



**THE SECRETARY OF COMMERCE**  
Washington, D.C. 20230

February 22, 2006

The Honorable John F. Kerry  
Ranking Member  
Committee on Small Business and Entrepreneurship  
United States Senate  
Washington, D.C. 20510

Dear Senator Kerry:

Thank you for your letter concerning measures the Department of Commerce is taking to fully utilize the procurement program for small businesses owned and controlled by service-disabled veterans.

The Department fully recognizes the sacrifices made by our service personnel in defense of our country. We are deeply committed to helping small businesses owned by service-disabled veterans grow and succeed through federal contracting. The Department has an outstanding achievement record of awarding on average above 50 percent of its contract dollars to small businesses since FY 2001. We are focused on extending this success to small businesses owned by service-disabled veterans. I enclose a copy of our "Agency's Strategy Plan for Contracting with Service-Disabled Veterans' Businesses," as well as the Department's response to your questions. In these documents, we describe a number of actions taken to increase contract awards to service-disabled, veteran-owned businesses.

If you have any further questions, please call me or Nat Wienecke, Acting Assistant Secretary for Legislative and Intergovernmental Affairs, at (202) 482-3663.

Sincerely,



Carlos M. Gutierrez

Enclosures



**UNITED STATES DEPARTMENT OF COMMERCE**  
**Chief Financial Officer**  
**Assistant Secretary for Administration**  
Washington, D.C. 20230

**U.S. DEPARTMENT OF COMMERCE**  
**AGENCY STRATEGY PLAN**

**MAY 13 2005**

**CONTRACTING WITH SERVICE-DISABLED VETERANS' BUSINESSES**  
**(EXECUTIVE ORDER 13360)**

**Department or Agency:** Department of Commerce

**Designated Senior-level Official:** Michael S. Sade  
Director for Acquisition Management  
and Procurement Executive



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Michael S. Sade

**Agency Strategy:** The Department of Commerce supports and will work to fully implement Executive Order 13360, Service-Disabled Veterans. The Department's mission is to strengthen the economy and create jobs. Since job growth is propelled by small business, including service-disabled veteran owned small business (SDVOSB)—currently an underutilized resource, the Department sees the objectives of EO 13360 as completely aligned with its mission.

Accordingly, the Department will take actions on many levels to promote and provide contracting and subcontracting opportunities for service disabled veteran businesses. Actions taken or planned to implement this EO include:

- Designating the Director for Acquisition Management and Procurement Executive as the senior level official responsible for development and implementation of Commerce's agency strategy for purposes of EO 13360;
- Promoting the agency strategy on the Office of Small and Disadvantaged Business Utilization (OSDBU) and the Office of Acquisition Management and Financial Assistance (OAMFA) websites;
- Reporting progress on implementing the agency strategy annually to SBA;
- Measuring and evaluating the Department's small business accomplishments, including service disabled veteran business accomplishments, via the socio-economic portion of the Commerce Balanced Scorecard.

**Questions Concerning the Department of Commerce's (DOC)  
Efforts to Contract With Service-Disabled Veteran-Owned  
Small Businesses (SDVOSB)**

**Has the Department of Commerce set aside any contracts for service-disabled veteran-owned small business owners and limited competition for these businesses since the passage of this legislation?**

The Department of Commerce (DOC) has utilized the SDVOSB set-aside procurement tool and GSA Federal Supply Schedule contracts to reach SDVOSB contractors. The table below shows the percentage of dollars DOC awarded to businesses owned by service-disabled veterans. However, the Federal Procurement Data System Next Generation (FPDS NG) does not provide information on how many of these actions were specifically set-aside for SDVOSB.

<b>Program</b>	<b>FY 2004</b>	<b>FY 2005*</b>	<b>YTD FY 2006</b>
VOSB	2.648%	3.013%	3.072%
SDVOSB	0.592%	1.226%	0.941%

\*FY 2005 FPDS NG data has not been finalized as of the date of this report.

**2. Has the Department of Commerce utilized the sole-source tool that was made available by P.L. 108-183, and if so, how often?**

DOC implemented P.L. 108-183 by developing a Strategy Plan for Contracting with Service-Disabled Veteran Businesses, dated May 13, 2005. The plan, a copy of which is attached, requires contracting officers as part of acquisition planning to document market research results and steps taken to identify SDVOSB. This policy allows DOC to make sole-source awards to SDVOSB when appropriate.

**What strategies are being implemented to inform agency contractors about the opportunities available to them through this program?**

The Office of Small and Disadvantaged Business Utilization (OSDBU) prominently added information to its website for the benefit of SDVOSB such as:

- The Veterans Entrepreneurship and Small Business Development Act of 1999 (Public Law 106-50), the Veterans Benefits Act of 2003 (Public Law 108-183), and Executive Order 13360 dated October 20, 2004
- DOC's Strategy Plan for Contracting with Service-Disabled Veterans' Businesses
- Information on how to sell to DOC
- Hyper-link to the Central Contract Registration (CCR) database and the VetBiz Vendor Information Pages (VIP)
- Two-year DOC "Forecast of Contract Opportunities"  
"DOC Prime Contractor Directory" – for use in identifying potential subcontracting opportunities with DOC's large business prime contractors

**4. What steps has the agency taken to actively seek out eligible businesses and inform them of the contracting opportunities at the Department of Commerce under the Veterans Benefits Act?**

In November 2002, DOC hosted a Veteran-Owned Procurement Conference which featured a roundtable forum hosted by the Deputy Secretary with representatives from several large corporations and several veteran-owned businesses to discuss ways to increase contract and subcontract awards to veteran and service-disabled veteran-owned small businesses.

In November 2003, DOC hosted its second Veteran-Owned Procurement Conference. The Deputy Secretary delivered the keynote address on the Department's commitment to create contracting opportunities for veteran-owned and service-disabled veteran-owned small businesses. The conference included an educational forum and panel discussions by government and private-sector representatives focused on helping businesses obtain federal contracts. Topics included how to do business with DOC, the federal procurement process, and future DOC requirements.

In November 2005, DOC hosted its annual acquisition conference. Attendees included contracting officers, small business specialists, contracting officers' representatives, and other members of DOC's acquisition community. The conference featured a training workshop on innovative strategies for contracting with SDVOSBs. The panel consisted of three speakers: the OSDBU SDVOSB Liaison, the Deputy Director from the Center for Veteran's Enterprise, Department of Veterans Affairs, and the President of an SDVOSB who has a contract with DOC. The workshop provided conference attendees with information on the Veterans Entrepreneurship and Small Business Development Act of 1999 (P.L. 106-50), Veterans Benefits Act of 2003 (P.L. 108-183), Executive Order 13360, and effective ways to use the acquisition tools under FAR Subpart 19.14.

Additionally, the OSDBU is a member of the Interagency Planning Taskforce, headed by the Department of Veterans Affairs. The OSDBU staff is also actively participating in planning the second interagency veterans outreach conference, which will take place June 2006 in Las Vegas, Nevada. The OSDBU staff and bureau small business specialists regularly participate in outreach events hosted by other federal agencies to meet with SDVOSB and provide counseling on how to market DOC and identify potential contract opportunities. The following list highlights recent SDVOSB focused events in which OSDBU staff and bureau small business specialists participated:

- "First Annual Veteran's Conference" (Las Vegas, Nevada) - June 2005
- EPA's "SDVOSB Conference and Business Fair" (Washington, DC) - August 2005
- "6th Annual Delaware Procurement Expo" (Newark, Delaware) - September 2005
- GSA's "Opening Doors: A Small Business Procurement Conference" (Phoenix, Arizona) - September 2005
- "Guardians of Freedom and Enterprise Conference for VOSB" (Kansas City, Missouri) - October 2005

Teresa Lewis, Assistant Administrator, Office of Federal Contract Assistance for Veteran Business Owners, U.S. Small Business Administration, provided the federal OSDBUs with a list of over 9,000 SDVOSBs currently registered in CCR. Subsequently, the DOC OSDBU disseminated that information to the bureau small business specialists for use in conducting market research. Future updates will also be disseminated so DOC can stay current with SDVOSBs listed in the CCR database.

**5. Is there a process for service-disabled veteran-owned small businesses to proactively contact contracting officers or the Office of Small and Disadvantaged Business Utilization to learn about contracts for which they are eligible under this program?**

As part of DOC's Strategy Plan for Contracting with Service-Disabled Veterans' Businesses, an OSDBU representative was designated as the SDVOSB liaison and serves as primary point-of-contact for the small businesses owned by veterans and service-disabled veterans. SDVOSB receive counseling from the SDVOSB liaison as well as the small business specialists. Additionally, the OSDBU website provides helpful information specific to SDVOSB and contact information for the Heads of Contracting Offices and small business specialists. The OSDBU website also provides a two-year forecast of contract opportunities valued above \$100,000.

As indicated in DOC's "Strategic Plan for Contracting with Service-Disabled Veterans' Businesses," the Procurement Executive is designated to be responsible for the Department's efforts. The Procurement Executive works in close partnership with the OSDBU Director in communicating the Department's goals to the acquisition community as well as to SDVOSB. The Plan was made publicly available on the OSDBU and Office of Acquisition Management websites.

**6. What training programs has the Department of Commerce implemented to ensure that the Agency's procurement staff is fully aware of the various tools available to them to assist in the utilization of service-disabled veteran-owned businesses?**

During DOC's "2005 Conference for Acquisition Personnel and Contracting Officers' Representatives," one of the training workshops focused specifically on innovative strategies for contracting with SDVOSBs. The panel consisted of three speakers: the DOC OSDBU SDVOSB Liaison, the Deputy Director from the VA Center for Veteran's Enterprise, and the President of an SDVOSB. The workshop provided Contracting Officers and Contracting Officers' Representatives with information on the Veterans Entrepreneurship and Small Business Development Act of 1999 (P.L. 106-50), Veterans Benefits Act of 2003 (P.L. 108-183), Executive Order 13360, and effective ways to use the acquisition tools under FAR Subpart 19.14.

In FY 2005, the OSDBU developed a DOC handbook on effective ways to use the Small Business Program. One of the chapters specifically provides information on how DOC's acquisition community can use SDVOSB set-asides to achieve program goals.

Strategy Plan specifics:

- Requiring contracting officers, as part of acquisition planning, to (a) document market research results and steps taken to exchange information with the small business industry, especially businesses owned by service-disabled veterans, to make them aware of upcoming acquisitions and garner interest; and (b) document rationale for acquisition strategies, including consideration given to restricting acquisition to small business, e.g., SDVOSB;
- Promoting the use of (and have present as exhibitors) SDVOSB at the Department's 2005 Conference for Acquisition Personnel and Contracting Officers' Representatives;
- Designating an OSDBU business specialist to be responsible for making SDVOSB aware of upcoming contract opportunities and providing contracting officers with information on SDVOSB for consideration as part of acquisition planning;
- Providing a link on the OSDBU website to the Veterans Information Pages (VIP), <http://www.vetbiz.gov>, as a reference tool for contracting officers;
- Promoting participation of SDVOSB as subcontractors by assigning meaningful weights to subcontracting plans and subcontracting past performance as part of the proposal evaluation method, and by including performance incentives when appropriate;
- Facilitating an outreach opportunity bringing together prime COMMITS Next Gen contractors (under the Department's \$8B GWAC for IT) with interested SDVOSB as a means of satisfying potential subcontracting opportunities;
- Monitoring and evaluating prime contractors' efforts to meet subcontracting goals by using SBA's soon-to-be-deployed Electronic Subcontracting Reporting System (eSRS);
- Making Commerce personnel aware of training available on applicable law and policies relating to the participation of SDVOSB in Federal contracting, such as Defense Acquisition University's Service-Disabled Veteran-Owned Small Business Program on-line course;
- Developing a policy for the Commerce Acquisition Community to address increased usage of SDVOSB.