



SECRETARY OF THE ARMY
WASHINGTON

20 APR 2022

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Army Small Business Program

1. References

a. Secretary of Defense Memorandum dated October 27, 2021, subject: DoD Small Business Contracting

b. Office of Management and Budget Memorandum dated December 2, 2021, subject: Advancing Equity in Federal Procurement

2. The Department of the Army has a strong history of utilizing small business firms in support of the mission, ranging from common supplies and services to advanced research and development of novel technologies for weapons systems. For eight consecutive years, we have exceeded the goals set by the Department of Defense (DoD) for prime contracting awards to small business firms. I congratulate you and thank you for your contributions in making the Army the leader across DoD for small business achievements, while enabling the small businesses who employ the majority of U.S. workers.

3. Despite these tremendous accomplishments, the Army is losing, on average, five (5) percent of the small business base annually. As noted by the Office of Management and Budget, this downward trend is consistent across the federal government. Fewer small businesses increases risk to supply chain resiliency and negatively impacts price competition. We must take action to reverse this general decline and ensure that Army contracts are awarded to a diverse range of small businesses.

4. Maintaining an effective small business program requires our collective efforts supporting a robust and inclusive industrial base that includes small-disadvantaged businesses, women-owned businesses, service-disabled-veteran-owned businesses, and businesses located in historically underutilized business zones. In support of the Department's objectives, I direct the following:

a. Ensure the inclusion of progress towards socioeconomic goals as evaluation criteria in all performance plans for General Officer and Senior Executives that acquire supplies or services, oversee the acquisition workforce, or who participate in planning acquisitions or selecting companies to support their projects.

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b. Meet Army Office of Small Business Programs command-specific small business goals and targets to **reverse the decline in the small business supplier base**. Facilitate outreach to increase supplier diversity and improve visibility and awareness of available contracting opportunities.

c. Ensure small business professionals at all echelons have **access to senior contracting and command leadership**. The small business professional serves as the principal advisor on small business matters and must be integrated into early acquisition planning with contracting officials and program managers. The small business professional should also be included in working groups and forums with small business equities, including but not limited to, implementation of new relevant acquisition policy, supply chain issues, and category management. When developing resource needs commensurate with mission changes, Commanders should ensure that small business manpower is identified and included.

d. Maximize acquisition **strategies that enable the opportunity to contract with small businesses as the prime vendor**. Leverage the full suite of market research tools and analyze data to see how same or similar products or services are procured by other activities/agencies; use the data to inform acquisition decisions. Decrease the number of acquisitions at values below the simplified acquisition threshold that are not reserved for small business performance.

e. Leverage **subcontracting opportunities** to grow the capacity and capability of small businesses to participate as prime contractors. Hold prime contractors accountable for subcontracting plans and goals.

f. Utilize the **Mentor-Protégé Program to expand the small business industrial base**. Work with program managers to target vendors who address supply chain vulnerabilities and modernization priorities.

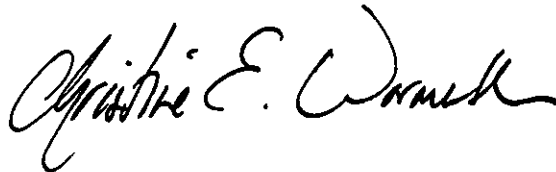
g. Review policies and practices to **identify barriers faced by small business**, and implement mitigation strategies to increase opportunity. Adjust category management stewardship practices in line with Office of Management and Budget guidance.

h. Review planned in-sourcing and Intergovernmental Support Agreement decisions where small businesses or Ability One contractors will be displaced. Assess impacts on the displaced vendors and the larger small business industrial base. Seek a balanced approach that supports Army readiness while adhering to the statutory policy of affording maximum practicable opportunity for small business.

5. I encourage you to leverage the existing authorities and flexibilities to small businesses as appropriate for the award of Army contract requirements. I also charge

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you to exercise creativity and reduce barriers to entry so that the Army can continue to grow its critical small business industrial base. Making awards to small businesses is in the finest tradition of the Army and will ensure we are ready to meet contemporary military demands.



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