



The Honorable Donald C. Winter  
Secretary of the Navy  
1000 Navy Pentagon  
Washington, DC 20350-1000

Dear Secretary Winter:

We are writing to express our serious concern that, in the face of the President's small business agenda for Federal agencies and stipulated policy of the Department of Defense (DOD), the Department of the Navy has failed to achieve its improvement targets for small business prime contract and subcontract awards in consecutive Fiscal Years 2004 and 2005.

While other Defense components, such as the Army and Air Force continue to adhere to the President's agenda concerning increased small business opportunities as prime contractors and subcontractors, the Navy's small business program performance has been poor in light of its historical record of success in small business participation.

In view of the Navy's poor performance in its small business targets for both Fiscal Years 2004 and 2005, we strongly appeal to you to fill the almost year long vacancy at the Secretary of the Navy's Office of Small Business Programs at the SES level in keeping with the spirit and intent of statutory authority. Public Law 109-163, Sec. 904 requires that the "Director of Small Business Programs of the Department of the Navy" position be filled at the SE commensurate with the Directors of Small Business Programs at the Departments of Army and Air Force. This senior executive should report directly to the Secretary of the Navy, but no lower than the Under Secretary of the Navy, in accordance with 15 United States Code 644(k)(4). We believe the Navy's *poor performance* in small business participation is directly attributable to its failure to appoint an experienced senior executive Director, as provided for in the statute, who could bring effective leadership at the Office of Small Business Programs of the Department of the Navy, on-site, at the Washington Navy Yard.

We believe the Navy must be fully committed to fill its Director position at the historical SES level. Doing so will compel the Navy's most senior leadership, military heads of major contracting activities, and key contracting officials, Department-wide, to actively demonstrate a renewed commitment and aggressive support for the Navy's improvement plan for small business programs. We are hopeful that such a commitment will provide the impetus necessary to accomplish the desired result.

***Carlyle Crescent Center, 1940 Duke Street, Suite 200, Alexandria VA 22314  
703.684.3150, 703.548.9446***



The fact that Navy is currently recruiting candidates for the Director's position at the lower GS-1102-15 level shows a lack of concern for Small Business Program objectives. Furthermore, this action completely ignores the Navy's precedent for selecting its previous Directors at the SES level. We understand that the Navy's Director must provide program oversight for the immediate staff and the Associate Directors of Small Business at the Navy and Marine Corps major commands. [Historically, Navy Deputy Directors supervised the immediate staff, daily office operations, and facilitated the Directors' strategic plans for successful achievements of targets and goals.] These staffers and Associate Directors are generally classified as senior level GS-1102-15. We also understand that most of the high ranking key contracting officials, i.e. heads of contracting, program executive officers, "businessline" leaders, and program managers, at the Department's major contracting commands and major program managers on the Secretary's staff are SES level individuals or equivalent. All of these senior executives play a critical role in the equation to make the Navy's small business program successful. Undoubtedly, the Navy Director of Small Business Programs should have equal parity with these individuals. In addition, the Navy's Director must be able to fully exercise the apparent executive rank of the position to represent the Secretary and to promote the Navy's interests on small business matters.

Further, the Navy's Director must interface and coordinate complex small business matters with the SES level Directors of the Army and Air Force and senior executive Directors at civilian Federal agencies, as well as the DOD Director's staff. It should be noted that individuals on the staffs of the DOD, Army, and Air Force Director are generally classified as senior GS-1102-15 or SES levels that would out rank the Navy's Director if the individual is selected at the GS-1102-15.

In conclusion, given the Navy's downward trend in dollar awards to small business concerns, the downgrade of the Director's position to GS-1102-15 fuels the perception in the small business community that the Navy is no longer committed to improve the participation of small companies in the Department's acquisitions, which is contrary to both Navy and DOD policy. Indeed, this negative action would undermine the morale and dedicated efforts of the outstanding cadre of Navy and Marine Corps small business personnel who work diligently to facilitate the success of the small business programs throughout the Department of the Navy.

As a result of its *poor performance*, the Navy failed to be recognized by any DOD 2004 Small Business Awards. On December 12, 2005, the DOD Director presented the Army, Air Force, other Defense agencies, and their personnel several prestigious awards for demonstrating outstanding commitment to the "war fighters" to employ superior technology and expertise through small business participation in Defense acquisitions. Particularly noteworthy, the DOD Director gave the Navy an overall "D" rating for assessment of its achievements in small business programs during Fiscal Year 2004.



Historically the Navy's commendable achievements and record of performance in small business programs set very high standards for others to emulate throughout the DOD. We believe that, during Fiscal Year 2006, the Navy's accomplishments should visibly demonstrate the renewed commitment and support of the Secretary of the Navy to the Department's small business policy by hiring an SES level Director who is well qualified to lead the Navy to success. We are confident that this corrective action by the Secretary of the Navy would help to ensure that small businesses have the maximum opportunities to participate in the Navy and Marine Corps contracting program, in accordance with the Navy's policy in SECNAVINST 4380.8B, implementing DOD Directive 4205.1.

Thank you in advance for your consideration of our request.

Sincerely,

Fernando V. Galaviz

Chairman of the Board  
The Association for Small Businesses in Technology Inc