compete for an SBIR or STTR contract, and commercialize their technology with DoD through support from RIF with help from small business acquisition preferences.

1.2. Train and Credential a Unified Small Business Professional Workforce

Training the Department's acquisition workforce on small business matters is a priority for senior acquisition leadership across the Department. An acquisition workforce with small business training increases the Department's ability to leverage small business specific programs and authorities for a wide variety of small businesses to meet current mission objectives and access critical innovative technologies, agile solutions, and value-added improvements needed to develop and advance warfighter capability and infrastructure.

DoD has specially trained small business professionals across the Department that contribute at all stages of the acquisition process to raise the visibility of small business contributions, capabilities, and expertise. These small business professionals assist acquisition teams with requirements generation, solicitation preparation, acquisition strategy and plans, and other required documentation to ensure that appropriate priorities are given to small businesses, including non-traditional small businesses and small businesses who are eligible for acquisition preferences. Small business professionals conduct outreach to small businesses, large businesses, nonprofits, and academic institutions to facilitate strong relationships between the government stakeholders and the small business community. They also assist with market research and raise the visibility of how a certain industry sector can contribute to all phases of the acquisition process. Small business professionals execute and support small business programs, such as the DoD MPP and SBIR/STTR programs, and advise on small business preferences, priorities, instruments, and activities of other DoD small business programs.

It is imperative that small business professionals continue to participate in acquisition strategy development and peer reviews when appropriate. This participation supports identification of commercialization opportunities in future procurements from programs such as SBIR, STTR, RIF and others and increasing awareness for creating small business activity in consolidated acquisitions. Although contracting officers are responsible for ensuring compliance with acquisition requirements for small business participation, the involvement of small business professionals helps ensure that small business solutions

for defense missions are fully considered at the prime and subcontracting levels and that the Department is not overpaying for duplicative development, excessive overhead, or unnecessary product or service offerings.

With the broad set of roles that small business professionals play, they should be trained as a professional community to ensure that small businesses have the maximum practical opportunity to participate in DoD acquisition and programs. Further investments in small business training for the acquisition workforce would support and enhance the ability of the acquisition workforce to support small business.

1.3. Streamline Entry Points and Improve Small Business Access to Decision-Makers

Small businesses today face a myriad of entry points into the defense marketplace that are scattered throughout the DoD Components. These entry points are of varying quality, and the processes can be confusing—an unnecessary challenge for a business that is trying to understand where to go first, who to contact, and where to find information on available programs and opportunities. In addition, the Department also utilizes a variety of procurement and non-procurement instruments, such as contracts, grants, cooperative agreements, Other Transaction Authorities (OTAs), and Cooperative Research and Development Agreements (CRADAs), among others, each of which has different qualification, competition, and publication requirements. DoD small business offices also receive unsolicited proposals and capability statements and refer them to appropriate contracting officers and acquisition program managers for consideration as appropriate.

With the many different opportunities and options available to small businesses, partnering with the Department results in high search costs (i.e., takes significant time that many businesses do not have) even for those companies with which the Department has worked in the past, and an even higher cost for new entrants. Small businesses are seeking help. In accordance with 10 U.S.C. § 4901, DoD will ensure clear identification of points of entry into the defense market and ensure small businesses are able to have access to program managers, contracting officers, and end users, to the extent necessary to inform these persons of emerging and existing small business capabilities.

The Department must prioritize reducing barriers to entry and high search costs for small businesses. A focused strategic communications plan and outreach will be a key objective of this effort to address this external confusion. The communications plan will support the DoD Components and be targeted for small businesses across the DIB to highlight market

opportunities and provide clear information on opportunities for small businesses to engage with DoD, including guidance on pertinent business processes. This outreach framework will center on better educating small businesses on doing business with the DoD, improving DoD support to small business to meet acquisition requirements processes, and providing timely guidance for outreach communications to small businesses. The goal is to increase the amount of small business participation across DoD.

As a first step, the DoD is turning its current small business website (www.business.defense.gov) into a common entry point for small businesses. The Department will improve the information and resources on this site to enable small businesses to navigate small business offices through the Department, cross-reference information on small business programs across the Department, and provide access to available acquisition forecasts and toolkits on how to do business with the DoD. In addition, DoD will explore enhancing the functionality of these websites to provide for referral of small business capability information to end users and decision-makers.

Implementation actions to pursue for Strategic Objective 1:

1.1.1. Establish a group to integrate small business programs and across the Department.

1.1.2. Enhance guidance on how DoD acquisition professionals can better utilize a variety of tools to simplify entry into the DoD market and attract non-traditional, emerging, and innovative small businesses.

1.2.1. Establish and implement a common training for all small business professionals and appropriate elements of the broader acquisition workforce that includes training on the Department's small business programs, best practices from government and industry in small business, market research, acquisition policy, and building resilient supply chains, all of which will help build a clearly defined pipeline of talent into the small business workforce.

1.2.2. Ensure that Defense Acquisition University (DAU) content and other training on small business programs, authorities, and tools are easily accessible for all members of the acquisition workforce.

1.3.1. Streamline entry points into the defense marketplace for small businesses by unifying and improving the small business websites such that all small businesses, including those in defined socioeconomic categories, have maximum opportunities to participate in DoD programs.





Strategic Objective 2: Ensure the Department's Small Business Activities Align with National Security Priorities

Today, our Nation and our allies face strategic competitors and adversaries ranging from technologically-advanced competitors to nuclear-aspiring powers to non-state actors. In this environment, the Department must be able to develop and field a broad range of high-quality, technically ready, and diverse capabilities. Capability development, production, and fielding should be marked by adaptability, diversity, and speed of design and delivery and then sustained and supported through reliable logistics.

To acquire such capabilities at the volume and speed of relevance, the DoD needs access to a strong and growing industrial base, to include a vital and thriving small business ecosystem. To ensure the Department has the small business ecosystem it needs, this strategic objective focuses on: (1) stabilizing and scaling technology- and manufacturing-related small business programs and related efforts; (2) better utilizing data tools to ensure small business capabilities are understood by the capability development enterprise; and (3) ensuring small business professionals engage early in acquisition strategy development to increase connection of small business technologies to mission requirements.

2.1. Stabilize and Scale Programs that Help Small Technology and Manufacturing Businesses Deliver Capabilities to the Warfighter

American small businesses have always been a great source of innovation for the Department. Domestic innovative small businesses provide outsized, asymmetric, technological advantages that are critical towards maintaining our edge against near-peer competitors. Agile and innovative small businesses are integral to addressing new and continuing national and economic security.

Under 10 U.S.C. § 638, DoD and the Military Departments are required to set goals on small business participation in RDT&E efforts. The Department funds small business RDT&E in various ways. For example, DoD's SBIR/STTR programs provide significant (nearly ~\$2B) in total funding to small innovative companies. The Department also utilizes other small business programs, like the MPP and RIF, as well as other non-small business industrial base programs, like NSIC, ManTech, and IBAS, to help innovative companies traverse the gap between proof of concept and market availability. Each industrial base program focuses on a specific segment of the DIB and certain technology maturation levels. The Department's small business RDT&E efforts could be further enhanced by increasing integration between technology programs. For example, enhancing the ability of military academies and other

research organizations to serve as research institution partners for small businesses under the STTR program would further align small business RDT&E with national defense.

However, implementation problems persist in both: (1) the instability of certain programs and related efforts themselves, many of which do not have permanence, and (2) the need to align the programs to ensure technological investments can be scaled into production. This Small Business Strategy seeks to stabilize and align these programs.

First, one of the most significant challenges with small business programs and related efforts is long-term planning. Instability makes it challenging for industry to make the investments needed to support defense priorities. It also makes it exceedingly difficult for the Department to engage in long-term planning for how to attract new entrants and provide defined contracting opportunities for small businesses looking to break into the defense marketplace. Examples include:

- The MPP was first authorized in the NDAA for FY 1991 and received seven-year reauthorization in the NDAA for FY 2020; however, inconsistency in availability of MPP appropriations makes it difficult to scale the program to reach the hundreds or thousands that can use such assistance.
- The SBIR and STTR programs have been reauthorized numerous times since their creation, most recently in September 2022. However, these reauthorizations usually occur in the last year of the current authorization and are time-limited; the recent reauthorization lapses in 2025.
- The RIF program was created in 2011 and made permanent in 2016. The Department completed a study that identified its successes in helping bridge the valley of death and delivering technologies to the warfighter.⁹ However, RIF funding has not been appropriated since FY 2019.

These technology and manufacturing programs can be highly impactful for the small business industrial base, but the lack of permanency of authorization and funding makes it extremely difficult to engage in the needed long-term planning to leverage and scale these programs to support the defense mission.

Second, many small business programs could be better assisted through integration across programs. For example, the SBIR/STTR Phase III construct allows small businesses to be awarded follow-on production contracts quickly by removing the competition requirement as appropriate and authorized. However, DoD program guidance and processes are often Military Service-based, and may be poorly understood outside of those who work closely with the SBIR program. Under 15 U.S.C. § 644(k)(21), however, Small Business

Directors now must consult with appropriate agency personnel to assist small businesses participating in a SBIR/STTR program with researching applicable solicitations to market the resulting research to support SBIR/STTR Phase III transitions. Fulfilling these consulting duties will provide opportunities to ensure all have a clear and concise understanding of what may be needed to help small businesses bridge the gap to obtaining a DoD contract award, but guidance still needs to be implemented. DoD's ability to transition technologies from small businesses into defense capabilities will depend heavily on the successful translation of the unique value of small business programs and related efforts to a wider set of present and future government stakeholders.

A potential strategy for stabilizing and scaling the Department's innovative small business programs and related efforts is by emulating the work of the Technology Transition and Commercialization Community of Practice (TTAC CoP). The TTAC CoP brought together several technology and manufacturing programs together to coordinate and collectively tackle the Department's most critical technology challenges. This initiative helped the Department break silos between these separate programs, so that they could leverage each other's focus areas and best practices and see how regulations, policy, and procedures can be changed to reduce red tape while still achieving program goals. These functions may be carried out through the small business integration group, in coordination with appropriate overarching governance bodies, would encourage development of more rapid acquisition strategies and may attract more commercial companies whose technologies can be leveraged by the Department.

The Department could also look at sharing best practices to help stabilize and scale innovative programs. For example, through use of OTAs, DoD has been successful at establishing agreement structures that support new entrants and small commercial companies, many of which are small businesses. This is particularly true for use of the prototyping OTA, where significant small business participation is one of the enabling conditions. DoD policy is that a fair proportion of DoD total purchases, contracts, and other agreements for property and services be placed with small businesses.¹⁰ Improving current guidance and reporting systems to facilitate identification and tracking of small business participation in OTAs would enable the Department to better assess the effectiveness of DoD's use of OTAs in connection with engagement with small business innovators.

⁹ The Small Business and Technology Partnership Office, "Defense Rapid Innovation Fund: An Assessment of RIF Effectiveness FY 2011-2016" (August 2020).

¹⁰ DoDI 4205.01, "DoD Small Business Programs" (August 2018).

2.2. Utilize Data Tools to Understand and Expand Small Business Participation and Spending in Order to Ensure a Robust and Resilient Industrial Base

As outlined in Executive Orders No. 14005, “Ensuring the Future Is Made in All of America by All of America’s Workers,”¹¹ No. 14036, “Promoting Competition in the American Economy,”¹² and No. 14017 “America’s Supply Chains,”¹³ as well as the 100-Day White House Review on “Building Resilient Supply Chains, Revitalizing American Manufacturing, and Fostering Broad-Based Growth,”¹⁴ the industrial base and supply chains of the United States have been declining in recent years. Slim margins, increased offshoring, business consolidation, and inadequate investment in certain industrial sectors are weakening the industrial base. A weakened American industrial base and supply chain threatens both the economic security of millions of Americans and our country’s national security.

To meet anticipated and unanticipated challenges with speed and efficiency, the Department must focus on reinvigorating innovative and resilient industrial base and supply chains. Executive Order No. 13985, “Advancing Racial Equity and Support for Underserved Communities Through the Federal Government,”¹⁵ and the Office of Management and Budget (OMB) Memorandum M-22-03, “Advancing Equity in Federal Procurement,”¹⁶ make plain our supply chains suffer from equity gaps, and that rebuilding our industrial base requires increasing the number of new small business entrants and advancing equity for small businesses from underserved communities, including SDBs, WOSBs, HUBZone SBs, and SDVOSBs. The Department is fully committed to eliminating gaps, vulnerabilities, and critical shortfalls in America’s supply chains in an equitable manner.

To that end, the Department is planning to field a robust set of tools that DoD officials can utilize to increase the efficiency of small business market research, track small business performance, and run comparative analytics using data sourced from across the Department and Federal government. Identifying capable small business suppliers through market intelligence data is key to increasing set-asides for small business competition, understanding the supply chain, locating small business manufacturers, and increasing the number of small companies in the DIB. The Department has identified



its modernization priority areas, which include artificial intelligence, cybersecurity, and renewable energy generation and storage, and also has identified priority industrial base sectors such as castings and forgings, strategic and critical materials, and energy storage and batteries. Market intelligence tools can help identify small business suppliers in these sectors of the federal government marketplace that can support DoD requirements in these areas, and help DoD expand its market knowledge of key players in these advanced and emerging industries.

Data analytics is crucial for continual and effective measurement of performance and identification of trends, including the achievement of Presidential industrial base priorities, DoD’s increased SDB goals negotiated with SBA, and major accomplishments and interactions involving small businesses and the Department.¹⁷ Improved data analytics would also better enable the Department to track small business participation and trends across North American Industry Classification System (NAICS) Codes and Product and Service Codes (PSC) that fit into priority areas of the Department’s research, development, and operational missions.

11 The White House. Executive Order 14005, Ensuring the Future Is Made in All of America by All of America’s Workers, January 2021.

12 E.O. 14036, “Promoting Competition in the American Economy” (July 2021).

13 E.O. 14017, “America’s Supply Chain” (February 2021).

14 The White House, “Building Resilient Supply Chains, Revitalizing American Manufacturing, and Fostering Broad-Based Growth: 100-Day Reviews under Executive Order 14017” (June 2021).

15 E.O. 13985, “Advancing Racial Equity and Support for Underserved Communities Through the Federal Government” (January 2021).

16 OMB Memorandum M-22-03, “Advancing Equity in Federal Procurement” (December 2021).

17 OMB Memorandum M-22-03, “Advancing Equity in Federal Procurement” (December 2021).

2.3. Expand Policy and Process Engagement of Small Business Professionals and Senior Leaders on Small Business Matters

Streamlining the acquisition process where practicable and ensuring consistent implementation of procurement policies is essential to mitigating obstacles to growth and increasing the amount of small businesses working with the Department. Small business capabilities should be considered at the earliest stages of acquisition to maximize opportunities for small businesses to compete and participate for contracts.

Engagement of small business professionals at early stages of acquisition will enable the Department to ensure small business capabilities and technologies are included in developing acquisition strategies. For example, early engagement by small business professionals would assist in identifying and, as appropriate, addressing barriers to entry facing small businesses earlier in the process. Some of these barriers include improper consolidation and bundling of contracts, lack of sufficient on-ramp opportunities for category management vehicles, overly restrictive past performance requirements, inconsistent or inappropriate usage of NAICS codes, and use of interagency contract vehicles for which small businesses do not qualify.



The Department furthers these objectives in current policy by ensuring that senior executives who oversee acquisitions will continue to have a mandatory performance element in their performance objectives related to support and fulfillment of DoD's small business goals. Additionally, the Department's current policy mirrors the Small Business Act so that small business directors across the Department have the required reporting structure and seniority to impact these issues.¹⁸ The purpose is to help ensure that small business directors have direct access to senior leadership to advocate effectively for small businesses and ensure small business priorities are included in acquisition planning.

Current DoD policy states that heads of the DoD Components that award or administer contracts, cooperative agreements, and grants shall appoint Component Directors of Small Business Programs in accordance with title 15, United States Code to include reporting to the Component head or second in command and appointment to a position that is a Senior Executive Service (SES) position, unless the Component Acquisition Executive is not an SES.¹⁹ Current implementation of these statutes and policies, however, is uneven across DoD. For example, in a 2017 report²⁰, the U.S. Government Accountability Office (GAO) identified that the Director of Small Business for the Defense Logistics Agency should be appointed to an SES position. To address such issues, DoD will ensure the reporting structure and position of small business directors complies with statutory, regulatory, and DoD policy requirements, so they can better influence the inclusion of small business priorities within their respective organizations.

To ensure ongoing success of this Strategy, DoD will regularly examine any resourcing shortfalls and, as needed, take appropriate action to achieve proper workforce resourcing. Initial rough estimates of projected resource needs in connection with implementation of this Strategy are provided in the associated Implementation Plan for this Strategy. In the future, this effort will also include performing appropriate assessments, projections, and estimations regarding any other resource gaps connected with execution of this Strategy, to include establishing plans for resourcing the SBP workforce through use of the DoD Planning, Programming, Budgeting, and Execution process.

The Department also conducts periodic reviews of defense acquisition guides and directives to ensure they include current small business-related policies and

¹⁸ 15 U.S.C. § 644(k)(3).

¹⁹ DoDI 4205.01 "DoD Small Business Programs" (August 2018).

²⁰ GAO Report No. GAO-17-675 "Small Business Contracting: Actions Needed to Demonstrate and Better Review Compliance with Select Requirements for Small Business Advocates" (August 2017).

best practices. The Department is currently analyzing industry comments submitted in response to the Federal Register Notice (FRN) on Barriers Facing Small Businesses in Contracting with the Department of Defense (DoD-2021-OS-0077).²¹ Through issuance of this FRN, DoD sought input from industry on barriers to entry and other topics, including governmental practices and regulations that make it difficult or not worthwhile to participate in the DIB; ways to increase its use of small business innovations; the availability of necessary talent; and recommendations to strengthen supply chains, increase competition in the DIB, and improve small business participation in procurements. The results from the FRN will be assessed and integrated as appropriate into future engagement strategies for small business professionals.

In addition, the Department intends to support efforts regarding appropriate use of “Rule of Two” requirements, which could increase the use of small business set-asides that will promote competition and result in fair market prices for defense procurements.²² It is important for the Department to support use of small business reserves, joint ventures or other teaming arrangements, and available sole source authorities to attract emerging and individual small businesses when conditions for competition are unknown or have not been established.

The valley of death that often plagues small businesses can come in many forms. Some small businesses outgrow the SBA size standards for their industry and are forced to compete as “mid-tier” companies with much larger firms. The Department will work with the SBA to advocate for small business size standards that are driven by analysis of market intelligence and market trends for each NAICS code. The Department intends to support efforts that strike a balance between ensuring large enough size standards that companies do not outgrow too quickly, while also making sure the size standards are not so large as to impede the development of small businesses that seek to break into industries in the defense marketplace.

A significant portion of the small business industrial base are subcontractors. Ensuring the health of sub-tier suppliers is crucial to a healthy, diverse, and modernized industrial base. The Department will explore ways to better assess the health of the subcontractor small business industrial base, as well as use of innovative acquisition techniques and other ways to strengthen mechanisms to ensure prime contractors are accountable for meeting their small business subcontracting plans. Finally, the Department

will continue accelerating payments to small business concerns by the DoD and seek ways to incentivize large prime contractors to do the same with small business subcontractors, to include assessment of ways to address slow cash flow through existing accounting practices and business systems. Unreliable cash flow to small businesses makes the DIB more fragile and less secure.

Although this list is not exhaustive, it serves as an illustrative set of potential areas for improvement. These (and other related) policy and process initiatives would serve to increase small business participation in small business friendly sectors, increase competition in defense procurements, and ensure that there is a department-wide emphasis on small business consideration from the earliest stages of the acquisition process.



21 Notice of Request for Comments on Barriers Facing Small Businesses in Contracting with the Department of Defense, 86 F.R. 50333 (September 2021).

22 13 C.F.R. § 125.2 “What are SBA’s and the Procuring Agency’s Responsibilities When Providing Contracting Assistance to Small Businesses” (June 2022); FAR § 19.502-2 Total Small Business Set-asides (May 2022).

Implementation actions to pursue for Strategic Objective 2:

2.1.1. Develop and issue guidance and plans for orderly and deliberate implementation of goals, incentives, and reporting on small business participation in Research, Development, Test, and Evaluation (RDT&E) and transition to procurement / operations. Explore ways to increase use of Small Business Innovation Research/Small Business Technology Transfer (SBIR/STTR) Phase III awards in DoD acquisition.

2.1.2. Develop policy, regulatory guidance, and management controls to assist small business professional participation early in acquisition strategy development to support identification of opportunities for small business programs and related efforts, such as set-aside competitions, opportunities for SBIR/STTR Phase III transition, and future procurement opportunities for technologies from programs such as the DoD MPP and RIF. Work to ensure DoD Component Directors of small business programs are standing members of governing DoD councils that implement Category Management.

2.1.3. DoD OSBP will work with leadership of the ManTech, MII, NSIC, IBAS, T2 and DPA Title III programs to understand the amount of small business participation in these programs and to provide market research and data analysis support to help identify ways these programs can better support small business participation.

2.1.4. Ensure full consideration and application of small businesses set-aside requirements, particularly below the Simplified Acquisition Threshold (SAT), to increase opportunities for SDB, WOSB, SDVOSB, and HUBZone SBs.

2.2.1. Develop and deploy market intelligence and small business performance management tools for small business professionals. The Department will work with the SBA and the GSA on ways to recognize achievement of goals for awards to small businesses under the GSA Contractor Teaming Arrangements.

2.3.1. Assess the reporting structure of DoD small business program offices across the Department to ensure compliance with the Small Business Act and DoD Instruction (DoDI) 4205.01, including the requirement that the DoD Component small business directors are appointed to a position in compliance with section 1.b(3) of Enclosure 3 of DoDI 4205.01, and, as needed, develop a roadmap to ensure these requirements are met.

2.3.2. Ensure the Director of the DoD OSBP has appropriate access to Departmental leadership and the reporting structure of this position remains in

compliance with the Small Business Act; make the Director of the DoD OSBP a member of the Industrial Base Council (IBC) to facilitate integration of small business equities into broader DoD industrial base activities.

2.3.3. Develop and submit recommendations to the SBA concerning revisions of small business size standards and related affiliation rules, as well as acquisition tools targeted to emerging small businesses.

2.3.4. Convene one or more working groups on reducing barriers to entry for small businesses and improving payment procedures for small businesses.

2.3.5. Provide guidance to the acquisition workforce on matters relating to small business contracting to include considerations for challenging a subcontracting plan that does not contain meaningful goals for all or any small business categories, evaluating past performance on subcontracting to small businesses, seeking appropriate contractual remedies when prime contractors do not make a good faith effort to comply with the subcontracting plan, and incentivizing and enforcing requirements for prompt payment to small businesses by prime contractors.



Strategic Objective 3: Strengthen the Department's Engagement and Support of Small Businesses

Executive Order 14058, "Federal Customer Experience and Service Delivery to Rebuild Trust in Government,"²³ reemphasizes the need for agencies to design and deliver services and processes with a focus on effectiveness, efficiency, responsiveness, transparency, and equity to reduce the so-called "time tax" of individuals, including small business owners, who must wait on the government to respond. In alignment with these priorities, this strategic objective is designed to improve the Department's communication and interaction with small businesses, focusing on a few key areas of critical interest: (1) improving outreach and communication on small business opportunities; (2) providing cybersecurity training and other resources to small businesses; and (3) educating small businesses on risks of, and alternatives to, accepting foreign adversarial capital.

3.1. Improve Outreach and Communications with Small Businesses

The Department must strengthen its relationships and communication methods with small businesses and clearly describe small business programs and contracting opportunities in ways that are easy to understand and navigate. APEX plays an essential role in the Department's efforts to identify and engage with small companies entering or participating in the defense supply-chain, and provides education and training small businesses need to participate in defense procurements. The Department enters into cooperative agreements with APEX Accelerators that serve as a resource for businesses to obtain information and training related to contracting and subcontracting opportunities with the Department, other Federal agencies, and state and local governments. There are 96 APEX Accelerators assisting businesses in 49 states, Washington, D.C., Puerto Rico, Guam, the U.S. Virgin Islands, the Commonwealth of Northern Marianas, and in regions established by the Bureau of Indian Affairs in the U.S. Department of the Interior.

As a primary interface with small businesses in the field, APEX Accelerators work directly with private sector, university, non-profit, and local entities to conduct the type of outreach activities necessary to develop long-term relationships with the small business community and the larger defense industry. APEX Accelerators



have long served as a vital resource to small businesses for many programs, including SBIR/STTR, and they continue to receive significant interest from the small business community. To further this success, the Department will clarify the roles for APEX Accelerators, responsibilities, and resources, and will provide APEX Accelerators with tools that will better position them to understand the Department's requirements and provide feedback on their procurement technical assistance activities, which will support DoD's market research, and provide insight to Department leadership on supply chain issues. Currently, APEX Accelerators primarily respond to industry requests, and are an underutilized outreach resource for the Department's small business professionals. The Department intends to better leverage APEX Accelerators by establishing a process through which small business offices and programs across the Department as well as local small business professionals, can directly collaborate with APEX Accelerators to carry out tailored outreach events, education and training opportunities, or specific assistance to small business. Some of the programs and initiatives that regularly work with small businesses include Air Force's Air Force Works (AFWERX), Navy's Naval Expeditions (NavalX), Army Futures Command (AFC), and the United States Special Operations Command (USSOCOM)'s Special Operations Forces Works (SOFWERX).

²³ E.O. 14058 "Transforming Federal Customer Experience and Service Delivery to Rebuild Trust in Government" (December 2021).



Contracting with the federal government can be a complicated and daunting task for small businesses, especially for new entrants to the DIB. Providing small businesses and DoD small business professionals with educational resources explaining complex topics related to government contracting can be an effective way to mitigate this barrier. For example, one topic that can hinder or deter small businesses in government contracting is Intellectual Property (IP) protection. Protecting a prime or subcontractor's IP is an imperative for both the Department and the company. When contracting with the federal government, small businesses often do not have the knowledge or resources possessed by large businesses when negotiating IP-related contract terms. Ensuring small businesses and small business professionals have access to the education, training, and resources needed for complex topics like IP protection helps small businesses thrive in the defense marketplace, for the benefit of the entire DIB and DoD.

Another essential component is continued engagement from senior leadership across the Department in promoting the objectives of this Strategy through annual small business memoranda and events, including engagement from the Secretaries of the Military Departments, Directors of the Defense Agencies, Senior Acquisition Executives, Program Executive Officers, and Program Managers. These DoD leaders should continue to participate regularly in small business industry and matchmaking events, issue workforce guidance regarding prioritization of small business contracting, and ensure their organizations clearly and effectively communicate opportunities for small business to

participate in their organization's procurements. This level of engagement will help small businesses understand where the Department is headed with its future requirements, so they can better align their business models and investments.

The Department will also pursue improving its acquisition forecasts for industry. Providing accurate and relevant forecasting is an effective way to communicate to industry about future requirements and direction. Accomplishing this goal, however, remains a challenge, particularly in connection with existing small business programs and related efforts. The Department intends to pursue development of forecasting tools for small business offices and other organizations to enable production and distribution of timely and useful forecasts.

3.2. Provide Cybersecurity Training and Resources to Small Businesses

Cybersecurity threats to the DIB keep expanding in number, frequency, and severity. Protecting DoD information and capabilities from these increasingly sophisticated threats posed by foreign competitors and adversaries remains a critical national security priority for the Department. The resources required to safeguard data and systems from common and advanced persistent threats can put a strain on companies of any size, but resource-constrained small businesses are particularly vulnerable. Small businesses make up over 70 percent of the industrial base, making cyber risks to the supply chain a significant concern. Supporting cyber resilience within the small business

industrial base is key to enabling these companies to address industrial base gaps across the Department.

Cybercriminals know that small businesses are the most resource constrained, high value targets in the defense supply chain so they repeatedly target companies that are often unprepared to prevent those attacks.

To combat this constant risk to the U.S. defense supply chain, the Department is committed to ensuring good cybersecurity hygiene throughout the DIB. By promoting and assisting with cyber resilience for small businesses, DoD can play a key role in enabling these companies to address cybersecurity gaps, while also mitigating threats to the supply chain and DoD sensitive information.

Recognizing these challenges, the Department initiated Project Spectrum. According to its website (<https://projectspectrum.io>), Project Spectrum is a comprehensive “platform that provides companies, institutions, and organizations with cybersecurity information, resources, tools, and training. Its mission is to improve cybersecurity readiness, resiliency, and compliance for small/medium-sized businesses and the federal manufacturing supply chain.” The Department intends to provide guidance to small businesses in connection with the conduct of voluntary self-assessments of cyber preparedness, as well as, as appropriate, tools, technologies, and training small businesses can use to help improve their cyber resilience.

3.3. Educate Small Businesses on Risks of Foreign Ownership, Control, and Influence

The United States’ adversaries increasingly use non-military means to achieve their objectives during the “competition” phase of conflict by operating effectively in what is known as the “Gray Zone.” These gray zone actions include the targeting of our smallest and most innovative companies through controlled access to rare raw materials, supply chains, and through foreign ownership, control, or influence (FOCI) operations that work in conjunction with state sponsored or proxy intelligence and cyber forces. These operations target key technology sectors, providing adversaries and near-peer competitors access to American IP and ingenuity. This access can be legally gained through joint ventures, mergers, and acquisitions, or illegally through cyber espionage. These activities can undermine U.S. efforts to pursue global economic and national security interests.

Helping protect the DoD small business industrial base from these threats is critical to economic and national security and requires taking a comprehensive approach.

DoD can make an immediate impact by educating and training small businesses on these threats. Many small companies are not aware of potential vulnerabilities. Training and education can help small businesses gain a baseline understanding of these types of threats and steps they can take to address them. Educational platforms for small business should be expanded to help small businesses gain a baseline understanding of FOCI threats to address them. Additionally, although the Department has worked to connect innovative companies working with the Department to sources of domestic capital, this work has proven challenging due to the lack of DoD-wide due diligence standards and the difficulty of incentivizing private domestic capital to work with the Department in such a program.

Establishing a small business FOCI working group would help the Department explore additional steps in this area and ensure that DoD can strike the right balance between taking additional measures and minimizing regulatory burdens that may deter the nation’s most innovative companies from wanting to do business with the Department. Some concepts that may potentially be addressed include developing due diligence capabilities to capture data and provide a multi-dimensional risk profile of DIB small business participants, assessing FOCI risk associated with defense contractors, and establishing market-based incentives to drive behaviors that are conducive to both economic and national security. Potential stakeholders include OSBP and other offices within OUSD(A&S) such as DPC, OUSD (R&E), the Defense Security Enterprise Advisory Group (DSEAG), the Defense Technology Security Administration (DTSA), and the Defense Counterintelligence and Security Agency (DCSA). Additionally, the Department will explore ways to incentivize domestic investment from trusted domestic sources of capital into vetted technology companies, which would diminish reliance on overseas capital to small companies in the technology and national security industrial base.

Implementation actions to pursue for Strategic Objective 3:

3.1.1. Develop and issue guidance on managing, resourcing, and using APEX Accelerators. This guidance will help better position APEX Accelerators to understand the Department's requirements and provide feedback on their procurement technical assistance activities, which will support DoD's market research, and provide insight to Department leadership on supply chain issues. This guidance would also enable DoD Component Small Business Directors, as well as small business professionals in the field, to leverage APEX Accelerators for targeted outreach and assistance activities tailored to specific acquisitions and mission needs.

3.1.2. Develop IP training resources that will benefit the small business community in coordination and collaboration with the DoD IP Cadre and DAU.

3.1.3. Include information about current IP education programs in DoD outreach and communications efforts to small businesses seeking to do business with the Department.

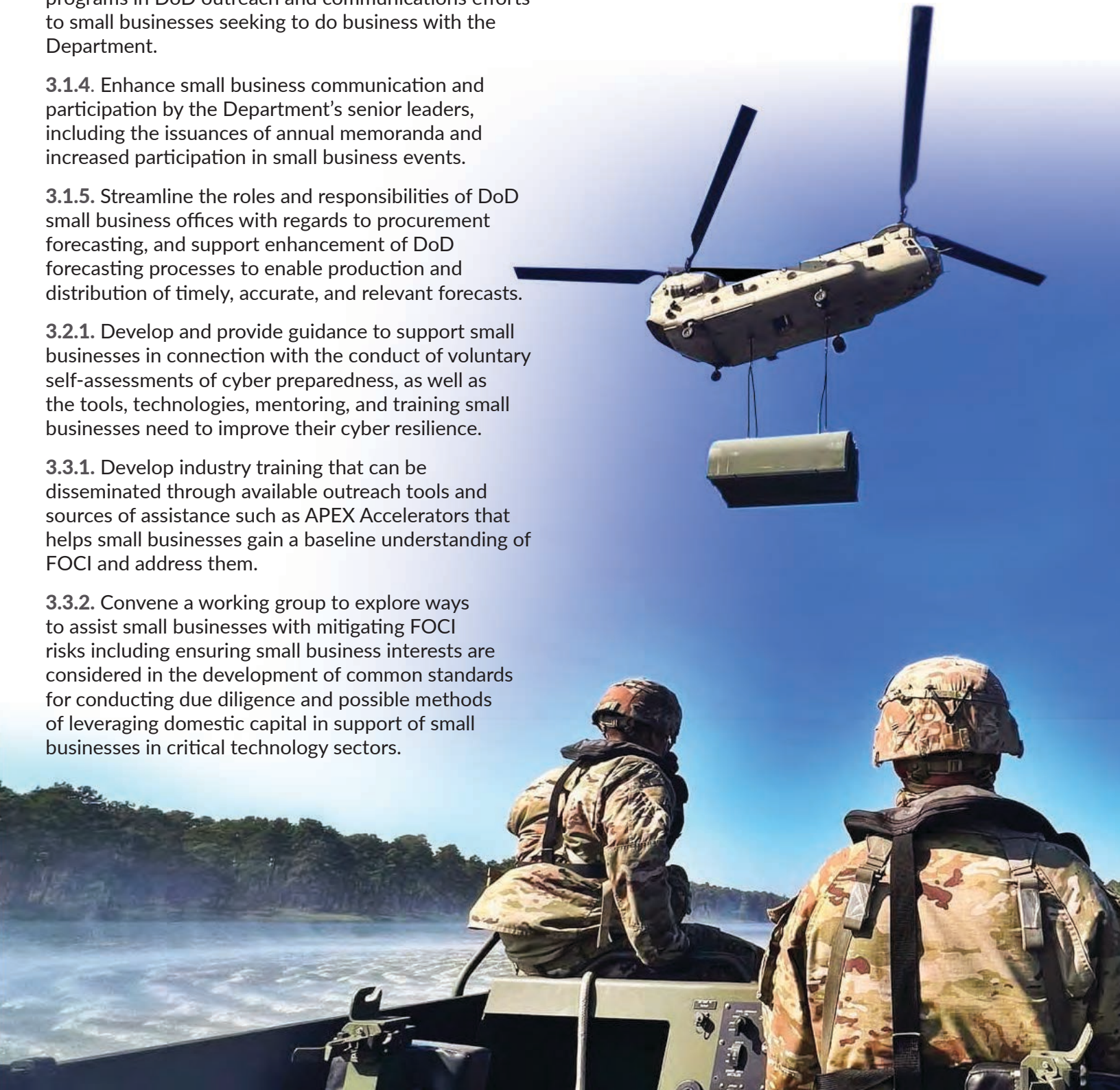
3.1.4. Enhance small business communication and participation by the Department's senior leaders, including the issuances of annual memoranda and increased participation in small business events.

3.1.5. Streamline the roles and responsibilities of DoD small business offices with regards to procurement forecasting, and support enhancement of DoD forecasting processes to enable production and distribution of timely, accurate, and relevant forecasts.

3.2.1. Develop and provide guidance to support small businesses in connection with the conduct of voluntary self-assessments of cyber preparedness, as well as the tools, technologies, mentoring, and training small businesses need to improve their cyber resilience.

3.3.1. Develop industry training that can be disseminated through available outreach tools and sources of assistance such as APEX Accelerators that helps small businesses gain a baseline understanding of FOCI and address them.

3.3.2. Convene a working group to explore ways to assist small businesses with mitigating FOCI risks including ensuring small business interests are considered in the development of common standards for conducting due diligence and possible methods of leveraging domestic capital in support of small businesses in critical technology sectors.



Conclusion

The Department is committed to rebuilding a robust and agile small business industrial base, and this strategy represents an important step in that process. Small businesses provide for nearly the entire spectrum of the Department's needs and the breadth and depth of efforts outlined in this strategy reflect that importance. Recognizing that the Department's own practices have played a role in turning businesses away, DoD has carefully examined what specific reforms must be advanced to remove or reduce those barriers. This strategy provides a roadmap to reverse the recent decline of small businesses in the DIB and leverage small businesses to deliver the best technologies, services, and products to the warfighter. Recruiting more small businesses into the DIB means a more advanced military, stronger supply chains, and a more equitable and prosperous national economy.

The Department is working to lay a foundation for the kind of Industrial Base needed to win in the 21st century, by streamlining the small business management structure, ensuring activities better support national security, and increasing engagement with industry. Together, these initiatives can bring long-term supply chain resiliency, increased competition, and improved equity to the DIB and the country. Most importantly, they will help the United States maintain technological advantage over strategic competitors.

As the international landscape grows more complicated and more dangerous by the day, it is more important than ever that the United States hosts a DIB worthy of the world's finest military. While the country faces immense challenges, there is no group better suited to meet them than American entrepreneurs and small business owners. This small business strategy will unlock the full potential of small businesses and strengthen our national security.

LIST OF ABBREVIATIONS

ASD	Assistant Secretary of Defense
CRADA	Cooperative Research and Development Agreement
CRM	Customer Relationship Management
DAU	Defense Acquisition University
DFARS	Defense Federal Acquisition Regulation Supplement
DIB	Defense Industrial Base
DIU	Defense Innovation Unit
DLA	Defense Logistics Agency
DoD	Department of Defense
DoDI	Department of Defense Instruction
DPA	Defense Production Act
DPC	Defense Pricing and Contracting
DSCA	Defense Support of Civil Authorities
FAR	Federal Acquisition Regulation
FOCI	Foreign Ownership, Control, and Influence
FTE	Full-Time Equivalent
GSA	General Services Administration
HUBZone SB	Historically Underutilized Business Zone Small Business
IBAS	Industrial Base Analysis and Sustainment
IBC	Industrial Base Council
IP	Intellectual Property
ManTech	Manufacturing Technology Program
MII	Manufacturing Innovation Institutes
MPP	Mentor-Protégé Program
MRCOE	Market Research Center of Excellence
NDAA	National Defense Authorization Act
NSIC	National Security Innovation Capital
OSBP	Office of Small Business Programs
OUSD(A&S)	Office of the Under Secretary of Defense for Acquisition and Sustainment
OUSD(R&E)	Office of the Under Secretary of Defense for Research and Engineering
PTAC	Procurement Technical Assistance Center

PTAP	Procurement Technical Assistance Program
SAT	Simplified Acquisition Threshold
SBA	Small Business Administration
SBDC	Small Business Development Center
SBIR	Small Business Innovation Research
SDB	Small Disadvantaged Business
SDVOSB	Service-Disabled Veteran-Owned Small Business
STTR	Small Business Technology Transfer
RIF	Rapid Innovation Fund
USPTO	United States Patent and Trademark Office
WOSB	Women-Owned Small Business

