

## *Spotlight on Business Opportunities – Conducting Business with DLA*

Department of Defense (DOD) contracting operations is comprised of 23 Contracting Agencies which in FY2017 awarded contracts totaling greater than \$320 Billion. Among these 23 agencies, the Departments of the Navy, Army and Air Force contracted for the greatest amounts of products and services. Defense Logistics Agency (DLA) which is known as “The Nation’s Combat Logistics Support Agency” was the fourth largest defense spending agency in FY2017 with awards in excess of \$35 Billion.

DLA’s headquarters is located at Fort Belvoir, VA with various offices and resources located in 48 states and 28 countries. Principle buying locations are located in Columbus, OH, Philadelphia, PA and Richmond, VA. The size of DLA’s customer base and the scope of contracting needs is hinted at by the values in the following table.

Aviation – Richmond, VA:	\$6,577,598,722.63	18.59%
Land & Maritime, Columbus, OH:	\$3,966,903,076.63	11.21%
Troop Support, Philadelphia, PA:	\$14,675,153,792.77	41.48%
Disposition, Philadelphia, PA:	\$121,287,258.49	0.34%
Energy, Ft. Belvoir, VA:	\$7,224,578,139.22	20.42%
Other:	\$2,810,663,755.61	7.95%
Total -	\$35,376,184,745.35	

From a mission standpoint, DLA manages the global supply chain – from raw materials to end user to disposition – for the Army, Navy, Air Force, Marine Corps, Coast Guard, 10 combatant commands, other federal agencies, and partner and allied nations. The direct impact of this on the business community is one of opportunity for those businesses that are interested.

Naturally a businesses will gravitate to areas where there is opportunity which is worth the time and effort – the costs – associated with developing and being awarded business.

Despite the massive array and quantities of purchases made through the year, it is likely that on a given day, DLA will not have a need for each business’ good or service. Businesses considering whether they should put in the time and effort to do business with DLA may benefit from taking a look at the scale and magnitude of DLA operations. For example, in FY 2017 DLA activities awarded roughly 3 million contracts which on average equates to almost 8,000 awarded contracts every calendar day.

Like many businesses, DLA has what could be considered to be core business lines. Not only are these lines of business important to DLA’s executing its mission, gaining an understanding of these lines of business can be helpful in developing business. Information on the vast majority of DLA opportunities is publically available. As shown by Figure 1, 73% of contract award dollars can be classified into 10 groups.

DLA posts business opportunities to Fedbizopps (<https://www.fbo.gov>) and the DLA Internet Bid Board System (DIBBS) (<https://www.dibbs.bsm.dla.mil>) as appropriate. Additionally, businesses that work with the Wisconsin Procurement Institute (WPI) can access this information through WPI’s free bidmatch

service which not only covers DLA opportunities but also includes the option of searching in excess of 2,000 other sites on a daily basis.

Since DLA's mission is to support the warfighter, their purchases will reflect the items needed by the warfighter. These needs vary both in timing and number. Often, companies which are new to this market will be shocked to see solicitations which reflect a needed quantity of a single item.

In FY 2017, 73% of DLA's total expenditures were classified in the following broad categories –

*Figure 1- DLA FY-17 Top 10 groups by dollars awarded*

FSC Group	Group - title	Award Value	% Awd Value	Sum of Actions	%Action
91	Fuels, Lubricants, Oils, and Waxes	\$ 730,463,956,600.00	20.64%	280,256	9%
65	Medical, Dental, and Veterinary Equipment and Supplies	\$ 6,534,956,479.92	18.47%	922,624	31%
16	Aircraft Components and Accessories	\$ 2,308,002,498.49	6.52%	37,583	1%
89	Subsistence	\$ 2,237,564,318.75	6.32%	299,712	10%
42	Fire Fighting, Rescue, and Safety Equipment; and Environmental Protection	\$ 1,964,405,212.81	5.55%	25,180	1%
84	Clothing, Individual Equipment, and Insignia	\$ 1,488,008,510.84	4.21%	10,105	0%
15	Aircraft and Airframe Structural Components	\$ 1,102,514,567.43	3.12%	33,007	1%
59	Electrical and Electronic Equipment Components	\$ 1,075,284,543.60	3.04%	100,320	3%
28	Engines, Turbines, and Components	\$ 928,033,363.40	2.62%	11,428	0%
25	Vehicular Equipment Components	\$ 887,360,161.00	2.51%	67,091	2%
		\$ 25,830,769,222.24	73.00%	1,787,306	60%

## Conducting an Initial assessment

1. Does DLA purchase either
  - a. What your business manufactures?
  - b. What your business sells, as a retailer, in the normal course of doing business?
2. Are there restrictions to either the manufacturer or resale of part numbered items?
3. Is your pricing competitive with past awards?
4. With respect to your costs, have you factored in unique contractual requirements which may increase your cost of delivering the item?
5. Are you able to comply with all of the Terms and Conditions of the contract?
  - a. Examples – Buy American Act, Cyber compliance, JCP/ITAR, Berry Amendment
6. Do you have personal experience with doing business with DLA?
  - a. Examples – processes, registrations, Terms and Conditions
7. Do you have access to technical assistance?
  - a. Examples – SBA, Wisconsin Procurement Institute staff, others
8. Considering all the requirements – Can you meet all of the requirements?
  - a. Examples – Socio-economic program set aside, qualified manufacturer, non-manufacturer
9. Using these factors and others can the pursuit of business with DLA be profitable?

## Next Steps – success factors

The following are just good to have but are not mandatory.

1. Do you have a vision – a business plan, what success looks like, in the near term and long term for business development with DLA?
2. Do you have a belief, not just a desire, that you can be successful?
3. Are you willing to put in the time and effort to be successful to achieve your vision?
4. Can you commit to becoming a continual learner and a student of the process and requirements?
5. Other elements to consider –
  - a. Patience
  - b. Persistence
  - c. Ability to execute
  - d. Attention to detail

## Can a Small Business Succeed?

Yes, overall, in FY-2017, small businesses were awarded almost \$11 Billion or approximately 31% of DLA contracts.

Additionally, businesses which qualify for set-asides within the 8(a), HUBZone, SDVOSB and WOSB programs had the following success –

Set-Aside Program	Dollars Awarded	Percent of Total Awards	Federal Goals	Number of Actions
8(a)	\$ 348,200,432.16	0.98%		6,151
SDB Self-Certified	\$ 1,730,212,230.24	4.89%	5.00%	135,381
HUBZone	\$ 634,506,239.58	1.79%	3.00%	21,260
SDVOSB	\$ 774,967,149.24	2.19%	3.00%	38,909
WOSB	\$ 1,156,501,503.11	3.27%	5.00%	136,369

As the above numbers from the Federal Procurement Data System show, there is room for improvement within all of these categories.

There are three very important points related to these goals and related performance.

1. Goals are endpoints which require best effort to achieve.
2. Goals and not in and of themselves evaluation criteria upon which a contract can be awarded.
3. Contract award criteria include –
  - a. A determination of the vendor being responsible
  - b. A price that is determined to be Fair and Reasonable
  - c. Agreement with all of the contract Terms and Conditions

Success however, doesn't occur overnight as the following information shows. These are the results for one Wisconsin small business which also happens to be classified under one of the Socio-Economic programs.

Fiscal Year	Sum of Action Obligation
2005	\$ 29,755.00
2006	\$ 9,382.00
2007	\$ 15,688.00
2008	\$ 70,451.00
2009	\$ 88,948.00
2010	\$ 41,052.00
2011	\$ 368,127.55
2012	\$ 234,549.50
2013	\$ 848,021.51
2014	\$ 5,782,675.24
2015	\$ 13,338,830.43
2016	\$ 23,955,573.90
2017	\$ 36,358,810.80
<b>Grand Total</b>	<b>\$ 81.141.864.93</b>

Additionally, to be successful a business must adapt to the business opportunities at hand. A business has to be aggressive, thoughtful and looking for new opportunities rather than hoping that opportunities and contracts just appear.

Since 2005, this company has been awarded contracts for products classified in 162 different categories. As shown by the following table, expansion into new categories didn't occur immediately. However, as shown by this table and the table displaying award dollars for each fiscal year, growth relied upon both time and taking advantage of new opportunities.

Fiscal Year	Number of Categories
2005	1
2006	3
2007	1
2008	4
2009	4
2010	4
2011	9
2012	7
2013	20
2014	71
2015	101
2016	130
2017	146

Additionally, there are several ideas that are always applicable. They are –

- Take advantage of similarities – DLA solicitations and regulations are very similar to each other.
- Leverage the knowledge gained from one contract and apply it to others.
- Seek to understand – do not always assume that everything is “black and white.”
- Develop relationships – “get connected – stay connected”
  - Technical Assistance providers
  - Bankers
  - Suppliers
  - Customers
  - Others
- Manage risk – develop sound go/no-go criteria and utilize lessons learned.
- Broaden capabilities.
- Apply skills and knowledge.

### **Competing in the DLA environment**

1. Hyper-selectivity – know the specifications, products, develop competitive pricing
2. Utilize debriefs to the greatest extent possible. If price is the sole selection factor, then requesting a debrief does not make sense.
3. Functional compliance program and fully conversant of compliance requirements related to
  - a. ITAR
  - b. JCP
  - c. EAR
  - d. Cyber
4. Able to meet quality criteria specified
5. Part-numbered items – identify and develop sources
  - (b) Exact product means a product described by the name of an approved source and its corresponding part number cited in the item description; and manufactured by, or under the direction of, that approved source. An offeror of an exact product must meet one of the descriptions below.
    - (1) An approved source offering its part number cited in the item description;
    - (2) A dealer/distributor offering the product of an approved source and part number cited in the item description;
    - (3) A manufacturer who produces the offered item under the direction of an approved source; and has authorization from that approved source to manufacture the item, identify it as that approved source’s name and part number, and sell the item directly to the Government.
      - a. (4) A dealer/distributor offering the product of a manufacturer that meets the description in subparagraph (3) above.
6. Non-manufacturer rule – thorough understanding of this rule, it’s use, application and limits that may exist. Given that most small businesses are not the manufacturer of these items, the non-manufacturer rule is an essential rule to know and understand.
7. Meet with/Contact DLA SB specialist to

- a. understand needs at a NSN level
- b. determine if any of the items can be set-aside for a specific group
- c. determine if there are NSN items for which RFQ's were issued but no quotes were received
- d. Request forecast of NSN items within area of interest
- e. Request items for which no quotes were received
- f. Obtain award history
- g. Create a plan

## Wisconsin – DLA overview

Overall based upon total dollars awarded in FY17, Wisconsin ranks 22 among the 56 States, Territories, District of Columbia and one item which is not titled but has the third largest amount of award dollars.

### Top 10 Contracting Offices

Row Labels	Sum of Action Obligation
DLA LAND AND MARITIME	\$ 151,306,896.69
DLA TROOP SUPPORT	\$ 105,304,554.25
DLA LAND WARREN	\$ 43,979,470.10
SPRMM1 DLA MECHANICSBURG	\$ 20,760,357.08
DLA AVIATION	\$ 17,257,166.34
DLA ENERGY	\$ 8,860,496.37
DLA ENERGY	\$ 3,212,601.33
DLA MARITIME - PUGET SOUND	\$ 1,496,847.22
DLA DISPOSITION SERVICE - EBS	\$ 794,666.13
DLA MARITIME - NORFOLK	\$ 794,236.67
<b>Grand Total</b>	<b>\$ 353,767,292.18</b>

### Top 10 Performing Companies

Row Labels	Sum of Action Obligation
OSHKOSH DEFENSE, LLC	\$ 93,250,801.13
GENERAL ELECTRIC COMPANY	\$ 46,253,836.30
STATZ CORPORATION	\$ 36,358,810.80
IDSC HOLDINGS LLC	\$ 18,698,114.45
OPTIMA BATTERIES, INC.	\$ 14,929,579.97
OCENCO, INCORPORATED	\$ 14,605,883.82
OSHKOSH CORPORATION	\$ 12,121,228.48
POMP'S TIRE SERVICE, INC..	\$ 9,949,330.01
HARTLAND FUEL PRODUCTS, L.L.C.	\$ 8,657,208.79
WEINBRENNER SHOE COMPANY, INC.	\$ 8,111,540.79
<b>Grand Total</b>	<b>\$ 262,936,334.54</b>

## Top 10 NAICS

NAICS Code	NAICS Description	Sum of Action Obligation
334517	IRRADIATION APPARATUS MANUFACTURING	\$ 28,201,873.22
336390	OTHER MOTOR VEHICLE PARTS MANUFACTURING	\$ 27,682,288.34
326211	TIRE MANUFACTURING (EXCEPT RETREADING)	\$ 24,232,671.62
339112	SURGICAL AND MEDICAL INSTRUMENT MANUFACTURING	\$ 21,249,483.45
335911	STORAGE BATTERY MANUFACTURING	\$ 15,679,489.94
339113	SURGICAL APPLIANCE AND SUPPLIES MANUFACTURING	\$ 14,772,171.29
333120	CONSTRUCTION MACHINERY MANUFACTURING	\$ 14,661,361.62
336211	MOTOR VEHICLE BODY MANUFACTURING	\$ 14,077,643.02
423450	MEDICAL, DENTAL, AND HOSPITAL EQUIPMENT AND SUPPLIES MERCHANT WHOLESALERS	\$ 11,508,524.33
332994	SMALL ARMS, ORDNANCE, AND ORDNANCE ACCESSORIES MANUFACTURING	\$ 9,492,642.10
<b>Grand Total</b>		<b>\$ 181,558,148.93</b>

## Top 10 Product Service Codes

Product or Service Code	Product or Service Description	Sum of Action Obligation
6525	IMAGING EQUIPMENT AND SUPPLIES: MEDICAL, DENTAL, VETERINARY	\$ 51,600,181.88
2530	VEHICULAR BRAKE, STEERING, AXLE, WHEEL, AND TRACK COMPONENTS	\$ 39,797,321.51
4910	MOTOR VEHICLE MAINTENANCE AND REPAIR SHOP SPECIALIZED EQUIPMENT	\$ 20,019,590.99
6140	BATTERIES, RECHARGEABLE	\$ 15,607,918.48
4240	SAFETY AND RESCUE EQUIPMENT	\$ 14,850,828.90
5340	HARDWARE, COMMERCIAL	\$ 14,645,100.86
3805	EARTH MOVING AND EXCAVATING EQUIPMENT	\$ 14,556,403.34
2510	VEHICULAR CAB, BODY, AND FRAME STRUCTURAL COMPONENTS	\$ 9,951,602.91
2540	VEHICULAR FURNITURE AND ACCESSORIES	\$ 8,489,198.91
8430	FOOTWEAR, MEN'S	\$ 8,111,540.79
<b>Grand Total</b>		<b>\$ 197,629,688.57</b>

For additional information or assistance with conducting market research or a Deep Dive into an area of federal spending please contact:

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