

Statement of

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Thank You for the opportunity to discuss the Air Force Small Business program. Our office reports directly to the Under Secretary of the Air Force. We provide policy, advice, guidance, training, and innovative strategies to ensure quality solutions for Air Force acquisition teams to maximize opportunities for small businesses. Our vision is to ensure maximum practicable opportunities for small businesses at the earliest stages of acquisition planning and to make small business the solution of choice to meet the needs of the Air Force mission. We strive to promote a culture of shared responsibility with our acquisition partners recognizing the critical role small business plays not only in advancing the mission but in strengthening our nation's industrial base. We are more than advocates for small business. We are advocates for the Air Force mission using small business solutions.

In fiscal year (FY) 2010, the Air Force awarded \$8.8 billion dollars to small businesses (15.4% of total procurement dollars).¹ In FY 2011 the awarded amount was \$8.2 million or 14.5 %. While this represents a drop in dollars and percentages, over the previous year, 2011 saw an unprecedented level of commitment to the small business program from our Air Force leaders at all levels. Our fourth quarter numbers began to rise in conjunction with the heightened attention. Despite a tough budget environment, we believe this increased high level support of the program, reflected in our future acquisition strategies, will pay dividends in the coming years. Under our new director, Mr. Joseph M. McDade, we are re-invigorating the role that small business plays at the prime and subcontracting levels in all of our acquisitions. We are developing a new plan that we believe will receive the endorsement of our senior leaders, leading to a higher level of achievement in the coming years.

¹ These are preliminary totals that have not been validated by the Department of Defense.

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Shaw AFB, one of our most active operational installations, has done a superb job of supporting the Air Force Small Business program. They awarded over \$78 million dollars to small businesses in FY 2011—86.66% of their total spends, exceeding their goal of 81%.² Air Combat Command (ACC), Shaw AFB's parent command, also had a great year for small business awards. The ACC awarded a total of \$836 million or 41.8% to small businesses. In fact, 11 of the 13 major commands (MAJCOMS) awarded more than the statutory goal of 23% ranging from 25% to 78%. The challenge is with the product mix of our major weapons system commands that obligate more than 70% of our budget, yet award less than 10% of prime contract dollars to small businesses. One of our goals for FY 2012 is to increase the market research and data analysis needed to increase prime contract awards in those two MAJCOMS.

Our strategic goals in FY 2012 include: 1) finding the right balance between enterprise buying strategies (strategic sourcing) and making sure that our small businesses are full partners in the process and are utilized to the maximum extent. 2) focusing more intensely on market analysis to identify additional opportunities for small business in this time of declining budgets and 3) finding the right acquisition strategies for small business when a long term contract is written. These include providing “on ramp” opportunities, which allow small businesses not selected initially another opportunity to compete later in the ordering period and encouraging

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more teaming arrangements between small businesses to allow them to compete on longer, higher dollar contracts.

In closing, I would like to share a story about a small business contractor who performs work here at Shaw AFB. ISPHI Information Technologies, Inc., a Mount Pleasant South Carolina small business, has provided over 25,000 hours of logistical support for contingency operations, exercises, war ready material pre-positioning, maintenance and day to day planning efforts in support of the contingency/deployed personnel for the Air Force Central Command Area of Responsibility (AOR). The invaluable work performed under this contract demonstrates that while achieving Air Force small business goals are important, it's the support provided to the warfighter that showcases the true value of the program. We need to develop strategies that ensure that companies like ISPHI Information Technologies continue to thrive and grow. It's the jobs provided to the local communities and the innovation, agility and value they provide to the taxpayer that needs to be encouraged. Finding and helping small businesses like ISPHI succeed and contribute to the mission is what motivates all 145 of our small business specialists! There are success stories like this at every installation. Our aim is to develop more.

Thank You for the opportunity to address you today. I will be glad to take any questions you might have.