

GSA Small Business Advisory Committee
Meeting Minutes
May 15, 2006, 9:00 am
GSA Central Office, Washington, DC

The Small Business Advisory Committee (SBAC) convened its third meeting in the room 007A of the Henry B. Gonzalez Convention Center in San Antonio, TX at 9:00 on May 15, 2006. Aaron Collmann, Designated Federal Officer to the Committee served as the representative of the Federal Government.

Felipe Mendoza, Associate Administrator for Small Business Utilization at GSA, welcomed the committee and announced the first three introductory speakers.

Members present (14): Peter Provenzano, Walt Blackwell, Bion Foster, Dave Harmon, Kay Stewart, Daisy Gallagher, Ron Evans, John Leyendecker, Michael Barrera, Ken Robbins, Ann Sullivan, Anna Cablik, Vince Trapani, Massey Villarreal.

Members absent (1) Susan Au Allen,

Following the welcomes, Regional Administrator Scott Arney welcomed the committee members and spoke briefly about the events going on in Region 7. Topics included the ongoing reorganization of the Federal Supply Service and the Federal Technology Service.

Mr. Arney also spoke of the upcoming hurricane season and the preparations underway. "Part of what we are going to be doing this year is through July and August we are going to have a series of small business local business seminars all across the Gulf Coast. This is something we just want to do to open the mind of communication with small business, local businesses... We need to make sure that in needed cases a hurricane hits, they know how to find us and we know how to find them. We are going to do that all along the coast of Texas and Louisiana working along with the SBA, FEMA, and focusing on talking more proactive roles."

Andrew Houton, Vice-Chairman of the Committee for Purchase from the Blind or Severely Disabled (JWOD).

"Just to give you a brief summary of whom we are, for those of you who do not know, our mission is to create jobs for people who are blind or have other severe disabilities in the manufacture and delivery of products and services to the Federal Government. Roughly there are about 17 million Americans who have severe disabilities. Seventy percent of that population is not employed. The JWOD program provides employment opportunities for more than 45,000 Americans who are blind or have other severe disabilities.

Due to an act established in 1938 called the Wagner-O'Day Act, the program initially was established for the agency to serve the blind by allowing them to manufacture products, some of which are still manufactured today like brooms and mops. In 1971, under the leadership of Senator Jacob Javits, congress amended this act to include people with severe disabilities and allow the Program to also provide services to the Federal Government. We are a small government agency and we are independent of other agencies. We report directly to the President.”

Willie Heath – Director, Regional Office of Small Business Utilization, Fort Worth, TX.

One of the things we are doing in the Greater Southwest Region is we have a session that we can provide the community with basic understanding on how to do business with GSA. Also, we have what we call intermediate training session; an in-depth detailed analysis of the multiple work schedule program that we have with GSA. Each session outlines the processes that are required to use the multiple work schedule program.

We are doing annual training, providing training sessions to the contracting officers, realty specialists within our business lines called side and public building service. We develop and review an annual action plan as it pertains to the quality program. Now what we have done with that plan is that we have incorporated into the assistant region administration a performance plan. Every year we make it mandatory that all of the contracting officers attend training to keep up with what's happening with the rules and regulations.

On a quarterly basis we have something called an industry day where we allow businesses to come in and they have the attention of the contracting officers. We bring contracting officers, project managers, division directors, and even the ARA from public building services will come in on a quarterly basis and listen to the prime contractor, small business, it doesn't matter, they can come in and make a presentation about their business. They have 15 minutes to make a presentation to GSA about what they do and what their capabilities are. This has really been going pretty good, so well that we have invited the Corps of Engineers and they've been participating for a year and a half. We've sent letters out to the FAA and DOD and we are looking for other federal agencies to participate.

Our mentor program is one of the things that we've done that is unique because basically I know nationwide most of the other small business programs don't do it. I am one of the only federal agencies that's participating in doing the mentoring program and what I found from this is that it's beneficial both ways because I figure I learn a lot from companies. We tell them up front “you cannot get a contract out of this program” that is one of the agreements they have to sign. There are no contracts so that you do not talk to people about contracts, but one of the things I have is access they are trying to get. If they are trying to go see someone from Raytheon, I know someone there, usually a VP there working with one of those companies.

Last I'm going to talk about compliance pretty quick. I don't think we have the resources, we haven't done a good job on compliance, but we are looking at more and the President requested that we do more; that is on the subcontracting plan side. So once you have the subcontract in place and you put it in place, the GSA we have goals that we put in here. In DOD they require that you must ID the companies before an award be made under construction. Once that is done, if you decide not to use that small business, it takes a contract modification to change the contract. When it comes to the other side of the house like GSA contracting, they put goals down and if they don't meet the goals, it's always been on a "good faith effort." So I think in compliance with what we are doing now, we call a tri-star team that we have developed in our region where we have SBA, the contracting officer, the real estate specialist, whoever is working on the project, along with my office we all go out and do the review together. If we can't find companies we have asked SBA to come in, the CMR (commercial market representative) and help them identify companies and we look at all the dollar spent, what they spent this year, how they spent, and where they spent it. We found that by doing that it helps them to understand that the government is now looking at that. In the long run it helps because they start saying that the government does care about the subcontracting side of the government.

Mildred Quinley, Director, Regional Office of Small Business Utilization in Atlanta, GA

I wanted to give you a real brief snapshot of region four Southeast Sunbelt Region. Last year the Federal Technology Service component of our region made awards for over a billion dollars in technology related awards in the Southeast. We could have done a little bit better but the reorganization does slow you up a little bit. We also have our public building service which I'd like to mention we have the largest portfolio construction project outside of DC; we also have the second largest portfolio of leased space in the country. So there is a lot of work to be done there's business for everybody, there's certainly niche market, we work with everybody, it does not matter what size of business, and if they come to us they get the same treatment. We try to build relationships one at a time.

FEMA called us out of Tibbie; I don't know if anyone knows where Tibbie Alabama is, it's a little spot where there are no hotel or per diem rates, but they asked us to come down from Montgomery and help FEMA and the Army Corps of Engineers talk to a few business people. We walked into a hornet's nest of over seven hundred and seventy business people that were mad, where is the government? And why they were not educated and did not understand the government process. They just knew that FEMA gave those contracts and they deserved one, and six hours later we got back drenched and a little bitten up. But the fact is that we learned a valuable lesson that day.

We think we hear you out there in the real world, we think we give you a lot of information. We have a very aggressive program reaching out to the small business

community with our partners, and I have to say we are very proud of what we do. However, when it comes to emergency management and what happens in the events that follow most of our vendors and our perspective vendors just don't have a clue and start to call FEMA. Well FEMA is not going to give you the job. As you well know if you are a mega business that they have a multiple year contract in place in preparation of a major disaster everything else comes in the line of subcontracting, and we were dealing with subcontractors that were third and fourth tier level. That means they were the guys with the chainsaw and they didn't have gas to put in the chainsaw because they hadn't been paid last week and they had compliance issues and other kind of issues but it was the government's fault and we knew that, we realized we lacked the foresight to really give them the training they needed.

We're still closing out contracts from the past hurricane season. Coming from the Gulf Coast, I can tell you we just live through them and we pick up and go on. But Katrina was so devastating that it left us in shock. I must say though, that the emergency management program in each agency worked very well. Two days before landfall we were already mobilized and had our contracting officials in place with FEMA. The second day that the FEMA contract group from our agency, called them and said we can't find anybody that we need in Mississippi.

They were calling firms that were down on the coast, but they were wiped out, but we got on the line and talked to a partner in Jackson Mississippi. He stopped what he was doing, director of socioeconomic development for minority business in the state of Mississippi, came over to our headquarters in Jackson, sat down with our contracting people and worked with his database and we were able to funnel viable businesses from then on. For two weeks that man worked with us from then on. I have to look down to see the amount, but somewhere in the neighborhood of 59% of all our dollars spent in the recovery effort went to small business in our region; that somewhere equates to about \$377 Million. And most of it went to businesses in Mississippi and Alabama.

Washington, with Felipe's help, created a disaster vendor profile. It is now alive and well. We had more than 8000 people that came forward and said we want to be a government contractor. Well, a lot of them need the nuts and bolts. That is what we do in our business. We give them training. Our challenge is getting ready with June 1, inputting, cleaning up, and checking with these people to see if they are still available.

The biggest message that I have is education first. The vendors need to know how to be visible; they have to be on CCR. If they are not on CCR, the contracting officers can't find them. Two, we have to educate our own folks. And we do that by making a performance measure. That is what we have done in our region and we have pushed down to the line level in our main business line.

Eddie Kephart, Director, Native American Business Center

Let me tell you real quick what we have been able to accomplish. We have been able to change the face of Native American Business in the last 18 months; actually I'm going to say in the last 24 months. We've used the data that we have available, and I'm going to say that data is hard to find that you can really count as very accurate, but we know that we have increased the Native American Business about 10 percent per year. I just came back in February and I'm walking through the group there and I had 3 people come up and say "hey guess what, I got my IT schedule." You know how hard it is to get an IT schedule? How many here have an IT schedule? How many want one? But you know a year is probably the nightmare stories you hear. It can be done, but it takes a lot of work.

The process does work, Dave had mentioned on how we need to work through and refine the system. We do need to refine the system, we need to refine the system, we need to refine it in such way that we still get the quality vendors that we need to be able to carry out the work that the government demands. So you do have your challenge in front of you.

As a result of the meeting we have a high tech company that produces RFID technology identification cards. It looks like we are going to be able to put together a business for the tribe to start producing those, and that should hit the streets in June; and that is going to create about \$100 Million in Revenues.

This office about 3 months ago had a teleconference where Rebecca Vanover called and said she had a Native American Business doing business with the Corps of Engineers having trouble expanding the contract, the scope of work was getting larger; it was going to cover the nation. We were able to do quick teleconferencing, make some suggestions, and this particular tribe got a \$200 Million contract. So I've frankly seen some great successes and it is going to continue.

Tribal Nations are sovereign nations of this country. We have treaties, we have statutes, and we have presidential executive orders that really call for government to government at that level. Mr. Mendoza has that authority to work with them and it needs to be at the national office.

Tribal Nations create more jobs for real communities across America than any other business enterprise out there, can you believe that? Mississippi Choctaw employs more people in the state of Mississippi than they do Indians. They are the second largest employer in the state of Mississippi, am I right? Chickasaw Nation in Oklahoma employs 38% tribal individuals, the rest of them are non-Indians. Chickasaw Nation is growing by leaps and bounds; they are in Florida, Korea, California, Oklahoma, and Texas. Another tribe is a tribe out of Louisiana. They just bought a company known as Keta, which is in space communications, and they have a major office in Colorado Springs. The Alaskan Eyak corporations are doing great, and I know they are under review by congress, but they are building very wealthy tribes, wealthy businesses that they are giving back to their people. Everything that we need to do is to give the tribes the equal authority that they need. And so doing we are going to create wealth for the

real community. And they have a workforce that is dedicated, skilled, and willing to do the job.

Felipe Mendoza - Future of Native American Business center

One of the things that we are doing in the central office now that Eddie has decided to retire is that Liz can take on additional responsibility, and she is going to have a program for Native Americans. Ken, for your information, we will continue to support you and your counterpart in the Native American community. Tomorrow, Eddie forgot to mention, there is an all day session going on and Native American Tribal nations will be there, Tribal Chiefs will be there, and Native American small businesses will be there. You are welcome to attend and to mingle with them. Hear their concerns, hear their suggestions, and bring them back to us, especially to Liz who will be taking handling that.

Size Recertification Working Group Report – Daisy Gallagher

In 2003 the SBA issued a proposal to change the required different size determination from what during the course of GSA MAS contracts. Currently SBA determines size at the time of the initial offer. The agency intends to take final action in July 2006, so that firms who subsequently become large will no longer benefit from MAS awards.

The proposed rule dated April 25, 2003 published on Volume 68 of the federal register on [page 20350]. In early 2005 the SBA issued an ANPR that raised the possibility of reforming the bystander system. Now following a period for written comments, the nationwide hearings of the ANPR plan to issue a formal proposed rule based on public comments. The proposed rule will take place on 2006, probably around December.

So basically what this means is that the SBA goal is to simplify the structure size standards. From what my understanding is that the recertification proposed is on an annual basis. So we propose to this committee that we had thought that we would have had enough time to go out and survey, but because of the time period and perhaps we can do the surveys needed, and other short term questions that had come up, to survey the schedule holders. But for this particular ruling we really have a very short time period to make our comments known representing small business.

Now I think that we all agree, if I recall correctly last time, that we do agree on recertification for the small business, and send it to all of us on the schedule, am I correct on that around the table, that we do agree?

I think that I would like to put before all of you is the time period that is proposed – annual. We had discussed, and we thought three years would be a better time, so annual seems to be too short of a time period for a fair analysis to be done, and I would like to bring that up front for discussion. But because of the short time, we would like, that

before the session is over to be able to get your opinion and then to be able to draft the letter, we do have a rough draft, a letter making our recommendations just on this advisory standings to Felipe to bring to the SBA.

So again, what before you is first and foremost recertification, the final rule is somewhere around July 2006. From our understanding, we need confirmation of that, is that the SBA is asking for annual recertification. We agree as a small business committee, it is also my understanding that we do want SBA to recertify for small business GSA MAS. But that one year is too short a period of time so three years we would recommend the committee for discussion.

A DISCUSSION WAS STARTED ON THE THREE YEAR RECERTIFICATION PERIOD AND THE GENERAL CONSENSUS AROUND THE ROOM WAS TO SUPPORT THE THREE YEAR PERIOD DUE TO A SMALLER BURDEN ON SMALL BUSINESS INSTEAD OF AN ANNUAL RECERTIFICATION PERIOD.

- **A MOTION WAS PASSED ON THE FLOOR FOR A LETTER TO BE DRAFTED TO GSA THAT WE AS A SMALL BUSINESS ADVISORY COMMITTEE AGREE WITH RECERTIFICATION, HOWEVER WE RECOMMEND THAT IT BE A THREE YEAR CERTIFICATOIN PERIOD. (Leyendecker Motion, Unanimous consent)**

THE FOLLOWING ISSUES WERE DISCUSSED BUT THEY DID NOT REQUIRE A VOTE:

- SURVEY TO BUISNESSES IN ORDER TO GET THIR OPINION ON TODAYS TOPICS OF DISCUSSION – FORMAT AND MEDIUM OF DELIVERY WERE NEVER AGREED UPON.
- DISCREPANCY BETWEEN SIZE STANDARDS WITHIN ONE INDUSTRY – IT WAS DECIDED THIS ISSUE WAS TOO COMPLICATED TO COME UP WITH A VALID SUGGESTION, IT HAS BEEN A MATTER OF DISCUSSION FOR THE PAST FEW YEARS AND REQUIRES MORE TIME.
- AN AMENDMET TO THE MOTION TO GRANDFATHER CURRENT SMALL BUSINESSES FOR THAT THREE YEAR CERTIFICATION PERIOD IN ORDER TO DO A VIGOROUS ESTIMATE ON THE SIDE IMPACT AND THE CHANGES THAT SBA IS ASSESSING MAY AFFECT THE OVERALL ABILITY FOR THE COMITTE TO GIVE FURTHER INPUT – WE NEED TO BE AN ADVOCATE OF SMALL BUSINESS WITHOUT AFFECTING OUR MISSION WITHN GSA
- TOO MANY NAICS CODES – NO VALID SUGESTION WAS AGREED UPON

- FACTORS OUTSIDE THE CONTROL OF A SMALL BUSINESS THAT AFFECT THE SIZE STANDARD MAY CAUSE THAT BUSINESS TO BE CONSIDERED LARGER WITHOUT ACTUALLY GROWING – NO SUGGESTION PROPOSED

Teaming Agreements – Kay Stewart

GSA wants to put a teaming framework together. We looked at their predecessors and what they are doing, the arguing, and their agreement. And then DOD and the veteran side and what they are doing on three contracts, and in short of it, we would like to get the framework that has already been put together and view that framework, in which to suggest, that we would form the teaming agreement framework for GSA. The other part that I think is equally important in following is the bonding and campaign enhancement when looking at teaming and contracting when you are a small business and the limits that the SBA has put on.

Let me tell you what the 101 of teaming is about. And then, I am going to have Walt go over the three contracts that are existing and are coming out right now for our framework. So I am going to read to you my paper. Teaming has a definition which comes from the federal acquisition regulation and sub part 9.6 that states that contractor team agreements are as follows: Two or more companies form a partnership or a joint venture to act as a potential prime contractor. That means an official legal partnership or joint venture has to be formed. The second or option we have is a potential prime contractor agrees with one or more other companies to have them act as its subcontractors under a specified Government contract or acquisition program.

For me I was more of that option, personally other people may pick the joint venture. What are some of the benefits of teaming arrangements? Obviously a significant increase in contract opportunity, the ability to identify and build opportunity with companies that you may not have had this other opportunity before, to provide companies a better understanding of the issues that is involved in occasions when working with subcontractors and prime contractors. Advantageous for a government and industry standpoint because it enables companies to get involved that compliment each other in their capabilities. Government has the best ability in its own interest being able in a teaming arrangement to have the best performance, the best cost, and the best delivery. It allows the merchant company to lack decision financial or technical resources, a chance to participate with procurement with a more established contractor.

Small Minority and veteran businesses in particular are attracted to teaming because they gain then the valuable experience from larger companies. This is one thing that was interesting to me and I had not thought about it because you are usually thinking about how to get business and are not usually looking at how to protect your own interests. The ability to make sure when you are teaming things that are crucial when you are looking for the right partner is to investigate that potential partner, financially, credit history, working capital, past performance, current teaming relationships. And that you must also

know your partners economic liabilities and identify your firm's strengths, weaknesses, and future goals in mind.

Also I think it's equally important when you are looking at teaming is that before and while you are in the process of evaluating both parties on teaming whether or not you form a team that you have a proprietary agreement, maybe it's a non-circumvent, non-disclosure agreement, whatever you are comfortable with that is something that you are protected in writing. This is different than a teaming agreement, for which there are a wide variety of options. I think that another thing that is extremely important is that the participants in teaming are knowledgeable about the standard and the conditions of an agreement.

Questions that should be addressed before entering into a teaming agreement are claims, small business size status of the participants, regulations, federal policy, state law, legislation, reimbursement, payment, licensing, responsibility, obligations. When you look at some of the prototypes of teaming an agreement it does get a lot of delineations on whose responsibility for what part of the performance. What are some of the benefits of teaming? You increase your annual profits, you work with larger government procurement, you increase your working capital, you gain experience form a diverse workforce, you expand and diversify product line, through network you develop strong business relationships, realize the advancement in management and technology, better understanding of managing a whole project, increasing project award. Where do you find teaming arrangements?? Fedbizopps, SBA, CCR, and then the office of small disadvantage business utilization and each agency. This is a basic understanding of teaming.

Walt Blackwell

I am going to literally cruise through three presentations that I had DOD release last this past Wednesday so I could bring them here. In addition to my regular board members there are three acquisitions that sit on my board as a part of public law 106-50. One is SBA, second is VA, and the third one is the Department of Defense. I work very closely with the latter, the director of office of Small Business, Frank Ramos, sits on my board and Charles Cervantes. Charles and I have been working since last July on both teaming and bonding. So let me just speak very quickly to Charles's piece.

Charles and I have been out kind of propagating this piece of work. Because not only is it one of the six prerequisites for the department of defenses performance objectives this year, it's a measurement that goes before Congress this December and it is a huge piece of work that senator Kerry just has to have done and Secretary Rumsfeld has to have a formal report to Congress. I really just want to show you that indeed as you go through this; it's going to echo a lot of what you just heard Kay talk about. That's not a coincidence not anything other than we looked at all of the prerequisites of SBA and incorporated the uniqueness to DOD as we put this piece together. And you can see that although it says expanding codes, it does not mean adding another 120 of then, it really references expanding the 2 digit name codes that teaming agreements can apply to be on

pure construction codes. It absolutely refers to subpart 9.6 and all of that is in here. We'll send you electronically so I am not going to spend a lot on time. Intellectual property is a major piece of teaming, especially if you create an LLC to be your teaming partner's definitions of prime and then tear subs underneath that. The whole point of this DOD program is to qualify new and emerging companies the ability, if you will, to grow into larger subs and eventually primes. Controlling data rights and consent subcontractors is critical. The structures are there that we have talked about. Now remember this piece is put together primarily for service disabled veterans companies; why? Because every agency within the Federal Government has a 3% compliance issue. DOD is at .5 of that 3%.

You can see the whole to do before you get married kind of thing, it does not mean run a credit check on your future spouse, but it just means know what you are getting into and who you are getting into with. And then literally this is very child like, there's an old Texan saying "you can only eat what you can kill" and that means take little bites of this thing because it is absolutely huge.

The second piece that I want to show you, these two pieces are real pieces of teaming that are the result of that last July, up in Philadelphia seminar. So Charles picture finished around December of last year and then the US Army Material Command, this I really will go through quite quickly because it really relates 2 pieces of military equipment, you can see the MK19 and the M203, it is the step process of what it takes to go through the Army Material Command and I want to get to this chart it is the largest set-aside in US Army's history. It is a \$1.3 Billion over 5 years and it combines some 28 offers down into 5 with 2 set a sides. That is a huge, huge win on teaming.

It also brings the number of contractors in, that weren't really in the play before, that are now subs to major subs. So you can see how that's working. Now the considerations are the same considerations that you have seen before with a couple of other pieces, bundling and consolidation of issues, evaluation boards to access how well you did in the original teaming so if you want to keep that same team together in others that come forth, or weather you want to modify that team, weather there is a strength that you found in a sub as a result of one initial entry that you want to extend to another group. And obviously celebrate success. You will see all the contacts and you have their e-mail. We will through Kays' group we'll follow up with Bob, Jen, and Steve on this. If there is anything that we didn't get out of the general piece we can share with you latter.

A DISCUSSION ON TEAMING WAS STARTED AND THE FOLLOWING MOTION PASSED:

- **A MOTION WAS PASSED ON THE FLOOR FOR THE COMMITTEE TO TABLE THE DISCUSSION ON TEAMING UNTIL WE CAN GET THE GENERIC VERSION FROM THE DOD, WE CAN REVIEW IT ELECTRONICALLY, SOFT COPY, AND THEN TAKE IT FORWARD AT THE CHAIRMANS REQUEST.**

James Ghiloni – Acting Director, GWAC Program

Good afternoon and I would like to thank you all for inviting me here to talk to you about GWAC. Just to give you a brief overview, I don't know how familiar all of you are with GWAC.

GWAC, Government Wide Acquisition Contracts are IT contracts that are multiple awards, indefinite delivery, indefinite quantity contracts; these are authorized by OMB, we are an executive agent for OMB officially GWAC by GSA. We report to them on an annual basis and we receive a recertification of that delegation on an annual basis. GWAC derived from the Information Technology Management Reform Act. It is designed in a way to more effectively and quickly provide access for federal agencies to IT solutions from a variety of industry partners.

There are really two flavors of GWAC's currently in GSA. There are what I call the small business oriented GWAC that revolve around particular programs we have in the federal sector. For example, 8(a) STARS, GWAC for 8(a) disadvantaged companies; the upcoming VET GWACS which we are hoping to get out pretty soon here; the HUB Zone GWAC for HUB Zone companies; additionally there are the broader based GWAC that are not tied to particular categories.

These are broad based IT solution contracts. The ALLIANT contract which I am here to talk about specifically is designed as follow-on to both Answer and Millenia. These contracts are expiring in the next few years, '08 and '09 respectively for Answer and Millenia. So we within GSA went through process through our contract legal review board a few years ago and analyzed the portfolio solution that we offer. The needs of our customers determined that we do need to continue to provide the type of services available through GWAC and therefore proceeded to prepare the Alliant contract, and at this point I should say that there are two separate contracts that make up the Alliant program. First, just called Alliant, it is a full and open contract with a \$50 Million ceiling for enterprise wide IT solution on a global basis. The second contract is a set a side for small business it's called Alliant small business and it has a \$15 billion ceiling. We believe that this is the largest small business set a side of this type. We expect from the Alliant small business contract folks in that area, primary most of all, to make anywhere between 40 or 50 awards, and form the Alliance anywhere from 20 to 30 awards.

Mary Davie - Acting Assistant Commissioner for Customer Accounts and Research

I just want to start and tell you all a little bit of what this office does at GSA, it's a little bit different in that we are not a business line, but what we do is kind of the business development marketing arm of the federal acquisition service which is the newly formed service combined federal technology service with the federal supply service.

What we've done is brought together the marketing arm of FFS along with as the account management business development group of FTS and also the call center capabilities within this office. What we are trying to do is bring together a single organization that is completely customer focused in the Federal Acquisition Service. This group also deals very closely with the industry partners, with industry that needs assistance in trying to figure out how do I market to the government, what do I need to do, who do I call, how do I do account management, they work very closely with our account managers in some cases. Jointly pursuing business opportunity.

We act quite like a private sector organization in that we are focused by customer agency. I got a group of account managers that are all focused on either a single agency such as the Department of Defense or the Air Force, or a group of agencies. It's those folks' jobs to know what it is that the agency's needs are; work with the industry partners to develop solutions and hopefully offer GSA solutions such as either a group of services or a contract that GSA has to offer to get to those private sector solutions.

When we were designing this new organization what we really wanted to do is make it clear that this was a customer focused group. We got business lines that focus on their business, such as global supply. They are out after global supply type requirements, the lead program, the IT group, we have groups that are focused on getting information out about those contracts or those programs, but this group is focused on the customer and what those customer needs are. And then try to bring to them the correct GSA solution or it might be a contract that NIH has or the Department of Transportation, or an Army contract in which GSA is an authorized buying agent and then can viably use that agency to provide services to them.

So we are not our selling any one individual business line or contract, we are out there listening to those customers, gathering their intelligence and then bringing it back and working with them to offer the right solution. We are also responsible for collecting that information and bringing it back to GSA so that the folks at GSA also are aware of what the agencies requirements are, what their issues and challenges are, or if you prefer the DOD issues of legislation that impact the way that they buy through GSA. Bringing that back in GSA and helping to further some of the business development and strategic planning exercises that we go through.

As you can see in your handout, you can see as far as a focused customer initiative we do things like strategic customer management. I think it's important from a perspective that you think about how the GSA is organized we got people located throughout the worked. Because we are organized by business line and because we are organized by territory, we

have folks that are focused on either their business line or by their customers in their territory. But they are out there touching customers. Thousands of people gathering information trying to provide solutions to those customers.

But what we wanted to do is ensure that we were focused at a strategic level with that customer and can take on all of the regional information and business line information and really develop those relationships with the customer at a higher level and making sure that we understand the way that DOD is going to be buying from GSA in the future, and getting that information out and making sure our business processes match those requirements.

The research and analysis group, again, they are supporting strategic business planning exercises, which means that they collect information either through surveys or through market research, they conduct studies to look at the market that GSA is in and different businesses and make some recommendations about products and service offerings, either discontinue offerings that we have because there is not a lot of demand for those, or look at places and do trend analysis for things that maybe we don't support in the way the customer would like it. That information goes into a strategic business planning process. Looking at marketing plans, like the private companies does.

We also try to look at how we get information out to those customers. So we develop strategic marketing plans for the organization as well as tactical communications plans. They do the customer satisfaction survey, both annual and transactional. We want to know what our customers need from us or are saying about us and make adjustments accordingly. Account research and analysis they support the account management function collecting data about the customer agencies. What are their buying needs, what do their budgets look like, where will the focus of the budget be year to year and feed that information back to the account manager so they can go out identifying opportunities and pursuing customer relationships.

One of the things we are just getting into specifically to support strategic sourcing is support analysis. We are finding a lot of agencies don't have a good visibility into the way they spend their dollars across different commodities areas as you might expect. The CRM group which is in the middle of that, they do account management. We have focused right now on the Department of Defense, Air Force, Army, Navy, helping them with services, Department of Justice, and Department of Homeland Security. They will be working with the folks out in the region to identify buying locations and program management locations of those seven accounts so that we can develop relations with them, work with them as we need to help offer solutions better understand what it is they buy and what they buy.

Again, developing real partnerships and not going after them on a tactical basis. Public building service interface, we work very closely with PBS because there's a lot for opportunity for GSA as well as our industry partner when an agency moves into a space. Because there are a lot of things they are going to need, furniture, telecom, LANs, all

those kinds of things so we develop a relationship with PBS to offer a total solution for those customers when it's warranted.

These are some of the things we are seeing that the customers are asking for that GSA can provide the total end to end solution, and in fact we are working with some of those right now. The account management group spends a lot of time with the industry partners talking about opportunities we that can either pursue jointly or share information about different customer agencies, what opportunities are out there? And that seems to work very well for industry partners that are either new to the government or think that now that they have a GSA schedule they will have business rolling through the door. We spend a lot of time trying to educate them on how to target an opportunity or an agency and not do the mass marketing, or nothing is happening, or my phone is not ringing. Again coordinating throughout the Federal Acquisition Service across the country and throughout the world on customer solutions, by doing strategic sourcing work, and then we also have an automated system that supports all of that we call CCRM.

We also perform traditional customer outreach support in the way of branding with Federal Acquisition Service doing the brochures, GSA Expo, along with a number of other events throughout the year. We support the region, in many cases on a regional event that they want to do with a customer or a specific industry partner. Customer training, what that means the training that's taking place right here at expo, it all has to be certified in order for the customers to get a continuous learning points, and that is very important for a lot of agencies and that is one of the main reasons they send people. So I got a group that manages that whole process, certifying all the training, certifying the folks that are giving the training and then tracking all the continuous learning points for each individual customer so that they can get their certificate and we got a record that we keep.

Walt Blackwell – Bonding

Bonding is the fifth of the six strategies initiatives of DOD. Looking at the SBA bonding program there were two big trip points. The first is that SBA guaranteed on bonding in any single of aggregate form has a \$2 Million cap. The other issues is that there has been a tremendous activist from the underwriting community both in insured and reinsures because the SBA now requires that if they are going to guarantee a loan, the underwriter has to do a dollar for dollar match, and the fees are incredibly high.

So that means that if I'm an insurer and I'm going to write a bond for \$300,000, then I post the \$300,000, well you might guess that's not a good answer. Now, with all respect to my colleagues at the SBA, there was a bill that Senator Snow brought forward last year that would increase the cap to five or ten million dollars, but by the time it hit the floor, it became a Christmas tree. For those of you that do not know what that means, the dog catcher of the year was tied to that same bill and it was defeated. It never made it out of congress. That particular piece doesn't have any light of day in this session either.

So what we have is a program where the Surety Association of America (SAA) running away from the bonding program in the government side at tremendous rate while there is a growing demand for bonding.

Specifically I am going to give you my veteran side. It has a great adaptability and when I present to the annual meeting of the surety association Wednesday and Thursday we will adopt a program for veterans and service disabled owned veterans that I am going to talk about. It has legs very easily transported just as we were looking at the DOD version of teaming in GSA and DOD.

First, let me tell you a little bit about SAA, our partner. SAA is a 97 year old trade association that represents about 600 insurances around the nation. They run both domestically and internationally. They basically underwrite the vast majority of all the surety and fidelity bonds that are written in the United States. Surety association is a national organization that has state organizations underneath it. That is important because bonding is a state issue; governed, regulated, and certified by state. So the state bonding issues in Alabama are much different than the ones in California or any other state. We are able to write in all 50 states and its territories which is an issue only if we look at the base work that will come out of DOD.

So, together SAA and The Veterans Corporation (TVC) have created the first public-private partnership for bond offerings. Now, you know that we were created as a part of public law 106-50 by congress in 1999, but what also happened, interestingly enough and by somebody's great foresight, is that the SBA incorporated TVC as a 501c(3) at the same time. About a year ago we were told we were no longer an agency, but we could literally conform to 501c (3) programs. Therefore I can do things agencies cannot do or shouldn't do.

Our program basically has 3 steps. They have multiple outcomes, they have trip points, and they have multiple award points. The first step is for the new company that wants to enter into a bond agreement, lots of folks, especially in service-disabled set aside, the 3% that I concentrate in now, and most agencies are focused on really centers around 2 things. One, to get a contract to set aside, but then to get awarded the contract, and thirdly to be able to step up the bonding requirements of the contract should it be deemed necessary.

Now, you know most bonding is centered on construction sectors. That isn't to say that someday one of the GWACs will require one for one of those large IT contracts for a portion of that work. So a "new company" isn't really going to qualify for bonding until they trip over the first hurdle, that is the first four or five years in business with the necessary filings for that company demonstrating performance to set up base requirements for bonding. So a new company going into bonding by definition is a company that is four or five years old. The second piece of that is an emerging contractor. An emerging contractor by definition here is "I may be bonded under one name code but I'm going into a secondary name code and I will need to get bonded on that side." The third side of this thing is the established company that has been in

business for about 15-20 years and they perform in the outside government market and own want to go forth with bonding and serving into the federal side.

Step one, for either of those three pieces is identification. Identifying who is interested, who wants to play, and how they want to play is a freebie. We have a website page that is going to be up in about ten days that has a series of qualifying questions. If you are interested in bonding you can go to that site, currently as a veteran or service disabled veteran you can fill out this form, we send it to our partners, they evaluate it and they go to step two if they are able to be qualified.

We then put them in touch with a city or state that is close to them to provide a contract and we start the process of bonding them. And that bonding process is literally all three steps of bid, performance, and surety writing. They become your local insurance person. Because bonding is insurance and reinsurance primarily, those programs start by talking to Felipe, for example, as my underwriter. Felipe will follow my company; grow with my company through stage three which is called Case Work. Case Work is important because as you move through bid, performance, surety, there are different trip points you have to qualify for. You want to have the relationship with an underwrite who understand who you are, where you were, how you wrote the bid performance side and can work with you on the surety side. Contracts grow and shrink. When they grow, you don't want to be in a position that you do not qualify for stage 2, 3, or 4 for the surety required to complete a program.

- Our program has no cap.
- Our programs conform with, and works alongside of conventional banking format, so no more than 30% is underwritten by the underwriter through traditional banking.
- There are no additional fees that are attached to the program after the bond is granted; there is fee for application of \$99. In fact, they join us and we give them the underwriting.

We have a category of membership in our organization called that's called Champion. It starts based on the size of your company and revenue. It starts at \$1,000 at the base side and \$5,000 at the high side. So you can see that this becomes a very inexpensive way to get in with a bonding partner that can take you into the kind of programs you heard. Bottom line we have a program that we now believe is one of a kind, its something you do not have to go create, it's something you can adopt. We're pretty excited about the possibilities that it offers all agencies, weather thy are veteran or non veteran. There are literally no liabilities other than the \$1,000 or the application fee that you pay. So, in short, we are basically bringing you a program that is basically turn-key. We are very close to coming to you, Felipe, in a formal way, and going to the administrator for adopting this program into the GSA cycle.

Dennis Smith – Regional Administrator for Region 1

I represent the New England region. We all have similar interests. Our regional office is the location where a lot of the work is done. I work with Felipe and have in the office within my region that is responsible for small business utilization. The law requires small business utilization; President Bush made it very clear to all of us right at the beginning that small business utilization was something that was very important to him. So we have our marching orders.

My responsibility is to work with Felipe and my director of small business utilization to work with the various services to ensure that as we work with our customers we point out to them the value and benefit of working to increase small business utilization. That is something that is not easy; the average contracting officer and customer service rep working together want to get the job done. They don't always think about the added benefit to GSA and to the nation as a whole of using small business. There are 11 regional administrators and 11 small business utilization officers.

We all compare notes and do what we can to increase our small business utilization. In fact, we have very clear goals. One of the items in the quarterly reviews is to look at the numbers. We all look at the numbers and do what we can in order to increase small business utilization. We have a number of events we put on working very closely with small business administration and minority business development administrations to reach out to small businesses and help them first to get qualified to do business with the federal government but also help make a match with the agencies that are going to be able to help them.