

U.S. ARMY

Office of Small Business Programs

FY23 Report



BE ALL
YOU
CAN BE.

Reader,

The Fiscal Year 2023 (FY23) annual small business report marks the fourth such publication from the Army's Office of Small Business Programs (OSBP). Over the years, the report was streamlined, presentation modified, and data analysis honed to deliver value to the reader. This reflects the mission approach within OSBP...continually analyze data, improve execution, and innovate processes for efficiency and effectiveness. The Army and small business vendors deserve and demand no less.

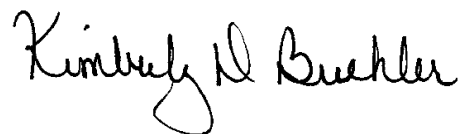
The Army's FY23 budget prioritized resources to take care of people, build readiness, win the current and future fight, and deploy a more lethal Army focused on Joint All-Domain Operations. Initial fielding and prototype delivery for 24 of the 35 modernization programs progressed, with full delivery of all programs expected by 2030. Small business delivered capability in support of all mission areas and priorities for people, readiness, and modernization.

In many ways, FY23 reflected a return to normal. The President declared an end to the COVID-19 pandemic in April and the Army transferred responsibility for awarding COVID-19 vaccine contracts to the Department of Health and Human Services in FY22, thus reducing the amount of eligible small business obligations for which there was no opportunity for small

business contract awards. However, supplemental security assistance funding provided by Congress to support the country of Ukraine enabled the Army to increase production for key capabilities, which offset the reduction in total eligible contract obligations. Small businesses received five percent of these contracts.

In FY23, the Army obligated more dollars to small businesses than any other Federal Government agency—\$24 billion! The U.S. Army Corps of Engineers alone had the highest agency obligations to HUBZone firms. Despite these accomplishments, the Army met three of the five small business goals: overall Small Business, Service-Disabled Veteran-Owned Small Business, and HUBZone Small Business. These facts demonstrate the limitation of focusing on a limited metric—dollars obligated—to grade success of the small business program. The Army considers a variety of measures to assess the small business program, which enables us to celebrate success while identifying challenges and opportunities.

Thank you to everyone whose work hard delivers a world-class small business program for the Army and our Nation.





ARMY OFFICE OF SMALL BUSINESS PROGRAMS

Our Vision

To be the premier advocacy organization committed to maximizing Small Business utilization in support of the Army.

We support the Army's ability to build readiness for high-intensity conflict and modernize our doctrine, equipment, and formations. Our focus is not only on helping to enhance the industrial base but also taking care of our people and living Army Values. We support the Army's ability to sustain long-term success in wartime and peace to ensure our Army remains the most lethal ground combat force in history, capable of dominating any adversary on any battlefield.

Our Mission Statement

Advise the Secretary of the Army and the Army leadership on small business matters.

Maximize opportunities for innovative initiatives that contribute to expanding the small business industrial base relevant to the Army mission priorities.

Leverage Small Businesses to ensure expansion and/or sustainment of the industrial base and provide opportunities to obtain innovative technologies, supplies, and services for our Soldiers.

Strategic Goals

In accordance with 15 U.S.C. § 644(k), Department of Defense Instruction (DoDI) 4205.01, Revision 2, and Army General Order #01, the Army OSBP provides oversight and overall management of the Army Small Business Program. This includes providing applicable policy and guidance to the Army Commands (ACOM), Army Service Component Commands (ASCC), and Direct Reporting Units (DRU) to support maximum practicable contracting opportunities for small businesses.



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Outreach Events

Army OSBP's fundamental tool for assisting small business is its presence. Small business vendors participate in various industry-specific conferences and government-sponsored training events throughout the year. Army OSBP personnel attended over 25 such conferences in FY23, including:

1. Association of Defense Communities Innovation Summit: OCT 31–NOV 2, 2022 – Phoenix, AZ
2. Society of American Military Engineers Federal Small Business Conference: NOV 2-4, 2022 – Nashville, TN
3. CMMC Summit: NOV 9, 2022 – Tysons Corner, VA
4. US Pan Asian American Chamber of Commerce Education Foundation: DEC 9, 2022 – Virtual
5. US Women's Chamber of Commerce Matchmaking: DEC 1, 2022 – Virtual
6. National 8(a) Conference: FEB 13-15, 2023 – New Orleans, LA
7. 2023 Smart PROC GOVCON: FEB 22 & 23, 2023 – Frederick, MD
8. National Center for Veteran Institute for Procurement International: MAR 30, 2023 – Potomac, MD
9. DoD Mentor-Protégé Summit: MAR 28-30, 2023 – Orlando, FL
10. Quarterly HUBZone Meeting: MAY 18, 2023 – Leesburg, VA
11. AFCEA Small Business Innovation: Different Innovation Perspectives Webinar Series: Hear from the Department of Defense: JUN 12, 2023 - Virtual
12. NCMA Old Dominion Chapter: JUN 14, 2023 – Fredericksburg, VA
13. General Dynamics Information Technology SBO Chat: JUN 28, 2023 – Virtual
14. Navy Gold Coast Small Business Procurement Event: JUL 26-28, 2023 – San Diego, CA
15. National HUBZone Conference: AUG 22-24, 2023 – Leesburg, VA

In FY23, Army OSBP sponsored four Virtual Vendor Engagements addressing the following topics: Army Climate Strategy, Intellectual Property, Army "First Stop" Program, and Foreign Ownership, Control, or Influence (FOCI).



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Strategic Plan

In FY23, the Army OSBP issued a revised Strategic Plan that establishes a clear path into the future to execute the small business mission in support of the warfighter. This document spans FY24-FY28 and aligns the Army small business programs with the strategy and goals established in the *National Security Strategy (2022)*, *National Defense Strategy (2022)*, *Department of Defense Small Business Strategy (2023)*, and *Army Strategic lines of effort: People, Modernization and Readiness*. The Army OSBP Strategic Plan encompasses:

<p>1 Readiness: Maximize the use of small business in support of Army mission readiness and put the Army on a sustainable strategic path through data-centric analysis.</p> <ul style="list-style-type: none">OBJ 1-1 Effective Outreach ProgramOBJ 1-2 Increase SB opportunity in all categoriesOBJ 1-3 Increase number of SB firms with contractsOBJ 1-4 Increase SL AwarenessOBJ 1-5 Focus on policy, programs, and proceduresOBJ 1-6 Effective Command processes and oversightOBJ 1-7 Promote cyber preparedness and resilienceOBJ 1-8 Support intellectual property education for SB	<p>OSBP seeks opportunities to promote and increase a more technically qualified small business industrial base with the capabilities to support and sustain mission readiness.</p>
<p>2 Build Army Modernization capabilities to gain enduring warfighting advantage and achieve overmatch against pacing threats and aggressive competitors.</p> <ul style="list-style-type: none">OBJ 2-1 Promote MPP, SBIR/STTROBJ 2-2 Streamline processesOBJ 2-3 Conduct strategic industry engagement	<p>OSBP is committed to utilizing program authorities that advance small business firms that support experimentation, product development and delivery to meet current and future warfighting requirements.</p>
<p>3 Align with Army on the importance of people and transform the way we recruit and retain people.</p> <ul style="list-style-type: none">OBJ 3-1 Support education of SB and acquisition professionalsOBJ 3-2 Execute the SB Talent Management Guide issued in 2022OBJ 3-3 Sponsor informal training and improve On the Job trainingOBJ 3-4 Maintain an effective awards program that rewards innovation	<p>OSBP will collaborate across the Army Enterprise to recruit, develop, deploy, and retain a professionally credentialed and diverse workforce that best supports the Army.</p>

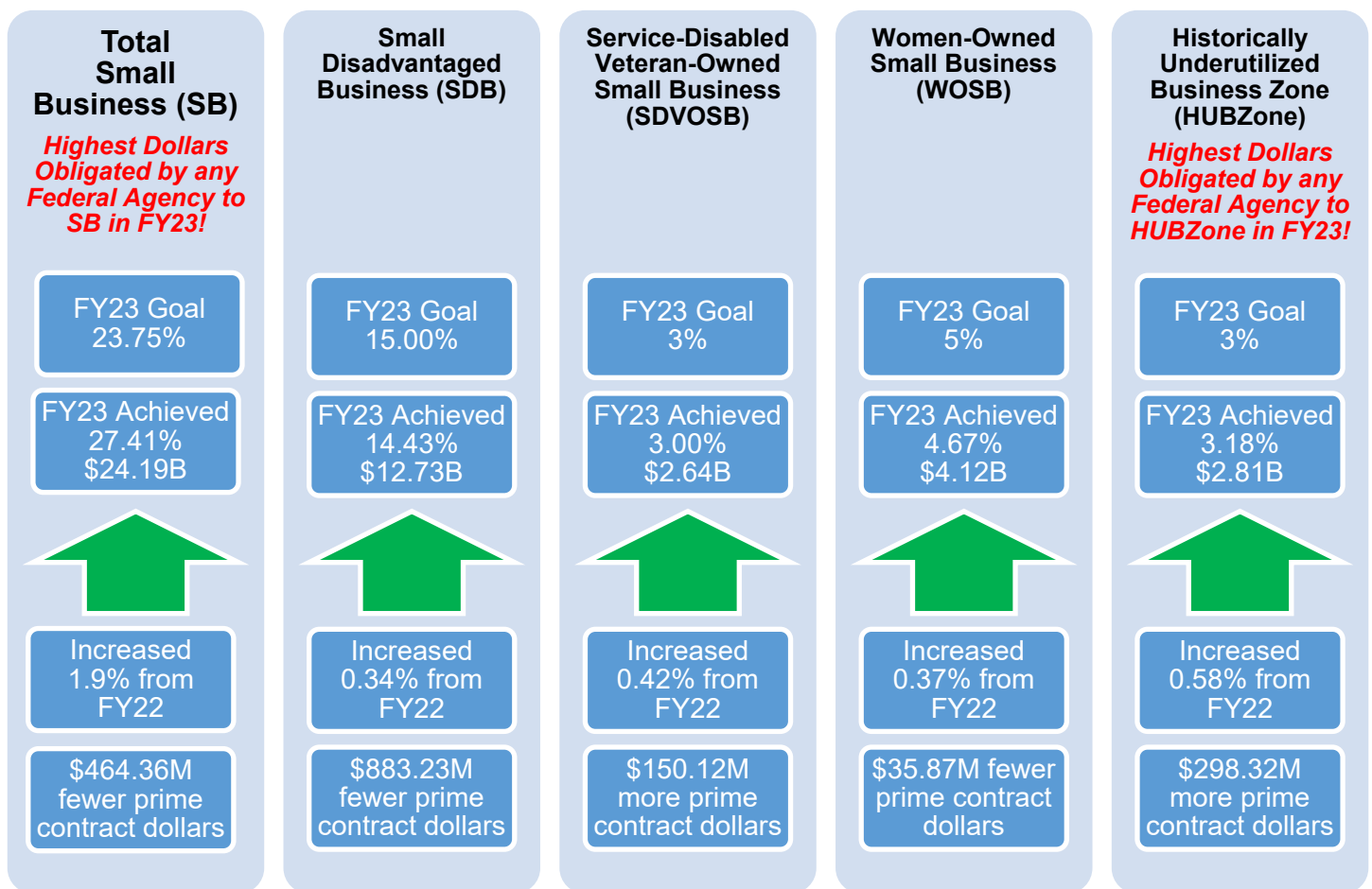
The Army OSBP also published an implementation roadmap to operationalize the objectives contained in the strategic plan.



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FY23 Achievements

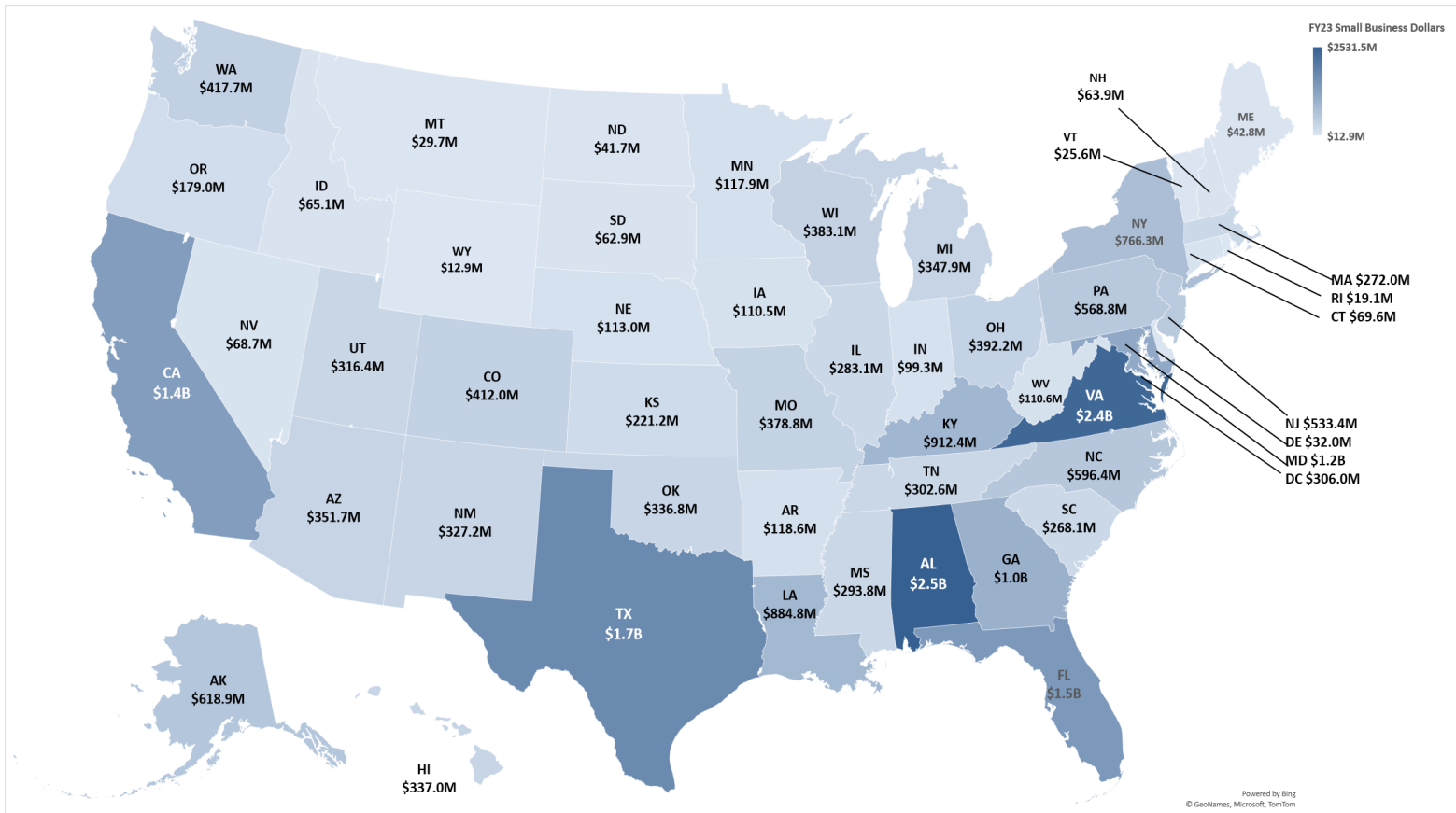
For FY23, the DoD OSBP assigned the Army an overall prime contracting goal of 23.75 percent of eligible prime contracts and a Small Disadvantaged Business goal of 15 percent. The small business goal of 23.75 percent was a 10.7 percent decrease from FY22 to account for requirements supporting Ukraine assistance. The increased goal for prime contract awards to Small Disadvantaged Business reflects Executive Order direction to increase equity for underserved communities through the procurement power of the federal government.



All data in this report was pulled from the Army's Virtual Contracting Enterprise on January 9, 2024, which is the date the DoD "locks" the data for reporting purposes.

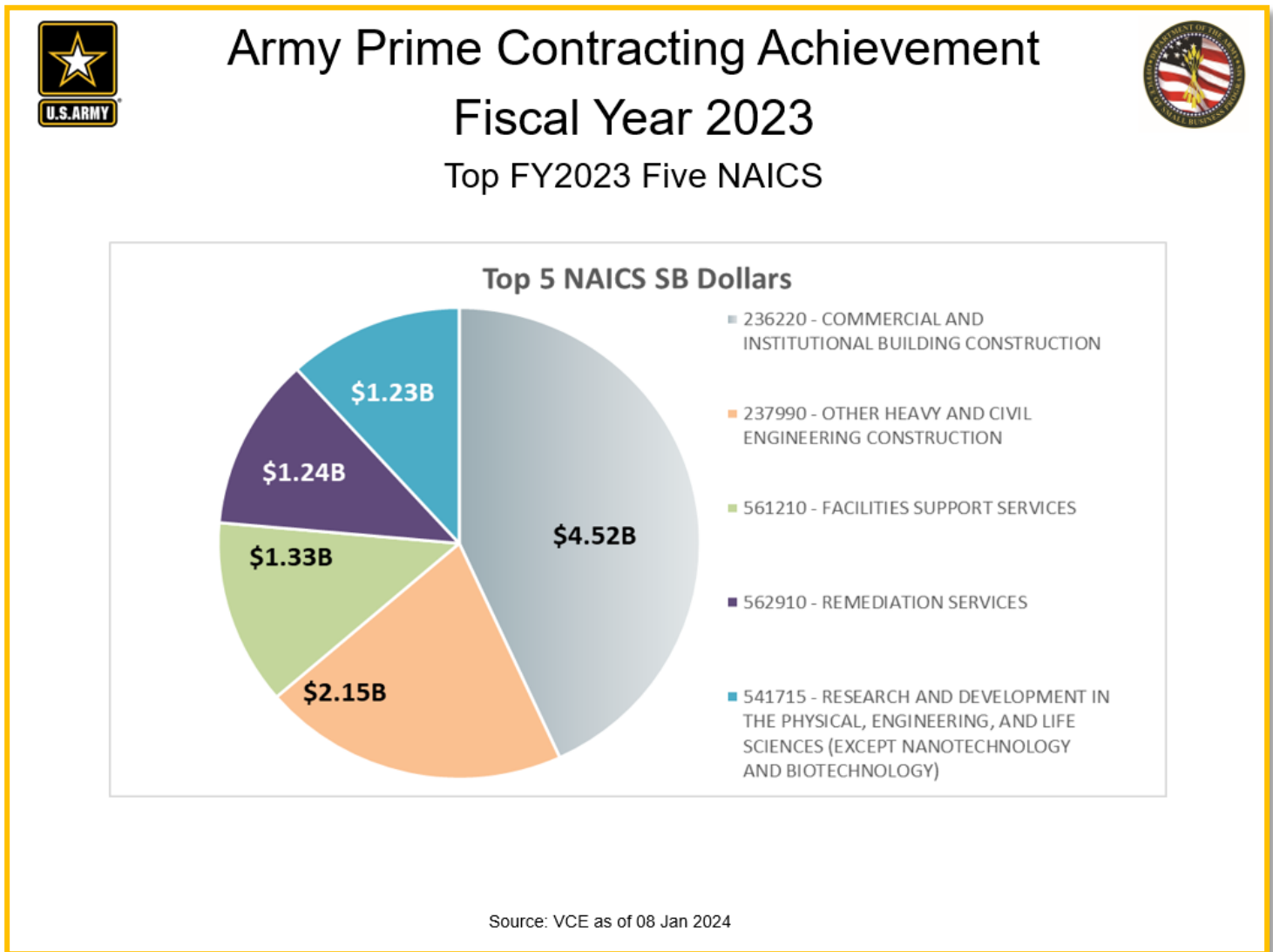
Contract Obligations to Small Business by State

As the map of the U.S. indicates, the Army's contract obligations to small business vendors are over \$1 billion in each of the following states: Alabama, Virginia, Texas, California, Maryland, Florida, and Georgia. The map also reflects that Army awarded contracts in all 50 states!



Army Top Five North American Industry Classification System (NAICS)

The Army's Top Five NAICS in FY23 showed some variation from the prior three fiscal years. Expectedly, NAICS 325413 In-Vitro Diagnostic Substance Manufacturing, fell off given the transfer of vaccine procurements from the Army to HHS, and NAICS 561210 Facility Support Services and 562910 Remediation Services surged, reflecting efforts performed by Native Hawaiian small businesses supporting recovery efforts from the Maui wildfires.

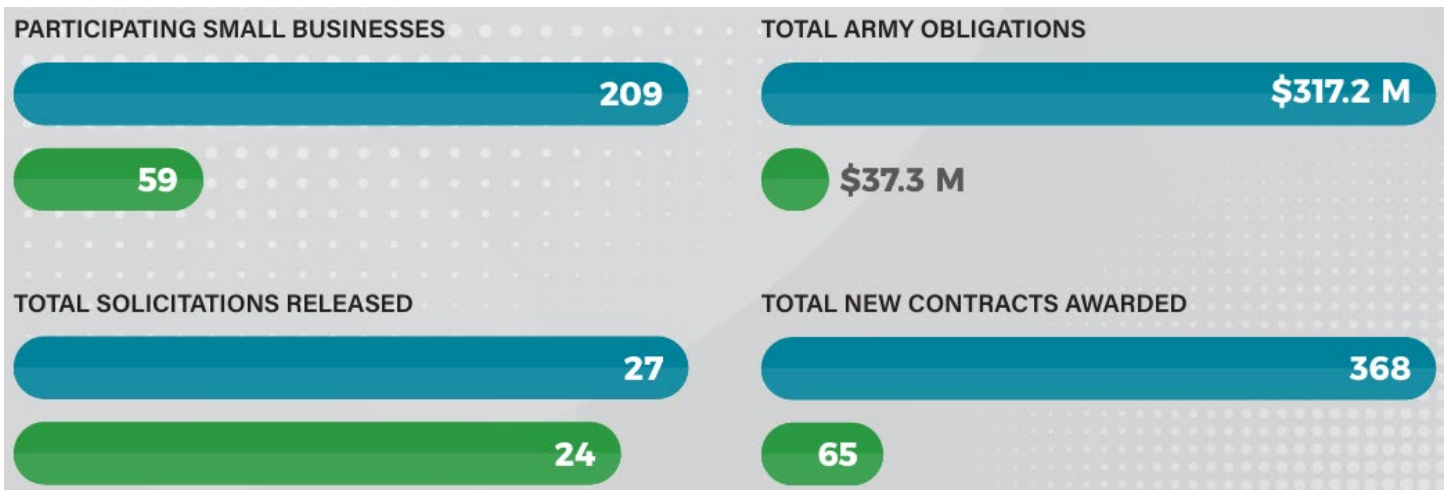


Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) Program Achievements

In April 2024, the Army SBIR/STTR Program Office released the 2023 SBIR/STTR Year in Review report. The report provides insight to the program’s evolving capabilities, its efforts to drive collaboration and the actions taken to transform concepts into equipment for our Soldiers. The report can be obtained at the following weblink:

<https://www.armysbir.army.mil/announcement/2023-year-in-review/>

Key highlights from the report include:



ARMY SBIR NEW-START CONTRACTS			
Contract	Total Obligated Amount	# Of New Contracts Awarded	# Of Firms Receiving Awards
Phase I	\$31.6 million	188	91
Phase II	\$262.5 million	180	146
Total	\$294.1 million	368	237

ARMY STTR NEW-START CONTRACTS			
Contract	Total Obligated Amount	# Of New Contracts Awarded	# Of Firms Receiving Awards
Phase I	0	0	0
Phase II	\$37.3 million	65	59
Total	\$37.3 million	65	59

ARMY NEW-START PHASE III CONTRACTS			
Contract	Total Obligated Amount	New Contracts Awarded	# Of Firms Receiving Awards
Phase III	\$95 million	59	39

Army Number of Unique Small Business Vendors

The decline in the number of small business vendors receiving Army contracts largely stabilized in FY23 with some contracting organizations, most notably the U.S. Corps of Engineers, increasing the number of vendors. Increased focus on this metric, combined with efforts to implement the tenets of federal policy issued to support new Executive Order 14091 (16 Feb 2023), helped Army small business professionals create new opportunities for small business.

10825

Federal Register
Vol. 88, No. 35
Wednesday, February 22, 2023

Presidential Documents

Title 3—
The President

Executive Order 14091 of February 16, 2023
Further Advancing Racial Equity and Support for Underserved Communities Through the Federal Government

By the authority vested in me as President by the Constitution and the laws of the United States of America, it is hereby ordered as follows:

Section 1. Policy. On my first day in office, I signed Executive Order 13985 of January 20, 2021 (Advancing Racial Equity and Support for Underserved Communities Through the Federal Government), which charged the Federal Government with advancing equity for all, including communities that have long been underserved, and addressing systemic racism in our Nation's policies and programs. By advancing equity, the Federal Government can support and empower all Americans, including the many communities in America that have been underserved, discriminated against, and adversely affected by persistent poverty and inequality. We can also deliver resources and benefits equitably to the people of the United States and rebuild trust in Government.

Over the past 2 years, through landmark legislation—including the American Rescue Plan Act of 2021 (Public Law 117-2); the bipartisan Infrastructure Investment and Jobs Act (Public Law 117-58) (Bipartisan Infrastructure Law); division A of Public Law 117-167, known as the Creating Helpful Incentives to Produce Semiconductors (CHIPS) Act of 2022; Public Law 117-169, commonly referred to as the Inflation Reduction Act of 2022; and the Bipartisan Safer Communities Act (Public Law 117-159)—as well as executive action, my Administration has vigorously championed racial equity and has advanced equal opportunity for underserved communities. Executive departments and agencies (agencies) have engaged in historic work assessing how their policies and programs perpetuate barriers for underserved communities and developing strategies for removing those barriers. They have made important progress incorporating an evidence-based approach to equitable policymaking and implementation, and they have crafted new action plans to advance equity. In short, my Administration has embodied a focus on equity into the fabric of Federal policymaking and service delivery. Our work to transform the way the Federal Government serves the American people has been complemented by Executive Order 14035 of June 25, 2021 (Diversity, Equity, Inclusion, and Accessibility in the Federal Workforce), which continues to help ensure that my Administration—the most diverse in our Nation's history—reflects the growing diversity of the communities we serve.

My Administration's commitment to equity has produced better decision-making and more equitable outcomes. We have delivered the most equitable economic recovery in memory, and, driven by the expanded Child Tax Credit, we cut child poverty to its lowest rate on record in 2021, including record low Black, Latino, Native American, and rural child poverty. Under my Administration, the economy has created nearly 11 million jobs, and we have brought down unemployment nationwide—in particular for Black and Latino workers, for whom unemployment rates are near 30-year lows. My Administration has provided emergency rental assistance to help millions of families stay in their homes, and we have prohibited Federal contractors from paying people with disabilities subminimum wages. We are rebuilding roads and bridges, replacing the Nation's lead pipes to provide clean drinking water for all, delivering access to affordable high-speed internet to Americans

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

February 17, 2023

M-23-11

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

FROM: Jason S. Miller
Deputy Director for Management

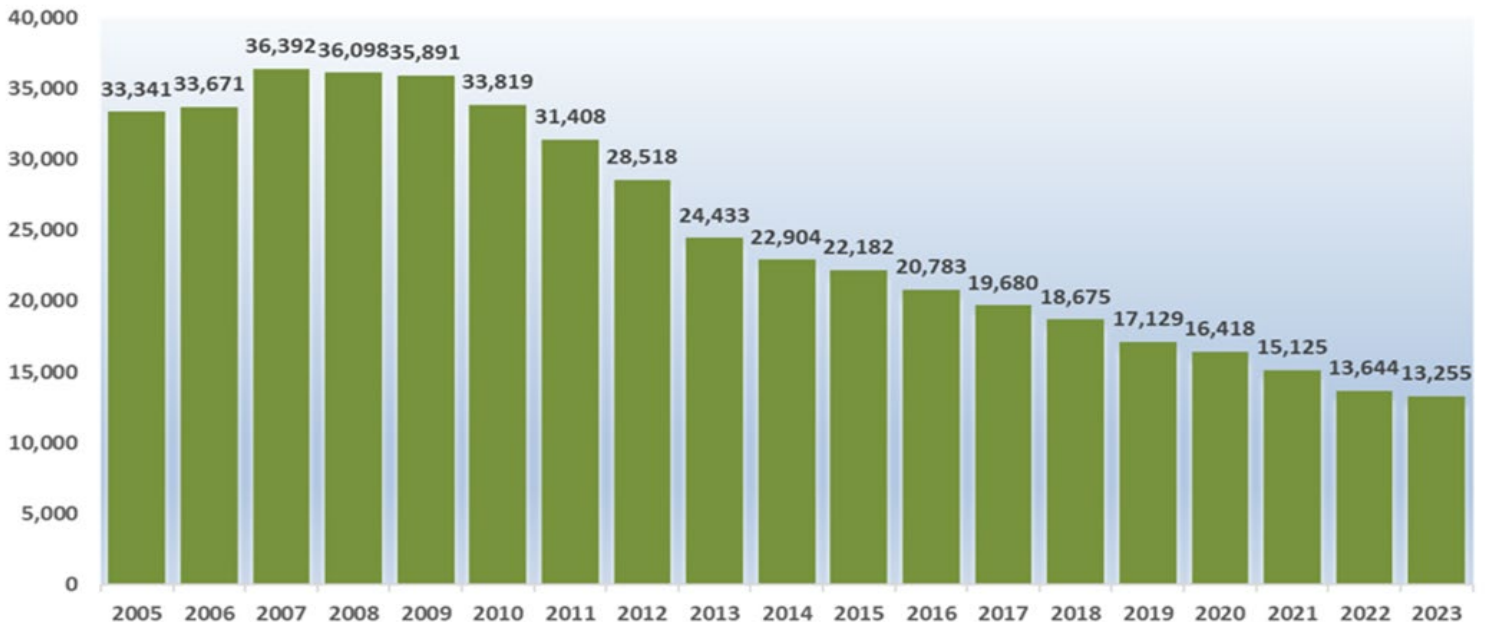
SUBJECT: Creating a More Diverse and Resilient Federal Marketplace through Increased Participation of New and Recent Entrants

The President's Management Agenda (PMA), calls on agencies to create a diverse and resilient Federal marketplace.¹ At a time when applications to start new small businesses in America are at an all-time high, it is imperative that the Federal marketplace leverage this small business growth in supply chains that support agency missions, reverse the significant decline of small business participation in the Federal supplier base over the last decade, and increase the share of Federal contract dollars awarded to small disadvantaged businesses to 15 percent by 2025, as called for by the President.² Under the PMA, and as part of the Administration's work to grow the economy from the bottom up and the middle out, agencies will build stronger supply chains through a greater focus on new and recent contractors that—along with established contractors—can regularly provide fresh innovative thinking and seasoned expertise to support agencies in addressing national priorities.

As one step toward a more diverse and resilient supplier base, Office of Management and Budget (OMB) Memorandum M-22-03, *Advancing Equity in Federal Procurement*, requires that agencies increase their management attention on new entrant participation in the Federal marketplace, and especially on small business entrants, where the decline in the supplier base has been especially acute.³ Building on M-22-03, this memorandum establishes a common definition of "new entrant" for Federal acquisition, so agencies can baseline, track, and benchmark their progress in bringing entities into the Federal marketplace, as well as a common definition of "recent entrant," so agencies can baseline, track, and benchmark how well they retain new entrants. This memorandum also provides guidance to agencies for using two newly-developed tools: a supplier base dashboard to evaluate progress in achieving diversity and

¹ PMA Priority Area 3: Managing the Business of Government, Strategy 1: Foster Lasting Improvements in the Federal Acquisition System, Goal 1: Create a Diverse & Resilient Marketplace.
² OMB Memorandum M-23-01, *Increasing the Share of Contract Dollars Awarded to Small Disadvantaged Businesses*.
³ Other actions to build the diversity and resilience of the Federal marketplace that are addressed in the PMA and OMB M-22-03 include: (1) making improvements in the content, timeliness, and availability of agency procurement forecasts so small businesses can prepare for competition more easily, (2) taking greater advantage of "no-rumps" and other practices that can increase the number of small business vendors, (3) "tipic award contracts," and (3) conducting pilots of "to use federal procurement as a catalyst."

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Number of Unique Army Small Business Vendors by Year
Fiscal Year 2005-2023



Category Management

In FY23, the Army increased the amount of dollars awarded to small businesses in 10 categories under the Office of Management and Budget Category Management framework. The increase in Category 12—Weapons and Ammunition, is the direct result of qualifying a new Women-Owned Small Business for ammunition production.

OMB Level 1 Category	FY23			Change from Prior FY	
	SB Eligible Dollars	SB Obligated Dollars	% SB Obligated Dollars	% Achieved	\$ Achieved
4-Facilities & Construction	\$28.46B	\$11.74B	41.26%	-1.46%	\$1.34B
5-Industrial Products & Services	\$1.26B	\$633.38M	50.33%	-1.87%	\$88.63M
7-Transportation & Logistics Services	\$3.4B	\$752.61M	21.64%	-5.83%	\$17.19M
9-Human Capital	\$657.00M	\$300.82M	45.79%	0.15%	\$26.03M
11-Aircraft, Ships/Subs & Land Vehicles	\$6.58B	\$259.77M	3.95%	-0.48%	\$50.80M
12-Weapons and Ammunition	\$13.67B	\$800.08M	5.85%	0.45%	\$410.14M
13-Electronic & Communication Equipment	\$2.10B	\$146.29M	6.97%	-1.51%	\$39.23M
14-Sustainment S&E	\$4.94B	\$816.77M	16.53%	-9.09%	\$255.32M
18-Equipment Related Services	\$3.16B	\$392.69M	12.42%	-0.99%	\$34.49M
19—Electronic & Communication Services	\$80.67M	\$28.50M	35.33%	0.86%	\$8.57M

Ten categories experienced less than two percent change from FY22 achievements indicating relative stability in the category, while several categories reflect significant change, as indicated in the below chart.

OMB Level 1 Category	FY23			Change from Prior FY	
	SB Eligible Dollars (\$)	SB Obligated \$	% SB Obligated \$	% Achieved	\$ Achieved
6-Office Management	\$261.20M	\$234.21M	89.67%	9.18%	\$2.08M
10-Medical	\$2.84B	\$580M	20.28%	11.16%	\$2.06B
14-Sustainment S&E	\$4.94B	\$816.77M	16.53%	-9.09%	\$255.32M
15-Clothing, Textiles & Subsistence S&E	\$533.07M	\$339.87M	63.76%	-10.79%	\$17.47M
16-Miscellaneous S&E	\$77.99M	\$39.88M	53.18%	-13.44%	\$3.57M
17-Research & Development	\$4.92B	\$1.53B	31.09%	-9.50%	\$183.61M



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DoD Mentor-Protégé Program

The FY23 National Defense Authorization Act (NDAA) made significant changes that positively impacted the DoD Mentor-Protégé Program, most notably making the program permanent (10 USC section 4902).

Army Stats: Six DoD Mentor-Protégé Agreements valuing \$2.5 million that support rapid pathogen detection, radars, cybersecurity, and engineering.

- 1 Non-traditional
- 3 Women Owned Small Business
- 1 Women Owned Small Business/Disadvantaged Business
- 1 Small Disadvantaged Veteran Owned Small Business/HUBZone

Former protégés continue to serve as suppliers to the Army and other DoD agencies. Over the past four years preceding FY23, protégé firms performed an average of \$4.75 billion of contract work for the Federal Government annually.

Nunn-Perry Award

The Nunn-Perry Award is named for the contributions of Senator Sam Nunn and former Secretary of Defense William Perry, both of whom played critical roles in the implementation of the DoD Mentor Protégé Program. Established in 1990, the DoD Mentor Protégé Program assists DoD prime contractors in meeting their Small Disadvantaged Business (SDB) subcontracting goals. The Program has since expanded, providing developmental assistance to Women-Owned Small Businesses, Service-Disabled Veteran-Owned Small Businesses and others. This award is given to firms that exhibit exemplary protégé growth and deliver capabilities across major defense programs.

All Points Logistics, LLC and Eikon Research, Inc. are FY23 recipients of the Nunn-Perry Award. Through All Points Logistics, LLC mentorship, Eikon produced groundbreaking technology that provides advanced situational awareness and threat detection capabilities in complex hostile environments and difficult terrain. This MPA has received extensive support from All Points Small Business Development Center Partner, Catalyst, totaling

29% of the contract value which is significantly more than the minimum 5% requirement. Eikon experienced revenue growth from awarded prime and subcontracts of \$4.9 million, which equates to 100% return on investment.



Army Mentor-Protégé participants, flanked by Army and DoD leaders, receive the Nunn-Perry Award from DoD during the Mentor-Protégé Summit, Orlando, FL, March 2023.



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Army OSBP at the 118th Congress

The Senate Armed Services Committee (SASC) Subcommittee on Readiness and Management Support (SASC-R) invited the DoD OSBP Director and Service OSBP Directors to testify on participation of small businesses in DoD contracting, the tools DoD employs to increase small business participation, the new DoD Small Business Strategy, and contracting challenges that act as impediments to small business participation in the defense industrial base.

On March 2022, Chairwoman Hirono, Ranking Member Sullivan, and members of the SASC-R Subcommittee heard testimony from Mr. Farooq Mitha, Director of DoD OSBP; Ms. Kimberly Buehler, Director Army OSBP; Mr. Jimmy Smith, Director Navy OSBP; and Mr. Scott Kiser, Director Air Force OSBP.

This opportunity to speak to legislators about Army's Small Business achievements helped to place FY23 achievements in perspective. Mobilizing tools like policy, lower-barrier to entry programs such as the Small Business Innovation Research Program, X-Tech, the DoD Mentor-Protégé Program were all presented to the Committee.

[Link to U.S. Senate Committee on Armed Services Hearing](#)



DoD, Army, Navy, and AF Small Business Directors testify before the Senate Armed Services Committee, Readiness and Management Support Subcommittee, 22 March 2023



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Scenes from FY23



Army, Navy, Air Force, and Defense Logistics Agency Small Business Directors brief at the DoD Mentor-Protégé Summit, Orlando, FL, March 2023.



Army OSBP Deputy Director and Army Futures Command Small Business Professional help small business vendors at the Navy Gold Coast, San Diego, CA, July 2023.



Army OSBP Director poses for a photo with the U.S. Army Corps of Engineers Small Business Professionals at Small Business Training Week, Baltimore, MD, June 2023.



The Under Secretary of the Army presents the Secretary of the Army for Small Business Utilization to the Assistant Director of Small Business Programs, Army Contracting Command— New Jersey, August 2023.



Army OSBP Director and Chief Operating Officer for Custom Software Systems, Inc. brief attendees at the World Congress sponsored by the National Contract Management Agency, Nashville, TN, July 2023.



Army OSBP Director and Small Business Liaison Officer for American Systems and volunteer with the AFCEA NOVA Chapter pose for a picture at the AFCEA International award ceremony to receive the award for the Government Small Businessperson of the Year, TechNetCyber, Baltimore, MD, May 2023.