

# **The Voice of the Customer**

Conducted by: Lynn Aaron

## *Executive Summary*

As a Summer 2006 intern in the Oak Ridge National Laboratory's (ORNL) Small Business Programs Office (SBPO), I conducted the "Voice of the Customer" assessment for the Small Business Programs Manager during June 2006, on the relationship between ORNL and small businesses. In this assessment, I addressed the problem that the SBPO had not determined specific areas of weakness concerning the procurement process of small business' materials and services as well as the small businesses' performance of contracts with ORNL. ORNL has a goal and a U.S. Department of Energy performance measure to support small businesses. Therefore, part of the SBPO's mission is to provide small businesses with useful information and resources to be more successful in competing for materials and service contracts. This information is relayed to the small businesses through meeting with the Small Business Programs Manager in the SBPO, attending outreach events such as small business conferences, and visiting the SBPO website. The assessment's objective was to identify the specific challenges that ORNL staff members (the customers) face while procuring materials/services from and contracting with small businesses in order to develop and offer suggestions for improvement to small businesses through the avenues previously mentioned.

I conducted a series of brief interviews with 21 members of the ORNL staff from several different divisions in order to gather helpful feedback about the challenges they encounter with small businesses. After completing the interviews, the Small Business Programs Manager and I worked together to develop suggestions for improvement based on the feedback, and the suggestions were offered to small businesses in several different ways. A checklist of questions (shown in Attachment 2) guided each interview, which lasted between 5 and 15 minutes.

The results of the assessment show that small businesses need improvement in several areas including attention to details stated in the contracts, thoroughness in submitting proposals, open communication with customers and buyers within ORNL, proactive approaches to project management as opposed to reactionary, as well as several others. The attached Pareto charts in Attachments 4 and 5 summarize the top challenges relating to small business performance of competing for contracts and completing them. Also, the table included in Attachment 6 identifies the challenges and suggestions for improvement.

Most of the ORNL staff members interviewed stated that the problems identified do not pertain to all small businesses that have performed contracts for ORNL but that the challenges presented in this assessment are a generalization of small businesses.

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### *Problem*

The Oak Ridge National Laboratory's Small Business Programs Office supports ORNL's goal to optimize the participation of small businesses in the procurement process. As of June 2006, the SBPO had not identified areas of weakness concerning small businesses' performance on winning and completing contracts with ORNL. When small businesses come into the SBPO to meet with the Small Business Programs Manager, attend outreach events such as small business conferences, or visit the SBPO website, they want to know how they can win contracts and how to perform contracts beyond satisfactorily in order to establish a strong track record with ORNL. Small businesses should focus on improving performance in order to continually win materials and service contracts with ORNL, and part of the SBPO's mission was to identify performance areas needing attention and offer suggestions for improvement.

### *Objective*

The objective of the "Voice of the Customer" assessment was to identify the challenges that ORNL staff members (the customers) face while procuring small businesses' products and services and during the performance of contracts. The ORNL staff members' responses provided valuable information for determining the areas needing improvement, and the Small Business Programs Manager and I developed suggestions for improvement based on their feedback.

### *Purpose*

The purpose of the assessment was to determine areas of weakness so that the SBPO can develop and offer ways for small businesses to build and foster mutually beneficial relationships with the ORNL staff as well as win more ORNL contracts. The SBPO is essentially the gateway for small businesses that are seeking to contract with ORNL to "get their foot in the door." One of the SBPO's purposes is to supply useful information to small businesses on how to work well with ORNL staff and be more successful in competing for ORNL contracts. The SBPO attempts to help small businesses win contracts and grow while finding the most qualified vendors to meet ORNL procurement needs. The SBPO used ORNL staff members' feedback and instructed small businesses on how to perform more thorough, efficient, and satisfactory work for ORNL.

## *Methods*

The assessment began by creating an assessment plan that included the problem, objective, scope of the assessment, criteria to judge small business performance, and required date of completion. (Attachment 1) With assistance from the Small Business Programs Manager, I developed an interview checklist in order to judge small business performance. (Attachment 2) I compiled a series of questions to elicit staff members' responses in case they could not immediately recollect challenges they have encountered with small businesses, and the checklist served as a loose guide during the interviews with ORNL staff members.

Next, I interviewed 21 ORNL staff members, including buyers from the Contracts Division (formerly known as the Procurement Division) and customers from several different divisions within ORNL. The Contracts Division staff members were interviewed on the challenges they face while procuring products and services from small businesses. The customers within ORNL are the various program and project managers who oversee the delivery of products or the completion of services, and I interviewed them on small business' performance of contracts. The Small Business Programs Manager and I selected the ORNL staff members to be interviewed based on their interaction with small businesses. I included twenty percent of the Contracts Division buyers in the survey, and the buyers surveyed work with small businesses in particular. Also, the customers interviewed included key staff members in other divisions who interact with small businesses and seek their products and services. The interview checklist guided the discussion, and each interview lasted between 5 and 15 minutes. Attachment 3 includes the names and affiliations of the ORNL staff members interviewed.

Following the completion of the interviews, I compiled and narrowed the feedback into 16 specific challenges. The Pareto charts in Attachments 4 and 5 present these challenges classified into two categories: challenges concerning winning contracts and challenges concerning performing contracts. Attachment 6 summarizes these challenges and presents suggestions for improvement in each challenge area.

## *Results*

The results of the assessment show that to varying degrees, small businesses need to improve in many areas in order to be more competitive for ORNL contracts. The lack of paying attention to details stated in contracts, inadequate detail and required documentation in submitting proposals, lack of prior experience with ORNL (i.e. no proven track record), insufficient breakdown of cost proposals, impatience with the contracting process, possessing technical expertise with little business knowledge, inadequate realization of capabilities and limits (i.e. bidding on contracts that the small business cannot effectively and

efficiently perform), insufficient tracking of deliverables, and possessing a poor attitude regarding their small business status are among the top challenges regarding winning contracts. These challenges are shown in Attachment 4.

A few of the other challenges mentioned concerning the actual performance of contracts include inadequate project management, poor communication with the buyers and customers within ORNL, failure to quickly adhere to safety standards, unsophisticated infrastructure and accounting system, ruining/damaging relationships with ORNL staff, poor management of subcontractors, and inflexibility with contract modifications. Attachment 5 displays these challenges. The results of this assessment are explained in more detail in the attached table (Attachment 6) as well as suggestions that the Small Business Programs Manager and I developed.

### *Communication of Results*

I communicated the results of this assessment to small businesses via several different avenues. At the first ORNL Women-Owned Small Business Day in July 2006 at ORNL, I presented the results and suggestions for improvement to over 100 women-owned small businesses in attendance. In addition, I presented the information to small businesses from the Tennessee, Virginia, and North Carolina region at the Tri-Cities Town Hall Forum in Kingsport, TN in early August 2006. Following each presentation, I received very positive feedback from the small business managers in attendance regarding the usefulness of the information to their respective organizations.

In addition, the information from this assessment now appears on the new SBPO website that was launched in October 2006, under the Small Business University section. The Small Business Programs Manager also continues to relay the assessment's results during individual meetings with small businesses. The SBPO hopes that the results of and suggestions stemming from this assessment will help the voice of the customer be heard by small businesses seeking contracts with ORNL and other U.S. Department of Energy sites.

### *Attachments*

- Attachment 1: Assessment Plan - REMOVED
- Attachment 2: Interview Checklist - REMOVED
- Attachment 3: Personnel Interviewed - REMOVED
- Attachment 4: Challenges Concerning Winning Contracts Pareto Chart
- Attachment 5: Challenges Concerning Performing Contracts Pareto Chart
- Attachment 6: Challenges/Suggestions Table