

**SUBJECT: Tapping Into Small Business in a Big Way**

To support this effort, within each program I am formally assigning each Deputy Program Manager as the Small Business Advocate responsible for identifying opportunities within the program for Small Business participation, serving as technical Point of Contact for Small Businesses interested in pursuing these opportunities, and for management of SBIR and STTR within their cognizance.

I look forward to reviewing PEO (and SSP) Small Business strategies in concert with quarterly program updates and will separately schedule reviews with HCA's on distribution commencing next quarter. The Director, DoN Office of Small Business Programs, is my point of contact for additional support in developing tools and resources to achieve these objectives.



Sean J. Stackley

**Distribution:**

PCD

PMD

DASN (AIR, AP, C4I, ELM, M&B, RDT&E)

NIPO

AGC

NAVAIR

NAVSEA

NAVSUP

NAVFAC

MCSC

ONR

SPAWAR

PEO (JSF, SHIPS, EIS, C4I, SS, LCS, LS, IWS, SUBS, CARRIERS, A, T, U&W)

SSP



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MEMORANDUM FOR DISTRIBUTION

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Small Business and a competitive, healthy Small Business industrial base are vital to the long term success and affordability of the Department of the Navy (DON) as well as to our national security. The evidence is overwhelming that where affordability is paramount, a strategy that includes Small Business creates more affordable outcomes and promotes innovation and technical advancement. Accordingly, the DoN's sweeping success in meeting its goals for Small Business in 2014 bodes well for execution in 2015.

Beyond meeting our goals in a single year, however, the opportunity to further improve our performance with Small Business warrants appropriate priority across DoN program offices and buying commands, alike. The reality is that there is wide variance in the employment of Small Business across the DoN. Simply put, those commands that design Small Business into their contracting strategies and that actively, directly engage Small Businesses in the course of addressing their requirements prove to be most successful in meeting not merely their Small Business goals – but their program requirements. With this best practice in mind, I am directing each Head of Contracts Activity (HCA) and Program Executive Office (PEO) to formulate their Small Business strategy for 2015 and 2016, clearly identifying how they will incorporate and promote Small Business participation as prime contractors and through sub-contract provisions across the breadth of contracts under their purview. This Small Business strategy should include measurable performance objectives, such as contract type, estimated value, schedule for award, and plan for competition.

The Small Business Innovative Research (SBIR) and Small Business Technology Transfer (STTR) program requires unique consideration. While the Navy leads DoD in this effort, more deliberate stewardship of each phase of the program would lead to improved SBIR Phase III transitions and thus, greater return on investment from Navy R&D. An apparent impediment is the requirement by Navy and Marine Corps Acquisition Regulations Supplement (NMCARS) for a Justification & Approval for use of other than full and open competition for SBIR Phase III transitions. To alleviate confusion over the appearance of conflicting guidance with regards to competition objectives, I want to make it clear that SBIR/STTR Phase III sole source awards are an authorized exception to competition and Contracts Officers are encouraged to employ this exception where such action meets a program's requirements.