

A STUDY OF DEPARTMENT OF DEFENSE
PROCUREMENT FROM VETERANS

May 1985

Conducted under SBA contract.
Statements and conclusions herein
are the contractor's and not views
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EXECUTIVE SUMMARY

A study was undertaken for the Small Business Administration (1) to determine the extent of contracting by the Department of Defense to small businesses which were owned and operated by veterans of the U.S. armed forces and (2) to compare the performance of veteran and nonveteran contractors.

The first objective was met through a telephone survey of small businesses awarded contracts by the Department of Defense during Fiscal Years 1981 and 1982. Information on ownership of these firms was obtained through this survey. In addition, data about the military experiences of the veteran owners was also obtained.

The second objective was met through a survey of contracting offices which made awards to small businesses during Fiscal Years 1981 and 1982. A matched sample was selected consisting of pairs of contracts awarded to veteran and nonveteran owned firms. Ratings of the quality of work on these contracts were obtained from the contracting offices. This allowed for comparisons between the veteran and nonveteran owned firms.

The survey of 915 small businesses awarded Department of Defense contracts indicated that 42.8 percent of all contracts awarded to small firms went to veteran owned firms. This represented \$11.4 billion, or 35.3 percent of the total DOD small business dollars. Veteran-owned firms received a somewhat smaller percentage of large contracts than did firms owned and operated by nonveterans.

The veteran owners had served primarily in the Army. Most had served in the military for less than 5 years, did not achieve high ranks, and left military service prior to 1955. Only a small number were Vietnam veterans--about 15 percent of all the veteran owners.

Education levels of veteran business owners were quite high. More than half were college graduates. Few veterans attained their degrees while they were in the military, but a substantial number of them received degrees with the support of the GI Bill.

The number of minority and women owners was extremely small.

The results of the survey of contracting offices indicated that there were no differences between the work performed by veteran owned firms and that performed by nonveteran owned firms. Among both groups, almost all of the contractors provided the products or services in a timely manner with good quality at acceptable cost levels.

TABLE OF CONTENTS

Section 1. Introduction	1
Section 2. Research Methods and Sample Design	3
Phase I Data Collection	7
Phase II Data Collection	10
Section 3. Results of Contractor Survey	14
Section 4. Evaluation of Veteran Owned Contractors	43
Section 5. Summary and Conclusions	52
APPENDIX A. Questionnaires and Other Survey Materials	55

Section 1

Introduction

The responsibility of the Small Business Administration to advocate for the nation's small businesses. One of the most means of carrying out this responsibility is through the program designed to insure that small businesses are awarded an appropriate share of federal contracts for products and services. In addition, the federal government has veterans' assistance programs of various types to evaluate whether veterans are participating fully in contracting programs, a study was conducted to determine whether veteran-owned small businesses have been successfully competing for government contracts. The focus of the study was on the Department of Defense agencies because of the large amount of contracting done by that department and because of the concern that veteran-owned firms would be successful in obtaining contracts due to the prior military experience of the owner. The objectives of the study were to:

Determine the extent of military contracting with veteran-owned small businesses, with a separate record of Vietnam veterans.

Determine the relationship, if any, between the type of military service of the veteran-vendor and the type of procurement award obtained by the veteran.

If feasible, obtain estimates of the relative value or efficiency of the products and services obtained from the veteran-owned business compared to those available from the non-veteran business community.

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Section 2

Research Methods and Sample Design

The sample frame for the study was the master file of Individual Contract Action Reports (SF279) for fiscal years 1981 and 1982 maintained by the Federal Procurement Data Center. A copy of the SF279 is shown as Figure 1. This file contains data on every action, including both initial awards and modifications, which occurred during these two fiscal years where the dollar amount of the action was \$10,000 or greater. This data file initially contained a total of 1,043,228 actions covering the two fiscal years.

Since many contracts have several modifications, it was necessary to collapse contract actions into individual contracts to insure that each contract had an equal probability of selection for the sample. In addition, because the study was to cover only small businesses awarded Department of Defense contracts, all other actions had to be deleted from the FPDC file. Once these actions were completed, the 1,043,228 individual actions was reduced to 176,202 actual contracts awarded by the Department of Defense to small businesses.

Two stratification variables were defined for sampling purposes. These were (1) type of product or service provided and (2) size of contract. Table 1 shows the number of contracts in the universe for each level of the defined strata. Table 2 shows the total dollar amounts contracted for each of the strata. It is clear from these tables that, if simple random sampling across the universe of

FPOS-INDIVIDUAL CONTRACT ACTION REPORT (OVER \$10,000)

INTERAGENCY REPORT CONTROL NO. 0706-GSA-GJ

1. REPORTING AGENCY (FPOS Organization Designation Code Manual) 2. CONTRACT NUMBER (Left justified) 3. MODIFICATION NUMBER 4. NAME OF REPORTING AGENCY

4. CONTRACTING OFFICE ORDER NUMBER 5. PURCHASING OR CONTRACTING OFFICE (FPOS Purchase Office Code Manual) 5a. NAME

6. DATE OF THIS ACTION 7. TYPE OF DATA ENTRY (0 = ORIGINAL, 1 = REVERSING, 2 = CORRECTING)

8. REPORT PERIOD 9. O-J-N-S CONTRACTOR ESTABLISHMENT CODE 9a. ESTABLISHMENT AND COMPLETE ADDRESS (Contractor Name, Division Name, Street Address, City & State or Country)

10. PRINCIPAL PLACE OF PERFORMANCE STATE ON U.S. OUTLYING AREA OR COUNTRY-FIPS 53 or NBS (C 1067) - (CITY OR PLACE IN 50 STATES ONLY-FIPS 55) 10a. NAME OF PRINCIPAL PLACE OF PERFORMANCE

11. TOTAL DOLLARS OBLIGATED OR DEOBLIGATED (Round to nearest whole dollar; right justified for report on HQTRS) 11a. TYPE OF OBLIGATION (1 = OBLIGATED, 2 = DEOBLIGATED, 3 = INITIAL LOAD OF BOA TYPE CONTRACT IN DOLLARS) 12. SUBJECT TO STATUTORY REQUIREMENTS (A. Walsh-Healey Act, Manufacturer; B. Walsh-Healey Act, Regular Dealer; C. Service Contract Act; D. Davis-Bacon Act; E. Not subject to Walsh-Healey, Service Contract, or Davis-Bacon Act)

13. For Agency Use 14. KIND OF CONTRACT ACTION (1. Initial Letter Contract, 2. Definitive Contract, 3. New Definitive Contract, 4. Order Under Reporting Agency's Contract, 5. Modification, 6. GSA Schedule, 7. Order under another Agency's Contract, 8. Termination for Default, 9. Termination for Convenience)

15. MULTI-YEAR CONTRACT 16. LABOR SURPLUS AREA (LEA) PREFERENCE (1 = Yes, 2 = No; 1. Partial Labor Surplus Area Set-Aside Preference (DoD only); 2. Labor Surplus Area - Tie Bid Preference; 3. Not a Labor Surplus Area Preference Award; 4. Combined Small Business/Partial Labor Surplus Area Set-Aside Preference (DoD only); 5. Total Labor Surplus Area/Small Business Set-Aside Preference (P.L. 96-302); 6. Total Labor Surplus Area Set-Aside Preference (P.L. 96-302))

17. CONSULTANT TYPE AWARD (1 = Yes, 2 = No) 18. PRINCIPAL PRODUCT OR SERVICE (FPOS Product/Service Code Manual) 18a. DESCRIPTION

19. METHOD OF CONTRACTING (1. Two-step Formal Advertising, 2. Other Formal Advertising, 3. Negotiated Competitive, 4. Negotiated Non-competitive; 5. Divided Contracts for Foreign Governments; 6. Tariff or Regulated Acquisition) 20. EXTENT OF COMPETITION IN NEGOTIATION (COMPETITIVE: A1. Small Business Total Set-Aside, A2. Small Business Partial Set-Aside, A3. Labor Surplus Area Set-Aside, A4. Labor Surplus Area/Small Business Set-Aside, A5. Other Negotiated Competitive; NON-COMPETITIVE: B1. Buy Indian, B2. 8(a) Program, B3. Follow-on After Competition, B9. Other Negotiated Non-Competitive)

21. NEGOTIATION EXCEPTION AUTHORITY (A = 10 USC 2304 (a) applies to DoD, USCG & NASA only; C = 41 USC 252 (c) applies to Civilian Agencies) 22. TYPE OF CONTRACT OR MODIFICATION (A. Fixed Price Redetermination, J. Firm Fixed Price, K. Fixed Price Economic Price Adjustment, L. Fixed Price Incentive; R. Cost-Plus-Award Fee, S. Cost-Plus Fee, T. Cost Sharing, U. Cost-Plus-Fixed Fee, V. Cost-Plus-Incentive Fee, Y. Time and Materials, Z. Labor Hour)

23. TYPE OF BUSINESS (A1. Small Business-Disadvantaged 8(a), A2. Small Business-Owned by Minority Group, A3. Other Small Business or Individuals, B1. Large Minority Business, B2. Other Large Business; C1. Non-Profit/Private Educational Organization, C2. Non-Profit-Hospital, C3. Non-Profit-Research Institution, Foundation, Laboratory, C4. Other Non-Profit Institutions, D1. State/Local Government-Educational, D2. State/Local Government-Hospital; D3. State/Local Government Research Organization, D4. Other State/Local, E1. Acquired and Used Outside U.S./Outlying Area, E2. Acquired Outside U.S./Outlying Area and Used Inside U.S./Outlying Area)

24. WOMAN OWNED BUSINESS (0 = Exempt, 1 = Yes, 2 = No, 3 = Not Certified) 25. For Agency Use 26. For Agency Use 27. FOREIGN TRADE DATA (A. Number of Bidders Offering Foreign Item, B. Buy American Act Percent Difference, C. Country of Manufacturer)

CONTRACTING OFFICER OR REPRESENTATIVE (Typed name and Signature) TELEPHONE NO. DATE SUBMITTED

Table 1. Number of Total Contracts Awarded by DOD to Small Business by Size of Contract and Type of Product or Service

Size of Contract	Product/Service		Total
	Equipment and Supplies	Other	
\$10,000-\$25,000	57,583	14,283	71,866
\$25,000-\$100,000	45,960	22,143	68,103
\$100,000-\$500,000	13,642	13,888	27,530
More than \$500,000	4,106	4,597	8,703
Total	121,291	54,911	176,202

Table 2. Total Dollar Amount of Contracts Awarded by DOD to Small Business by Size of Contract and Type of Product or Service (expressed in thousands of dollars)

Size of Contract	Product/Service		Total
	Equipment and Supplies	Other	
\$10,000-\$25,000	913,933	235,650	1,149,583
\$25,000-\$100,000	2,189,923	1,206,548	3,396,471
\$100,000-\$500,000	2,801,502	3,071,148	5,872,650
More than \$500,000	13,184,357	9,062,785	22,247,142
Total	19,089,715	13,576,131	32,665,846

contracts were utilized, most of the units sampled would fall in the category of equipment and supplies. Because it was considered important to have the best possible estimates within strata, units were sampled so that an equal number was selected from within each strata. Table 3 shows the actual number of contracts sampled within each of the defined strata.

Phase I Data Collection

The first phase of the study consisted of the collection of information from owners or managers of the sampled firms regarding their prior military service. The name, address, and contract number for each firm was entered onto a record. Telephone numbers were not available from the FPDC file and had to be obtained by contacting long distance information. A letter was mailed to each firm over the signature of the Small Business Administration project officer explaining the purpose of the survey and encouraging participation (Appendix A). This letter was followed within 10 days by an initial telephone call to obtain the requested information. All dialing was conducted from a central calling facility under supervision by interviewers trained specifically for the project. Up to four attempts were made to complete an interview with each sampled firm.

The results of these initial calling attempts is shown as Table 4. Of the 1,600 numbers in the initial sample, 347 were excluded because no telephone number was available, the firm was out of the country, the number obtained was not working, the firm was out of business, or the firm reported it was not a small business. Of the

Table 3. Number of Contracts Sampled by Strata

Size of Contract	Product/Service		Total
	Equipment and Supplies	Other	
\$10,000-\$25,000	200	200	400
\$25,000-\$100,000	200	200	400
\$100,000-\$500,000	200	200	400
More than \$500,000	200	200	400
Total	800	800	1,600

Table 4. Results of Initial Dialing Attempts

Initial Sample		1,600	
No Telephone Number	218		
Out of Country	6		
Nonworking Number	64		
Out of Business	14		
Not a Small Business	<u>45</u>		
		<u>347</u>	
Unable to Reach Respondent	230		18.4%
Refusal	108		8.6%
Interview Obtained	915		73.0%
		1,253	

remaining 1,253 firms with which interviews were attempted, data was obtained from 915 for a response rate of 73 percent. The number of completed interviews obtained by stratum is shown in Table 5.

Phase II Data Collection

The major objective of the Phase II study was to obtain estimates of the relative value or efficiency of the products and services obtained from veteran owned businesses compared to those available from the non-veteran business community. To accomplish this objective, a random sample of 200 contracts performed by veteran owned businesses for which data was obtained in Phase I was matched with an equivalent sample of contracts performed by non-veteran owned businesses. A mail survey of contracting officers/technical monitors of those contracts was undertaken to obtain information relative to the quality and timeliness of contractor performance. In those instances in which the information was not returned by the contractor, a telephone survey was undertaken to obtain the missing data.

The 400 contracts included in Phase II were selected with 50 each from the eight strata. For each veteran owned contract a matching non-veteran owned contract was selected. Matching was done on the basis of stratum (category of contract size and product vs. service). As much as possible contracts were also matched on type of business, the first two digits of the product service code, the method of procurement, the type of competition, and agency.

Table 5. Number of Interviews Obtained by Stratum

Size of Contract	Product/Service		Total
	Equipment and Supplies	Other	
\$10,000-\$25,000	119	100	219
\$25,000-\$100,000	125	112	237
\$100,000-\$500,000	116	119	235
More than \$500,000	118	106	224
Total	478	437	915

To carry out the mail portion of the survey, KCA sent packages of materials to the contracting offices of the 400 selected contacts. Each package contained a cover letter over the signature of the project monitor requesting participation in the survey and designating the contract or contracts of interest. The survey was described as a study of the "relative value or efficiency of products or services provided by small businesses". No mention was made of the planned veteran/non-veteran comparison. Copies of these materials are shown as Appendix A.

In those cases where no response was obtained as a result of the mail survey, contracting officers were contacted by telephone and an attempt made to obtain the needed information.

Of the 200 pairs of contracts for which data was sought, completed interviews were obtained for 89 of the pairs. The remaining contracts were eliminated from the project because data on both pairs of contracts could not be obtained for various reasons. These included invalid contract numbers, incomplete contracts, and inability to contact the contracting officer by mail or telephone. The number of interviews obtained by stratum is shown in Table 6.

Table 6. Number of Paired Interviews Obtained from
Survey of Contracting Offices by Stratum

Size of Contract	Product/Service		Total
	Equipment and Supplies	Other	
\$10,000-\$25,000	9	13	22
\$25,000-\$100,000	11	10	21
\$100,000-\$500,000	11	14	25
More than \$500,000	10	11	21
Total	41	48	89

Section 3

Results of Contractor Survey

The results of the survey of contractors were used to estimate the percentages and total number of DOD small business contractors which were veteran owned. A veteran owned firm was defined as one in which more than 50 percent of the firm was owned and operated by one or more veterans or the surviving spouse of a veteran as of October 1, 1982 (the end of Fiscal Year 1982).

As Table 7 indicates, 42.8 percent of all contracts were awarded to firms which met this definition. The proportion of contracts awarded to veteran owned firms was generally consistent across all strata, with the possible exception of the largest size category where the proportion of contracts awarded to firms owned and operated by veterans was somewhat smaller (35 percent in the over \$500,000 category compared with 43.2 percent in the under \$500,000 group). Using these proportions and the total number of DOD contracts to small businesses as shown in Table 1, it was possible to estimate the total number of contracts awarded to veteran and nonveteran firms. These are shown in Table 8. Table 9 gives 95 percent confidence intervals for the number and percent of contracts awarded to veteran owned firms. Although it appears that veteran-owned firms receive a smaller share of "equipment/supply" contracts than "other" product service groups (41.1 percent versus 46.5 percent) the difference is not statistically significant.

Table 7. Percent of Contracts Which Were Awarded to
Veteran Owned Firms by Stratum

Stratum	Veteran Owned	Non-Veteran Owned	Total
\$10,000-\$25,000 Equipment and Supplies	38.1	61.9	100.0
\$10,000-\$25,000 Other	44.4	55.6	100.0
\$25,000-\$100,000 Equipment and Supplies	43.8	56.2	100.0
\$25,000-\$100,000 Other	50.9	49.1	100.0
\$100,000-\$500,000 Equipment and Supplies	45.1	54.9	100.0
\$100,000-\$500,000 Other	46.6	53.4	100.0
More than \$500,000 Equipment and Supplies	38.8	61.2	100.0
More than \$500,000 Other	31.7	68.3	100.0
Total	42.8*	57.2*	100.0

*95 percent confidence interval: 42.8 +/- 4.1; 57.2 +/- 4.1.

Table 8. Estimated Total Number of Contracts Which Were Awarded to Veteran Owned Firms by Stratum

<u>Stratum</u>	<u>Veteran Owned</u>	<u>Non-Veteran Owned</u>	<u>Total</u>
\$10,000-\$25,000 Equipment and Supplies	21,960	35,623	57,583
\$10,000-\$25,000 Other	6,348	7,935	14,283
\$25,000-\$100,000 Equipment and Supplies	20,131	25,829	45,960
\$25,000-\$100,000 Other	11,273	10,870	22,143
\$100,000-\$500,000 Equipment and Supplies	6,157	7,485	13,642
\$100,000-\$500,000 Other	6,473	7,415	13,888
More than \$500,000 Equipment and Supplies	1,593	2,513	4,106
More than \$500,000 Other	1,459	3,138	4,597
Total	75,394*	100,808*	176,202

*95 percent confidence interval: 75,394 +/- 7,216; 100,808 +/- 7,216.

Table 9. Ninety-Five Percent Confidence Intervals for
 Number and Percent of Contracts Awarded to
 Veteran-Owned Firms by Product/Service Category

<u>Product/Service</u>	<u>Number</u>	<u>Percent</u>
Equipment/Supplies	49,841 +/- 6,636	41.1 +/- 5.5
Other	25,553 +/- 2,835	46.5 +/- 5.16
Total	75,394 +/- 7,216	42.8 +/- 4.1

Similar information for dollar amounts contracted to veterans is shown in Table 10. Overall, 35.3 percent of the dollars contracted to small businesses by DOD went to veteran owned firms—a total of \$11.5 billion. A comparison of these results across product and service categories (Table 11) indicated that there were no differences. In addition, comparisons between Tables 9 and 11 and Tables 7 and 10 show that veteran owned firms were awarded slightly less in terms of dollars than in terms of proportion of contracts.

Table 12 shows the distribution of these contracts by the type of ownership of the contracting firm. The vast majority were corporations, and this distribution was consistent across all strata. Similar information is shown in Table 13 by number of employees. The largest proportion of firms fell into the 26 to 50 employee size range. Since only small businesses were included in the population of study, the proportion of businesses with more than 500 employees was quite small.

The length of time firms awarded contracts had been in business is shown in Table 14. The largest number had been in business for 30 years or more. In particular, this was true for firms awarded contracts in the equipment and supplies product service codes.

The average annual receipts of firms awarded contracts is shown in Table 15. As would be expected, as the size of the contract increases, so too does the average annual receipts. It is also clear that contracts for equipment and supplies are awarded to firms with higher average annual receipts. The percentage of total receipts

Table 10. Estimated Percent and Amount of Dollars Contracted to Veteran Owned Firms by Stratum

<u>Stratum</u>	<u>Percent Contracted</u>	<u>Total Dollars (in thousands)</u>
\$10,000-\$25,000 Equipment and Supplies	36.7	334,976
\$10,000-\$25,000 Other	45.8	107,941
\$25,000-\$100,000 Equipment and Supplies	41.2	902,807
\$25,000-\$100,000 Other	48.2	581,914
\$100,000-\$500,000 Equipment and Supplies	44.7	1,251,199
\$100,000-\$500,000 Other	47.1	1,447,504
More than \$500,000 Equipment and Supplies	31.6	4,166,205
More than \$500,000 Other	30.3	2,745,726
Total	35.3*	11,538,272*

*95 percent confidence interval: 35.3 +/- 7.6; 11,538,272 +/- 2,470,192.

Table 11. Ninety-Five Percent Confidence Intervals for Percent of Total Dollars and Actual Dollars Contracted to Veteran-Owned Firms by Product-Service Category

<u>Product/Service</u>	<u>Actual Dollars (thousands)</u>	<u>Percent of All Contract Dollars</u>
Equipment/Supplies	6,655,187 +/- 2,336,064	34.86 +/- 12.24
Other	4,883,085 +/- 802,901	35.97 +/- 5.91
Total	11,538,272 +/- 2,470,192	35.32 +/- 7.56

Table 12. Percentage Distribution of Contracts by Type of Ownership
(Veteran and Nonveteran Combined)

<u>Strata</u>	<u>Sole Pro-</u> <u>prietorship</u>	<u>Partnership</u>	<u>Corporation</u>	<u>Total</u>
\$10,000-\$25,000 Equipment and Supplies	8.5	5.1	86.4	100.0
\$10,000-\$25,000 Other	11.0	7.0	82.0	100.0
\$25,000-\$100,000 Equipment and Supplies	9.6	0.8	89.6	100.0
\$25,000-\$100,000 Other	10.8	5.4	83.8	100.0
\$100,000-\$500,000 Equipment and Supplies	5.2	0.9	93.9	100.0
\$100,000-\$500,000 Other	9.3	5.1	85.6	100.0
More than \$500,000 Equipment and Supplies	4.3	3.4	92.3	100.0
More than \$500,000 Other	3.8	1.9	94.3	100.0
Total	8.9	3.7	87.4	100.0

Table 13. Percentage Distribution of Contracts by Size of Firm
(Veteran and Nonveteran Combined)

Stratum	Size of Firm						Total	
	Less than 10	11-25	26-50	51-100	101-250	251-500		Over 500
\$10,000-\$25,000 Equipment and Supplies	16.1	22.3	25.0	17.9	13.4	3.6	1.8	100.0
\$10,000-\$25,000 Other	37.1	23.7	17.5	9.3	9.3	0.0	3.1	100.0
\$25,000-\$100,000 Equipment and Supplies	15.0	11.7	27.5	16.7	15.0	11.7	2.5	100.0
\$25,000-\$100,000 Other	22.1	25.0	30.8	9.6	8.7	3.8	0.0	100.0
\$100,000-\$500,000 Equipment and Supplies	14.7	14.7	18.3	24.8	17.4	6.4	3.7	100.0
\$100,000-\$500,000 Other	22.4	22.4	17.8	15.9	13.1	4.7	3.7	100.0
More than \$500,000 Equipment and Supplies	10.1	7.3	16.5	20.2	13.8	25.7	6.4	100.0
More than \$500,000 Other	14.3	20.9	15.4	19.8	15.4	11.0	3.3	100.0
Total	18.5	19.0	24.2	16.3	13.2	6.4	2.3	100.0

Table 14. Percentage Distribution of Contracts by
Number of Years Firm Has Been in Business
(Veteran and Nonveteran Combined)

Stratum	Number of Years Firm Has Been in Business						Total	
	Less than 5	6-10	11-15	16-20	21-25	26-30		Over 30
\$10,000-\$25,000 Equipment and Supplies	3.6	17.9	15.2	10.7	5.4	6.3	41.1	100.0
\$10,000-\$25,000 Other	11.0	28.0	20.0	13.0	13.0	7.0	8.0	100.0
\$25,000-\$100,000 Equipment and Supplies	4.1	11.4	13.0	11.4	8.9	10.6	40.7	100.0
\$25,000-\$100,000 Other	11.0	18.3	18.3	19.3	10.1	5.5	17.4	100.0
\$100,000-\$500,000 Equipment and Supplies	4.4	9.7	11.5	15.0	9.7	7.1	42.5	100.0
\$100,000-\$500,000 Other	6.1	19.3	21.9	14.9	10.5	7.0	20.2	100.0
More than \$500,000 Equipment and Supplies	4.5	15.5	13.6	12.7	14.5	4.5	34.5	100.0
More than \$500,000 Other	7.3	21.9	19.8	16.7	9.4	9.4	15.6	100.0
Total	5.6	16.6	15.7	13.0	8.6	7.5	33.0	100.0

Table 15. Average Annual Receipts of Sampled Firms and
Average DOD Percentage of Receipts
(Veteran and Nonveteran Combined)

Stratum	Equipment and Supplies		Other	
	Mean	Percent	Mean	Percent
\$10,000-\$25,000	7,761,235	44.4	6,208,084	42.7
\$25,000-\$100,000	15,650,775	41.3	4,778,672	45.3
\$100,000-\$500,000	30,637,943	48.3	6,068,062	51.2
More than \$500,000	33,652,952	54.5	9,492,791	64.3

accounted for by DOD contracts is also shown in this table. These percentages are quite high, particularly in the largest size category.

Table 16 shows the distribution by branch of service of the veteran owner of the firms to which DOD contracts were awarded. Almost half of the veterans had served in the Army, with a very small number in the Marine Corps and Coast Guard. Since the Coast Guard is not a DOD agency, those contracts were excluded from further analysis.

The amount of time veteran owners had served in the military is shown in Table 17. Clearly, the number of years is quite small with 86 percent serving less than 5 years. Table 18 shows the year the respondents left the service along with the year they became owners of their firms. It is clear that the majority left the military before 1955. In addition, the majority became owners between 1965 and 1980. There appears to be a 20 year gap between the time a person completed military service and becoming an owner in the firm. This suggests that military experience alone is insufficient to allow a person to establish a firm which can compete successfully for DOD contracts. Other experiences are clearly necessary and these apparently require approximately 20 years.

The highest military grade achieved by the veteran owner is shown in Table 19. As would be expected by the fact that most people served only a short time, the grades were relatively low--less than E7 for enlisted personnel and company grade for officers.

Table 20 shows the career field area in which the veteran owners worked while they were in the military. It appears that career fields

Table 16. Percentage Distribution of Branch of Service of
Primary Owner of Veteran Firms

<u>Branch of Service</u>	<u>Percent</u>
Army	46.2
Navy	28.7
Marine	7.0
Air Force	17.6
Coast Guard	0.5
Total	100.0

Table 17. Percentage Distribution of Number of
 Years Veteran Business Owners Served
 in the Military

<u>Number of Years</u>	<u>Percent</u>
Less Than 5 Years	86.0
5-9 Years	9.2
10-14 Years	0.9
15-19 Years	0.4
20 or More Years	3.5

Table 18. Percentage Distribution of Year Owners Left Service
and Year Became Owner of Business

Year	Year Left Service	Year Became Owner
1945 or Earlier	21.3	4.2
1946-1950	27.3	8.8
1951-1955	21.3	8.1
1956-1960	10.6	7.8
1961-1965	6.4	9.0
1966-1970	8.4	20.8
1971-1975	3.2	20.6
1976-1980	1.3	17.3
Later Than 1980	0.2	3.4
Total	100.0	100.0

Table 19. Percentage Distribution of Highest Grade Held by Veteran Owner

<u>Grade</u>	<u>Percent</u>
E1-E3	17.6
E4-E6	42.4
E7-E9	5.5
W1-W4	1.7
O1-O3	25.1
O4-O6	7.4
O7-O10	0.4
Total	100.0

Table 20. Percentage Distribution of Career Field of
Veteran Owner

<u>Career Field</u>	<u>Percent</u>
Professional/Management	17.8
Administrative/Support	4.8
Mechanical/Maintenance	9.3
Electronics/Technical	17.8
Other Technical	13.1
Finance	2.5
Transportation	6.8
Supply	5.0
Food Services	1.9
Combat	15.8
Noncombat/Nontechnical	2.8
Other	2.4
Total	100.0

were heavily weighted toward management/technical areas as opposed to nontechnical. The number serving in combat areas is somewhat large, but this is probably due to the fact that so many persons, particularly in the Army, are assigned to that area.

An examination was made of the extent to which the contracts were awarded to firms owned by Vietnam veterans. As Table 21 shows, the incidence is relatively low. Only 15 percent of the contracts went to firms owned by a Vietnam veteran. Table 22 shows this distribution by product/service area. Table 23 gives confidence intervals for the number and percent of contracts awarded to Vietnam veteran-owned firms by product/service category. Vietnam veteran-owned firms receive a smaller share of "equipment/supply" contracts than "other" product service contracts (5 percent versus 9.5 percent). This result is statistically significant on the 5 percent level. Put another way, a Vietnam veteran-owned firm is almost twice as likely to get a contract in the "other" category as in the "equipment/supply" group. This indicates that older veterans are more likely to obtain contracts for equipment and supplies--areas in which greater capital investment is likely while younger veterans are more likely to obtain contracts in the more labor intensive areas which would require less capital expenditures.

Tables 24 and 25 show similar information by dollar amounts. Overall, 4.8 percent of all dollars contracted to small businesses by DOD went to Vietnam veterans--a total of \$1.6 billion. A statistical test of the difference in proportion of dollars contracted to Vietnam

Table 21. Percent of Contracts Awarded to
 Veteran Owned Firms Which Went to Vietnam Veterans
 (Other Than Coast Guard)

<u>Stratum</u>	<u>Vietnam Veteran</u>	<u>Other Veteran</u>	<u>Total</u>
\$10,000-\$25,000 Equipment and Supplies	16.7	83.3	100.0
\$10,000-\$25,000 Other	17.1	82.9	100.0
\$25,000-\$100,000 Equipment and Supplies	7.0	93.0	100.0
\$25,000-\$100,000 Other	19.6	80.4	100.0
\$100,000-\$500,000 Equipment and Supplies	15.0	85.0	100.0
\$100,000-\$500,000 Other	25.0	75.0	100.0
More than \$500,000 Equipment and Supplies	2.9	97.1	100.0
More than \$500,000 Other	25.0	75.0	100.0
Total	15.0*	85.0*	100.0

*95 percent confidence interval: 15.0 +/- 4.6; 85.0 +/- 4.6.

**Table 22. Percentage Distribution of Contracts to
Veteran-Owned Firms by Type of Veteran and
Product/Service Category**

<u>Veteran</u>	Product/Service		<u>Total</u>
	<u>Equipment and Supplies</u>	<u>Other</u>	
Vietnam Veteran	8.0	7.0	15.0
Other Veteran	58.3	26.7	85.0
Total	66.3	33.7	100.0

Table 23. Ninety-Five Percent Confidence Interval for
 Number and Percent of Contracts to Vietnam Veterans
 by Product/Service Category

<u>Contracts</u>	<u>Equipment/ Supplies</u>	<u>Other</u>	<u>Total</u>
Number of Contracts	6,015 +/- 2,985	5,221 +/- 1,673	11,236 +/- 3,419
As a Percent of Contracts to Veteran-Owned Firms	12.1 +/- 6.0	20.7 +/- 6.6	15.0 +/- 4.6
As a Percent of All Contracts	5.0 +/- 2.5	9.5 +/- 3.1	6.4 +/- 1.9

Table 24. Estimated Percent of All Contract Dollars and Amount of Dollars Contracted to Vietnam Veteran Owned Firms by Stratum

<u>Stratum</u>	<u>Percent Contracted</u>	<u>Total Dollars (thousands)</u>
\$10,000-\$25,000 Equipment and Supplies	6.1	56,007
\$10,000-\$25,000 Other	7.8	18,339
\$25,000-\$100,000 Equipment and Supplies	3.5	75,815
\$25,000-\$100,000 Other	10.2	123,292
\$100,000-\$500,000 Equipment and Supplies	5.9	164,929
\$100,000-\$500,000 Other	10.5	322,571
More than \$500,000 Equipment and Supplies	0.2 ¹	30,712 ¹
More than \$500,000 Other	8.4	759,503
Total	4.8*	1,551,169*

¹ This figure appears to be an underestimate resulting from a disproportionately large number of Vietnam veteran nonrespondents in this stratum.

*95 percent confidence interval: 4.8 +/- 1.6; 1,551,169 +/- 523,913.

Table 25. Ninety-Five Percent Confidence Intervals for Percent of All Contract Dollars and for Total Dollars Contracted to Vietnam Veteran Owned Firms by Product/Service Category (With Standard Errors)

<u>Product/Service</u>	<u>Percent Contracted</u>	<u>Total Dollars (thousands)</u>
Equipment and Supplies	1.7 (0.76)	327,463 (145,400)
Other	9.0 (3.71)	1,223,705 (503,322)
Total	4.8 (1.60)	1,551,169 (523,913)

veterans by product/service grouping indicated that firms owned by Vietnam veterans had an increased probability of obtaining contracts in categories other than equipment and supplies (9 percent versus 1.7 percent).

Table 26 shows the educational level of the veteran owners. More than half had a college degree or higher. Table 27 shows the percentage of those with college degrees who obtained them while serving in the military. And, as Table 28 shows, more than half of those with college degrees did utilize GI Bill benefits to obtain their degrees after they left the service.

Race and sex of veteran owners is shown in Tables 29 and 30. Very few of the veteran owners were minorities (Table 29). And there were almost no women owners represented among the contractors (Table 30).

Table 26. Proportion of Contracts Awarded to
 Veteran Owned Firms by Education Level of Veteran Owner

<u>Education</u>	<u>Percent</u>
Less than High School	5.4
High School Graduate	17.3
Technical School	0.2
Some College	18.1
College Graduate	44.8
Advanced Degree	14.3
Total	100.0

Table 27. Proportion of Contracts Awarded to
Veteran Owned Firms by Whether College Degrees Were
Obtained in the Military

<u>Response</u>	<u>Percent</u>
Yes	8.5
No	91.5
Total	100.0

Table 28. Proportion of Contracts Awarded to
Veteran Owned Firms by Whether College Degrees Were
Obtained Using GI Bill.

<u>Response</u>	<u>Percent</u>
Yes	51.1
No	48.9
Total	100.0

Table 29. Proportion of Contracts Awarded to
Veteran Owned Firms by Race of Veteran

<u>Race</u>	<u>Percent</u>
Black	2.4
White	94.8
Hispanic	1.5
Other	1.3
Total	100.0

Table 30. Proportion of Contracts Awarded to
Veteran Owned Firms by Sex of Respondent

<u>Sex</u>	<u>Percent</u>
Male	99.5
Female	0.5
Total	100.0

Section 4

Evaluation of Veteran Owned Contractors

As discussed in Section 2, a randomly selected sample of contracts awarded to veteran owned firms was matched with equivalent contracts awarded to nonveteran owned firms. A survey of the contracting offices which monitored these contracts was made in order to compare the performances of the two groups. If the veteran owned firms were rated lower in terms of quality of performance, then actions could be identified to aid them in the future in order to assist veteran owners in competing for DOD awards.

Table 31 shows the distribution of the 89 pairs of contracts across the different branches of service. Table 32 shows the distribution of the title of the person in the contracting office who provided the ratings of the quality of contractor performance.

The contractors were evaluated in terms of (1) percent of required deliverables provided, (2) percent of deliverables provided on time, (3) ratings of the quality of the products provided, and (4) ratings of the quality of communication with the contractor. Results are shown in Tables 33 through 37.

As Table 33 shows, the vast majority of all deliverables required on the contracts for both veteran and nonveteran owned firms were provided. These products were somewhat less likely to be provided on time, as Table 34 shows. However, again, the vast majority were provided on time.

Table 31. Frequency Distribution of Contracts
by Agency

Agency	Veteran		Non-veteran		Total	
	Number	Percent	Number	Percent	Number	Percent
Army	27	30.3	29	32.6	56	31.5
Navy	10	11.2	7	7.9	17	9.6
Air Force	19	21.3	23	25.8	42	23.6
Other	33	37.1	30	33.7	63	35.4
Total	89	100.0	89	100.0	178	100.0

Table 32. Frequency Distribution of Contracts
by Title of Person Providing Information

Title	Veteran		Non-veteran		Total	
	Number	Percent	Number	Percent	Number	Percent
Technical monitor	14	15.7	14	15.7	28	15.7
Contracting officer	41	46.1	42	47.2	83	46.6
Other	34	38.2	33	37.1	67	37.6
Total	89	100.0	89	100.0	178	100.0

Table 33. Frequency Distribution of Contracts
by Reported Percent of Deliverables
Provided as Required

Reported Percent	Veteran		Non-veteran		Total	
	Number	Percent	Number	Percent	Number	Percent
0	1	1.2	0	0.0	1	0.6
20	0	0.0	1	1.2	1	0.6
50	1	1.2	0	0.0	1	0.6
66	0	0.0	1	1.2	1	0.6
75	1	1.2	0	0.0	1	0.6
80	3	3.7	2	2.4	5	3.1
100	75	92.6	78	95.1	153	93.9
Total	81	100.0	82	100.0	163	100.0

Number of missing observations = 15

Table 34. Frequency Distribution of Contracts
by Reported Percent of Products or Services
Delivered on Time

Percent Delivered	Veteran		Non-veteran		Total	
	Number	Percent	Number	Percent	Number	Percent
0	3	3.5	5	5.9	8	4.7
3	0	0.0	1	1.2	1	0.6
11	1	1.2	0	0.0	1	0.6
48	1	1.2	0	0.0	1	0.6
50	2	2.3	1	1.2	3	1.8
60	1	1.2	0	0.0	1	0.6
66	0	0.0	1	1.2	1	0.6
70	2	2.3	0	0.0	2	1.2
75	1	1.2	1	1.2	2	1.2
80	3	3.5	2	2.4	5	2.9
82	0	0.0	1	1.2	1	0.6
85	2	2.3	0	0.0	2	1.2
95	2	2.3	1	1.2	3	1.8
99	0	0.0	1	1.2	1	0.6
100	68	79.1	71	83.5	139	81.3
Total	86	100.0	85	100.0	171	100.0

Number of missing observations = 7

In most instances, the respondents indicated that they agreed or strongly agreed that the products or services provided were satisfactory for both the veteran and nonveteran owned firms (Table 35), the ratings of the level of communication with the contractors was high (Table 36), and the products or services were provided at acceptable cost levels (Table 37).

Statistical tests, including both chi-square tests and paired t-tests were performed to determine whether there were differences in the rating by contracting offices of the veteran versus nonveteran owned firms. The results clearly indicated that there were no differences in levels of performance by the two groups.

The conclusion of the evaluation study using the matched sample of veteran and nonveteran owners was that veteran-owned firms performed in a manner similar to that of non-veteran owned firms.

Table 35. Frequency Distribution of Contracts
 by Extent of Agreement with Statement that
 Quality of All Products or Services Provided Was Satisfactory

Extent of Agreement	Veteran		Non-veteran		Total	
	Number	Percent	Number	Percent	Number	Percent
Strongly agree	34	38.6	37	42.0	71	40.3
Agree	43	48.9	43	48.9	86	48.9
Neither agree nor disagree	8	9.1	5	5.7	13	7.4
Disagree	1	1.1	0	0.0	1	0.6
Strongly disagree	2	2.3	3	3.4	5	2.8
Total	88	100.0	88	100.0	176	100.0

Number of missing observations = 2

Table 36. Frequency Distribution of Contracts
by Extent of Agreement with Statement that
Communication with the Contractor Was Satisfactory

Extent of Agreement	Veteran		Non-veteran		Total	
	Number	Percent	Number	Percent	Number	Percent
Strongly agree	37	42.5	38	43.2	75	42.9
Agree	42	48.3	43	48.9	85	48.6
Neither agree nor disagree	7	8.0	5	5.7	12	6.9
Disagree	0	0.0	0	0.0	0	0.0
Strongly disagree	1	1.1	2	2.3	3	1.7
Total	87	100.0	88	100.0	175	100.0

Number of missing observations = 3

Table 37. Frequency Distribution of Contracts
 by Extent of Agreement with Statement that
 Products or Services Were Provided at Acceptable Cost Levels

Extent of Agreement	Veteran		Non-veteran		Total	
	Number	Percent	Number	Percent	Number	Percent
Strongly agree	36	41.4	39	44.3	75	42.9
Agree	44	50.6	45	51.1	89	50.9
Neither agree nor disagree	7	8.0	4	4.5	11	6.3
Disagree	0	0.0	0	0.0	0	0.0
Strongly disagree	0	0.0	0	0.0	0	0.0
Total	87	100.0	88	100.0	175	100.0

Number of missing observations = 3

Section 5

Summary and Conclusions

There were three major objectives of this study of contracts awarded to small businesses by DOD agencies. They were to:

1. Determine the extent of military contracting with veteran-owned small businesses, with a separate record of Vietnam veterans.
2. Determine the relationship, if any, between the type of military service of the veteran-vendor and the type of procurement award obtained by the veteran.
3. If feasible, obtain estimates of the relative value or efficiency of the products and services obtained from the veteran-owned business compared to those available from the non-veteran business community.

The methodology utilized to address these issues involved the selection of a random sample of DOD contracts awarded to small businesses during Fiscal Years 1981 and 1982. A telephone survey of firms awarded contracts with a sample size of 1,600 was undertaken. Information was obtained on 915 contracts regarding veteran status of the owners. In a second phase of the study, a matched sample of 200 pairs of contracts were selected with half being veteran owned and the other half being nonveteran owned. A survey of the contracting offices which monitored these contracts was undertaken and evaluations obtained on the quality of performance. Results were available on 89 of the pairs of sampled contracts.

The survey of business owners indicated that 42.8 percent of contracts and 35.3 percent of total dollar amounts awarded to small businesses by DOD went to veteran owned firms for a total of \$11.5 billion. Veteran-owned firms received a somewhat smaller percentage of large contracts (over \$500,000) than they did of smaller contracts. Otherwise, there were no differences in the degree to which veteran firms were awarded contracts by size of contract or type of product or service obtained. However, Vietnam veteran-owned firms received a significantly larger share of contracts in the "other" product service category than in the "equipment/supplies" group. Most of the firms awarded contracts were corporations rather than sole proprietorships or partnerships. The largest number had between 26 and 50 employees. The largest number had been in business more than 30 years. For most, the percentage of their total annual sales represented by DOD contract work was substantial.

The veterans served primarily in the Army, with a large number from the Navy and Air Force. Most had served in the military for less than 5 years, did not achieve high ranks, and left military service prior to 1955. For this reason, only a small number were Vietnam veterans--only about 15 percent of all the veteran owners. The largest number become owners of their businesses well after they left military service--beginning in 1965.

The career fields of the veterans tended to be oriented toward management and technical areas, although there were a large number who had served in combat areas. Vietnam veteran owners had a higher

probability of being awarded contracts for work other than for equipment and supplies.

Education levels were quite high. More than half were college graduates. Few veterans had attained their degrees while they were in the military, but a substantial number of them received degrees with the support of the GI Bill.

The number of minority and women owners was extremely small.

The effort to obtain evaluations of the quality of work on contracts indicated that there were no differences between the work performed by veteran owned firms and that performed by nonveteran owned firms. Among both groups, almost all of the contractors provided the products or services contracted for in a timely manner. The quality of work was considered to be satisfactory, the communications between the contracting office and the contractors was considered to be good, and cost levels were acceptable.

APPENDIX A
QUESTIONNAIRES AND OTHER SURVEY MATERIALS

Date

Name
Company
Address

Dear

The Veteran's Affairs Office of the Small Business Administration is conducting an in-depth analysis of Department of Defense contracting to small businesses. The purpose of this work is to determine the extent to which small businesses owned and operated by veterans are being awarded Department of Defense contracts.

KCA Research, Inc., is conducting this study for the SBA. Data will be collected through a telephone survey. Your firm has been randomly selected from a list of businesses receiving Department of Defense contracts in FY81 and FY82, and a representative of KCA will be calling you within the next several weeks. To help you prepare for the interview, a list of the questions to be asked is included on the next page.

Your participation in this survey is voluntary, although your cooperation would be extremely useful in assuring accurate results. Should the survey or the manner in which it is carried out create any difficulties for you, please feel free to let me know. My telephone number is (202) 634-7584.

Sincerely,

Ray Marchakitus
Project Officer

Enclosure

Survey Questions

1. On October 1, 1982, was more than 50 percent of your firm owned by veterans who were actively involved in the day-to-day operation of the company?
2. On October 1, 1982, was your company a sole proprietorship, a partnership, an incorporated business, or some other type of business organization?
3. How many full-time employees worked for your company on October 1, 1982?
4. How many years has your firm been in business?
5. What is your company's primary SIC (Standard Industrial Classification) code?
6. What were your firm's total dollar receipts in your most recently completed fiscal year?
7. Approximately what percent of those total dollar receipts was from Department of Defense contracts?

The following questions will be asked of the veteran with the largest share of ownership, provided that the company was more than 50 percent owned by veterans actively involved in the day-to-day operation of the company on October 1, 1982. [That is, the response to question 1 was "yes".]

8. What was your branch of service?
9. How many years did you serve in the military?
10. What was the highest grade held?
11. What was your primary career field?
12. What year did you leave military service?
13. Did you serve at least 180 days between August 5, 1964 and May 7, 1975?
14. What year did you become an owner in your present firm?
15. What is your highest level of education completed?
16. Did you complete any college degrees while you were in the military?
17. Did you complete any college degrees after you left the military under the GI Bill?
18. Do you consider yourself to be Black, White, Hispanic or other?

INTRODUCTION

Hello. I'm calling long distance on a study for the Small Business Administration in Washington, D.C. I need to speak with someone in your company who can tell me whether, in October of 1982, the firm was owned by veterans of the armed forces or the surviving spouse of a veteran.

[Repeat until appropriate person is contacted]

This is (name) with KCA Research. We're conducting a survey of Department of Defense contractors for the Veterans Affairs Office of the Small Business Administration. We are studying the role of veterans in the ownership of small companies that do business with the Department of Defense. Your company's name was selected at random from a list of contracts awarded to small businesses by the Defense Department. Your responses will be kept confidential and participation is voluntary.

1. On October 1, 1982, was more than 50 percent of your firm owned and operated by veterans or the surviving spouse of a veteran who were actively involved in the day to day operation of the company?

Yes	1
No	2
Don't Know	8
Refused	9

2. At that time, was your company a sole proprietorship, a partnership, an incorporated business, or some other type of business organization?

Sole proprietorship	1
Partnership	2
Corporation	3
Other	4
Don't know	8
Refused	9

3. How many full time employees would you say worked for your company on October 1, 1982?

<10	1
11 - 25	2
26 - 50	3
51 - 100	4
101 - 250	5
251 - 500	6
>500	7
Don't know	8
Refused	9

4. How many years has your firm been in business?

<5 years	1
6 - 10 years	2
11 - 15 years	3
16 - 20 years	4
21 - 25 years	5
26 - 30 years	6
>30 years	7
Don't know	8
Refused	9

5. What type of work does your firm do primarily (obtain SIC code data)?

Don't know	98
Refused	99

6. Can you tell me approximately what your firm's total dollar receipts were in your most recently completed fiscal year?

Don't know	999,999,998
Refused	999,999,999

7. Approximately what percent of that was from Department of Defense contracts?

Don't know	998
Refused	999

[If YES in Question 1, continue interview; otherwise, terminate.]

I have a few more questions which are about the military background of the veteran owner who holds the largest share of ownership in the company. Can you answer those questions or is there someone else I need to speak with? [NOTE: If shares are held equally, ask about the veteran who holds the most senior position in the company.]

8. What was his(your) branch of service?

Army	1
Navy	2
Marine Corps	3
Air Force	4
Coast Guard	5
Don't know	8
Refused	9

[If COAST GUARD, terminate.]

9. How many years did he(you) serve in the military?

Don't know	98
Refused	99

10. What was the highest grade held?

E1 - E3	1
E4 - E6	2
E7 - E9	3
W1 - W4	4
O1 - O3	5
O4 - O6	6
O7 - O10	7
Don't know	8
Refused	9

11. What was his(your) primary career field?

Professional/Management	1
Administrative Support	2
Mechanical/Maintenance	3
Electronics/Technical	4
Other Technical	5
Finance	6
Transportation	7
Supply	8
Food Services	9
Combat	10
Noncombat nontechnical	11
Other	12
Don't know	98
Refused	99

12. Did he(you) serve at least 180 days between August 5, 1964 and May 7, 1975?

Yes	1
No	2
Don't know	8
Refused	9

13. What year did he(you) leave military service?

Don't know	98
Refused	99

14. What year did he(you) become an owner in your present firm?

Don't know	98
Refused	99

15. What is the highest level of education completed?

<High school	1
High school grad	2
Technical school	3
Some College	4
College grad	5
Advanced degree	6
Don't know	8
Refused	9

[If COLLEGE GRAD or higher, go to Question 16; otherwise, go to Question 18.]

16. Did he(you) complete any degrees while you were in the military?

Yes	1
No	2
Don't know	8
Refused	9

17. Did he(you) complete any degrees after you left the military under the GI Bill?

Yes	1
No	2
Don't know	8
Refused	9

18. Does he(you) consider yourself to be Black, White, Hispanic, or of some other racial or ethnic group?

Black	1
White	2
Hispanic	3
Other	4
Don't know	8
Refused	9

19. [Code sex of respondent]

Male	1
Female	2
Refused	9

DATE

Contracting Officer
Procurement Office
Street
City/State/ZIP

Re: Contract Number, Business Name

Dear Sir or Madam:

The Small Business Administration is conducting an analysis of Department of Defense contracting. Of particular concern is the relative value or efficiency of products or services provided by small businesses. KCA Research, Inc. is performing this study for the Small Business Administration.

A sample of FY81 and FY82 contracts has been randomly selected for evaluation as part of this study. This sample includes the contract listed above which was awarded by your organization. Please direct the enclosed questionnaire to the technical monitor (or other appropriate official) of that contract for completion, and have it returned within three weeks to:

KCA Research, Inc.
5501 Cherokee Avenue
Suite 111
Alexandria, VA 22312

In addition, please put the name and telephone number of the technical official on the enclosed self-addressed postcard and drop it in the mail.

If no one is available who can answer the questions about the contract, please so indicate and return the blank questionnaire to KCA as soon as possible. If you should have any questions concerning this request feel free to contact me at (phone).

Sincerely,

Ray Marchakitus

Contract _____

Technical Monitor _____

Phone () _____
 AC

KCA Control _____

Survey Questionnaire

The Small Business Administration is conducting an analysis of Department of Defense contracting. An evaluation of the relative value or efficiency of products or services provided by small businesses is required for this study. Please respond to the questions below to the best of your ability based on your familiarity with the contract listed below:

Contract Number _____ Company _____

Please circle the appropriate response to the following items.

- 1. This questionnaire completed by:
 - 1. Technical Monitor
 - 2. Contracting Officer
 - 3. Other (Specify: _____)

- 2. The contract is complete.
 - 1. Yes \longrightarrow Continue below.
 - 2. No \longrightarrow Stop. Return to KCA.

For the following two items, fill in the boxes provided with the correct percentage.

- 3. What percent of the deliverables called for in this contract were provided as required?

- 4. What percent of the products or services called for in the contract were delivered on time?

Below are some statements regarding contract performance. Please give your evaluation of these items using the scale below by circling the appropriate number.

- 1. Strongly Agree
- 2. Agree
- 3. Neither Agree nor Disagree
- 4. Disagree
- 5. Strongly Disagree

5. The quality of all products or services provided was satisfactory.

Strongly Agree 1 2 3 4 5 Strongly Disagree

6. Communication with the contractor on the procurement was satisfactory.

Strongly Agree 1 2 3 4 5 Strongly Disagree

7. Products or services were provided at acceptable cost levels.

Strongly Agree 1 2 3 4 5 Strongly Disagree

NO RESPONSE TO LETTER - MORE THAN ONE CONTRACT

May I please speak with one of your contracting officers?

[WHEN CONTRACTING OFFICER COMES ON LINE, SAY:]

Hello, my name is _____, and I'm with KCA Research in Washington, DC. We are conducting a study for the Small Business Administration. On October 5th, a letter was sent to your office concerning several contracts you awarded. Questionnaires were enclosed with the letter, and you were asked to have them completed by persons familiar with the contracts, preferably by the technical monitors. We have not received your response, and I would like to obtain the information from you now if that is possible. The contracts that we are interested in were active in FY81 or FY82. They are:

(CONTRACT NUMBER) with (COMPANY NAME) ;
(CONTRACT NUMBER) with (COMPANY NAME) ; etc.

Let's start with the first one, (CONTRACT NUMBER) with (COMPANY NAME)
. . . . [COMPLETE A QUESTIONNAIRE FOR EACH CONTRACT.]

NO RESPONSE TO LETTER - ONE CONTRACT

May I please speak with the contracting officer in charge of contract number (CONTRACT NUMBER) with (COMPANY NAME) ? This is a contract that was active in FY81 or FY82.

[WHEN CONTRACTING OFFICER COMES ON LINE, SAY:]

Hello, my name is _____, and I'm with KCA Research in Washington, DC. We are conducting a study for the Small Business Administration. On October 5th, a letter was sent to your office concerning a contract you awarded. A questionnaire was enclosed with the letter, and you were asked to have it completed by someone familiar with the contract, preferably by the technical monitor. We have not received your response, and I would like to obtain the information from you now if that is possible. The contract that we are interested in was active in FY81 or FY82. It is: (CONTRACT NUMBER) with (COMPANY NAME) . [COMPLETE A QUESTIONNAIRE.]

INTRODUCTION FOR DESIGNATED PERSON

Hello, my name is _____, and I'm with KCA Research in Washington, DC. We are conducting a study for the Small Business Administration. I'm calling with questions concerning contract number [CONTRACT NUMBER] with [COMPANY NAME] . This is a contract which was active in FY81 or FY82. Your name was given by the contracting officer on this contract. It was felt that you could answer some questions concerning contractor performance. Specifically . . . [GO TO Q.2 or Q.3 ON QUESTIONNAIRE.]