



Photo of Los Alamos Mesa by Angela Plagemann

Los Alamos National Laboratory Small Business Program Summary Supply Chain Management Division

Fiscal Year 2004



The World's Greatest Science
Protecting America





Los Alamos National Laboratory

Los Alamos National Laboratory (LANL) is one of the largest multidisciplinary, multi-program laboratories in the world. LANL is operated by the University of California (UC) for the National Nuclear Security Administration (NNSA) of the Department of Energy (DOE). LANL is engaged in a broad program of research and development,

and works closely with other DOE facilities, universities, and industry across the United States to complete its mission of national security.

Small Business Program

It is the policy of LANL, UC, and DOE/NNSA that small business concerns have the maximum practicable opportunity to participate in Laboratory contracts. This policy is clearly articulated in UC's Prime Contract with DOE (Appendices D, F, J, and M). To ensure small business concerns can compete fairly for contracts, LANL has a small business program that provides the following initiatives:

- Supplier training on "How to do business with LANL"
- Buyer training to identify small business resources and comply with small business policy
- Annual negotiation and trending of LANL's socioeconomic goals
- Identify and match small business concerns to LANL's procurement opportunities
- Participate in procurement trade fairs and small business conferences
- Ensure compliance on the use of small business concerns
- Manage supplier inquiries and communicate small business issues and initiatives through newsletters, websites, and recently developed procurement committees

LANL and its small business program is dedicated to inreach and outreach efforts to identify and maximize small business concerns for procurement opportunities. This document summarizes LANL's procurement achievements and small business programmatic initiatives managed during fiscal year 2004 (FY04). In addition, a list of LANL small business resources and contacts is provided.

FY04 Procurement Statistical Achievements

Procurement

The Procurement Organization is responsible for the acquisition of goods and services at the Laboratory to meet programmatic needs. Some of the programs that the Laboratory is involved in include research in energy, nuclear safeguards and security, biomedical and computational science, environmental protection and remediation, and materials science.

Socioeconomic Goal Establishment

The Laboratory negotiates its socioeconomic goals annually with DOE/NNSA to ensure that a percentage of Laboratory procurements are placed with small and other socioeconomic businesses. In FY04, goals were negotiated and established for the following socio-economic categories:

- Small Business
- Small Disadvantaged Business
- Woman-Owned Small Business
- Veteran-Owned Small Business
- HUBZone Small Business

The small business program tracks its procurement performance for the Laboratory against these goals. While goals are not set for 8(a), New Mexico, and northern New Mexico (NNM) businesses, the Laboratory does track the volume of procurements placed in these categories.

Procurement Achievements

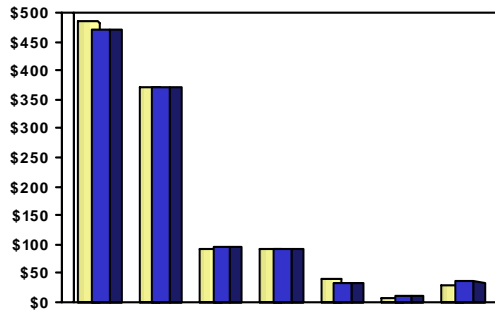
The Laboratory's socioeconomic percentages are measured against its commercial procurement base in accordance with DOE/NNSA established procedures. The commercial procurement base does not include agreements with DOE management & operating (M&O) contractors, University of California campuses, the Federal Government, mandatory sources of supply, utilities, foreign entities, and purchase card transactions.

- In FY04 the value of total purchase orders placed with large and small businesses was \$968.5M.
- Of the total procurements placed in FY04, \$843.2M was available for commercial procurement.
- Out of the commercial procurements, 44% (\$371.1M) was spent with small firms in New Mexico and across the country.

FY04 Nationwide Socioeconomic Performance			
	Goal	FY04 LANL Procurements & Percent Achievements	
Total Procurement	—	\$968.5M	
Commercial Base	—	\$843.2M	100%
Large Business (LB)	—	\$472.1M	56%
Small Business (SB)	42%	\$371.1M	44%
Woman-Owned Small Business (WOSB)	10.5%	\$ 94.4M	11.2%
Small Disadvantaged (SDB)	10.5%	\$90.8M	10.8%
8(a)	—	\$33.3M	3.9%
HUBZone (HUB)	1%	\$11.7M	1.4%
Veteran-Owned Small Business (VOSB)	3%	\$34.9M	4.1%

In a comparison to FY03, FY04 remained largely the same in regards to commercial procurement activity with all small business concerns.

FY03 & FY04 Nationwide Procurement Comparison



	LB	SB	WOSB	SDB	8(a)	HUB	VOSB
□ FY03 \$854.6M	483.9	370.7	93.0	90.5	41.3	6.5	30.1
■ FY04 \$843.2M	472.1	371.1	94.4	90.8	33.3	11.7	34.9

Note: Woman-Owned Small Business, Small Disadvantaged Business, 8(a), HUBZone, and Veteran-Owned Small Business are subsets of Small Business.

Procurement Methods

LANL uses a variety of procurement mechanisms to meet its acquisition needs. Generally, purchases are made through contract administrators who have the authority to purchase for the Laboratory. Acquisitions are generally made through individual subcontracts/ purchase orders. Purchases can also be made through the Just-In-Time (JIT) program, a Local Vendor Agreement (LVA), or Purchase Card (P-Card). The Laboratory tracks its performance in the JIT, LVA, and P-Card programs annually. The performance of these three purchasing mechanisms in FY04 is given below.

- **Just-In-Time** — In FY04, \$59.9M was spent through the JIT program. Thirty-one firms held JIT contracts. Of the 31 firms, 26 were small business concerns.
- **Local Vendor Agreement** — In FY04, \$.89M was spent under the LVA program, a 55% decrease from FY03 (\$2.0M). The decrease is attributed to a reduction in commodities available under the LVA program to just safety/nonsafety shoes, protective clothing, and safety/computer glasses. All other former LVA commodities are now purchased via purchase card, JIT program, or a purchase order.
- **Purchase Card** — P-Card purchases for FY04 were \$11.8M, a 20% reduction from FY03 (\$14.8M). The decrease is attributed to a change in purchase card policy and procedures, which took effect January 2004. The change included the reduction of purchase card holders.

Economic Impact in New Mexico and Northern New Mexico

The economic impact of LANL’s presence in New

Mexico is major. LANL’s presence plays an even more significant role in the economy of NNM. In order to measure just how LANL’s purchasing decisions impact New Mexico and NNM, the small business office tracks the number of procurements placed in the state and around the region. Many of the goods and services required by LANL to conduct its operations are largely

New Mexico (NM) & Northern New Mexico (NNM) Business Distribution

	FY03	FY04
Large Business NNM	\$ 242,736,800	\$ 238,351,328
Large Business Other NM	\$ 62,520,757	\$ 56,912,137
Total NM Large	\$ 305,257,557	\$ 295,263,465
Small Business NNM	\$ 125,450,968	\$ 142,758,412
Small Business Other NM	\$ 83,542,391	\$ 76,637,564
Total NM Small	\$ 208,993,359	\$ 219,395,976
Additional NNM	\$ 16,096,051	\$ 17,391,571
Additional Other NM	\$ 2,648,254	\$ 5,684,628
Total Additional NM *	\$ 18,744,305	\$ 23,076,199
TOTAL NM*	\$ 532,995,221**	\$ 537,735,640***

TOTAL LANL PROCURMENTS \$ 970.6M \$ 968.5M

* Includes agreements with DOE management & operating contractors, University of California campuses, the Federal Government, mandatory sources of supply, utilities, foreign entities, and purchase card transactions.

** 55 percent of total LANL procurements.

*** 55.5 percent of total LANL procurements.

in complex research and development arenas, where competition is national and international. Nevertheless, the Laboratory has maintained a very strong focus in placing its procurements with small firms in New Mexico and across the country.

- Of the FY04 total procurement budget (\$968.5M), \$537.7M or 55.5% was placed in New Mexico.
- NNM procurements totaled \$398.5M, which is 74% of total in-state expenditures.

Appendix J of LANL’s prime contract with DOE/NNSA establishes a

regional purchasing preference program within NNM, which includes local pueblos and the following seven counties: Los Alamos, Rio Arriba, Santa Fe, Mora, Taos, San Miguel, and Sandoval. In FY04, the

NNM Procurement Activity by County		
County	Commitments	Payments
Los Alamos	\$333,186,294	\$322,883,591
Mora	\$0	\$0
Rio Arriba	\$18,722,456	\$32,979,402
San Miguel	\$0	\$0
Sandoval	\$174,388	\$485,641
Santa Fe	\$46,354,817	\$41,301,400
Taos	\$63,356	\$33,727
Totals	\$398,501,311	\$397,683,761

Laboratory committed \$398.5M to NNM firms and paid out close to that amount, \$397.7M.



Sangre de Cristo Mountains

Laboratory Small Business Subcontracting Program

Subcontracts exceeding \$500K (\$1 million for construction) are required to propose plans for subcontracting with small business concerns.

- In FY04, there were a total of 56 major subcontractors with Small Business Subcontracting plans.
- Of those 56 plans, \$328.3M was subcontracted to lower-tier subcontractors.
- Of the \$328.3M, 53% or \$175.2M went to small business.
- Many of subcontracts are multiyear; therefore, only a cumulative total is presented in the chart below.

FY04 Large Subcontractor Procurements (56)	Cumulative Subcontractor Procurements	Cumulative Percentage
Total Subcontracting Dollars	\$328.3M	100%
Large Business (LB)	\$153.1M	46.6%
Small Business (SB)	\$175.2M	53.4%
Woman-Owned Small Business (WOSB)	\$21.3M	6.5%
Small Disadvantaged (SDB)	\$50.9M	15.5%
8(a)	—	—
HUBZone (HUB)	\$26M	7.9%
Veteran-Owned Small Business (VOSB)	\$20.3M	6.2%

Laboratory Northern New Mexico Economic Impact Program

Subcontracts exceeding or expected to exceed \$1 million are reviewed to determine the feasibility of incorporating a Northern New Mexico Economic Development Plan (NNMEDP). Major subcontractors to LANL are encouraged to subcontract or contribute to economic development in a manner, to the maximum extent practicable, that promotes regional economic diversification. A NNMEDP may promote the following: job creation in the region, civic outreach,



local workforce development and education, and/or support for NNM businesses.

- FY04 began with 21 NNMEDPs.
- Below are some commitments made and met by 10 of the 21 major subcontractors with NNMEDPs during FY04.

Commitment	Impact	Commitment Met
Northern New Mexico Endowment Scholarship Fund	\$10,000	Y
LANL Foundation Contribution	\$61,500	Y
NNM Math & Science Academy Contribution	\$200,000	Y
NNM Community College and Stay in School Program Contribution	\$134,900	Y
IMAGIC® Business Solution Company Start-Up Venture	Creation of 15 Full Time Jobs	Y
Computer Donation of 19 Laptops, 1 Desk Top and 12 Workstations	\$25,000	Y
Telecom and Records Mgmt Training Donation	54 Northern NM Students	Y
Job Training/Employment Workshops	Over 50 Northern NM Students	Y
Donation of Equipment and Construction aide to NNM Community College El Rito Campus	\$130,000	Y
United Way Contribution	\$65,000	Y
Kellogg Foundation Entrepreneurial Development Systems Contribution	\$1,000	Y
Sirolli Institute Enterprise Facilitation Donation	\$1,500	Y

Small Business Initiatives and Operational Improvements

Procurement Committees - In FY04, the Laboratory's Associate Director for Administration, Richard Marquez, established three separate committees comprised of Laboratory managers, regional business leaders and representatives of major Laboratory subcontractors. The purpose of the committees is to enhance and strengthen the Laboratory's ongoing business improvement initiatives and foster greater economic development in northern New Mexico and the state. The three committees include the following:

- The Senior Management Procurement Council (SMPC) comprised of senior Laboratory managers. The council provides corporate leadership and best management practices in the acquisition of goods and services.



Some of the SMPC objectives include acquisition planning (forecasting) and socioeconomic program objectives. The SMPC meets monthly.

- The Laboratory Business Advisory Council (BAC) is comprised of New Mexico business leaders who advise the Laboratory on the effectiveness of its business practices as they impact business stakeholders. They also assist in economic development activities and the strengthening of relationships between the Laboratory and its suppliers. The BAC met regularly during FY04, including a one day retreat consisting of LANL senior management. The committee has three subcommittees to improve its effectiveness. The committees are: Economic Impact, Contracting Advocacy, and Business Standards.
- The Consortium of Major Subcontractors provides a venue for integrated planning and resource management activities that will promote and leverage regional economic development and will increase small business procurement opportunities. The committee brings together the Laboratory's major subcontractors who have NNMEDPs with the Laboratory and it meets at least quarterly. LANL also works closely with the Regional Development Corporation (RDC) as a resource for community and economic impact ideas for the Consortium.

Procurement Reorganization — The Laboratory reorganized its Procurement Organization in FY04 to provide customers and suppliers with a more effective and efficient mechanism for conducting business at the Laboratory.

- The reorganization involved changing to a commodity-based structure.
- The change is intended to improve the way the institution purchases goods and services by allowing the buyer to focus on a particular commodity. The new organizational chart can be viewed at the Procurement website <<http://sup.lanl.gov/procurement/orgchart.pdf>>.

Small Business Related Accomplishments

- Targeted efforts with local Native American businesses resulted in \$3.8M in contracts awarded to these firms during FY04.
- Monthly and semiannual newsletters, updated websites, newly developed CD-Roms, and other marketing literature provided relevant information to small business suppliers.
- Laboratory partnerships with DOE, NNSA, the U.S. Small Business Administration (SBA), New Mexico's Eight Northern Pueblos, the local chambers of commerce, the Northern New Mexico Supplier Alliance, the New Mexico 8(a) Association, and other business organizations and committees resulted in effective outreach to maximize business and economic development opportunities for small businesses.
- The Laboratory is also a participant in the NNSA

Small Business Council, whose mission is to exchange information and ideas to increase small business participation in procurement opportunities. NNSA Small Business Council members include federal small business program managers and small business program managers from the DOE/NNSA M&O contracting sites.

- Seventy-five onsite visits of New Mexico businesses were conducted to gather an inventory of local supplier capabilities and match them to Laboratory procurement needs.
- Seven advocacy meetings were coordinated to enable small business firms to present their capabilities to Laboratory end-users and buyers, which resulted in \$2.4M worth of contracts among five different suppliers.
- Telephone consultations were provided to 560 firms nationwide.
- One-on-One consultations were held with 239 visiting firms.
- A small business resource center was opened in Española.
- Monthly small business resource hours were established in Santa Fe, Taos, and Las Vegas.
- Buyer training regarding the Laboratory's small business policy was developed with the Laboratory Supply Chain Management Division (SUP-DO) Operations Support Group.

Small Business Program Honors

- A Laboratory senior contract administrator and major subcontractor were named "Minority Business Buyer" and "Minority Business Advocate", respectively, by the U.S. Department of Commerce.
- Another Laboratory major subcontractor was recognized as a 2004 vision, investment, vitality, and action (VIVA) award nominee by the Association of Commerce and Industry of New Mexico.

Small Business Program Planned Actions/Goals

- Continue to support the three procurement committees to meet the goal of enhancing the Laboratory's ongoing business improvement initiatives and fostering economic development.
- Integrate the Small Business Office and the Laboratory's Small Business Advocacy Office into a virtual institutional team to provide unified support for Laboratory buyers and suppliers.
- Work with the Procurement Organization to develop advanced acquisition planning and forecasting tools to better identify upcoming subcontracting opportunities.
- Enhance communication vehicles (newsletters, marketing literature, websites, etc.) to keep the small business community abreast of Laboratory small business issues and initiatives.
- Deploy a small business advocate to each procurement group to assist buyers with small business resources.

Small Business Resources

LANL Resources

Marketing your company to LANL

Contact the Laboratory's Small Business Program Team:

Phone: 1-800-472-9861

E-mail: business@lanl.gov

Small Business Compliance

For inquiries about the Laboratory's small business policy and procedures, contact:

Phone: (505) 667-4419

Website: <http://business.lanl.gov>

Procurement

Responsible for the acquisition of goods and services at the Laboratory to meet programmatic needs.

Website:

<http://sup.lanl.gov/procurement/default.shtml>

Technology Transfer Division

Develops new ways to use emerging Laboratory technologies to stimulate high-tech business start-ups, create job opportunities, and attract business and capital to the region.

Phone: (505) 665-9091

Website: <http://www.lanl.gov/partnerships>

Ombuds Office

Provides issue resolution assistance.

Phone: (505) 665-2837

E-mail: ombuds@lanl.gov

Website: <http://www.lanl.gov/ombuds>

Other Procurement Resources

- The SBA is a great resource to help you with the mystery of government contracting. Your local SBA office can be found in the phone book. You can also go to <http://www.sba.gov> and scroll down to the section entitled "Your Local SBA Office". There you can click on the state in which your company is located.
- Central Contractor Registration (CCR) is a database commonly used by the Laboratory where a small business can market their company's capabilities. To register, go to the CCR website <<http://www.ccr.gov>>.
- Commercial and Government Entity (CAGE) codes are necessary for all businesses. Your CAGE Code will be given when you register with CCR at 1-888-352-9333 or go to the CAGE website <<http://www.dlis.dla.mil/cageserv.asp>>.
- Dun & Bradstreet (D&B) numbers are required. Get your D&B number at <http://www.dnb.com> or call 1-800-333-0505.
- The government identifies your product or service with a 6-digit code called the North American Industry Classification System (NAICS). This information is available at the NAICS website <<http://www.census.gov/epcd/www/naics.html>>.

For more information regarding the FY04 Small Business Program Report, contact (505) 667-4419 or e-mail business@lanl.gov.

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