

Supplier Diversity

DIVERSITY-MINDED DEFENSE CONTRACTORS

Defense contractors cherish their well-qualified diverse suppliers

There can be important rewards for small companies that offer government contractors engineering and IT services as well as products

"From the earliest days we've thought of ourselves as problem solvers." – Tom Milligan, O'Neil & Associates

*By Claire Swedberg
Contributing Editor*

Most defense contractors consider their suppliers a critical extension of their own goods and services. But finding properly qualified suppliers can be critical as well, and defense companies need to provide themselves with contractors who are able to tune into how they, and the government, do business. Another challenge in the defense and government sector is the long business cycles, often two years or more. And it's clearly a concern that changes in federal funding and/or programs can come down hard on both large contractors and the smaller companies working for them.

Despite these drawbacks, government work is clearly important business. And the U.S. government aims to award twenty-five percent of its contracts to small businesses, in most cases on a "second tier" basis through larger contractors.

Having a "disadvantaged" status makes the contractor even more desirable. The government's disadvantaged designation includes not only woman-, minority- and disabled-veteran-owned businesses, but also businesses located in economically underprivileged areas determined to be Historically Underutilized Business Zones (HUBZones).

But with or without disadvantaged status, there can be important rewards for small companies that offer government contractors engineering and IT services as well as products. Those who have learned to navigate the challenges associated with providing Department of Defense (DOD) contractors with the services they need are in high demand and, in many cases, growing rapidly.



Teresa Porter, CEO of Isys Technologies: Lockheed is still her primary customer.



Raytheon director of supplier diversity Benita Fortner: looking for the best.

ISYS Technologies: engineering services for Lockheed Martin

In 2002, woman-owned Isys Technologies (Littleton, CO), an IT and engineering services company, shifted into federal government contracting work. At that time the company had three employees, but it began growing as soon as it started to provide global security company Lockheed Martin (Bethesda, MD) with engineering services. Today Isys Technologies has 135 employees and works as a prime as well as a subcontractor.

"In 2002 we saw a niche for small businesses doing federal work," says Teresa Porter, CEO of Isys Technologies. By offering its services to Lockheed Martin, Isys began a relationship that continues today; Lockheed is still its primary customer.

Isys staff consists of both engineers and IT specialists. Most are based in Colorado, but they often work at customer sites, providing services for missile defense, NASA, the U.S. Air Force and other federal agencies. Prime contracting is a challenge with defense work, but Isys has succeeded as a subcontractor. "We're in a niche area where we really understand the way government contracts are managed," she says.

Her company's success, she believes, is in its agility, the expertise of its staff and its commitment to customer service. "Sometimes larger companies can be burdened by bureaucracy," Porter explains, where a small company like hers can provide the services needed with a very short turnaround time. "We have fewer management layers and very skilled engineers with expertise in specialty areas," she points out.

Lockheed Martin seeks niche capabilities and experience

Lockheed Martin, which has relied on services provided by Isys for nearly a decade, uses contractors to supply a wide range of technical expertise and competencies. They are selected on their ability to satisfy Lockheed's needs for quality, price, delivery and continuity of supply, capacity and reliability.

"Our small business supplier base covers all commodity areas including IT and engineering," says Jane Khodos, a Lockheed Martin spokesperson. As a participant in the DOD mentor/protégé program, Lockheed mentors many diverse small businesses in its field, Khodos notes. She says Lockheed also purchases IT services from diverse businesses for its own internal support projects.

Lockheed often looks for niche capabilities and experience that align with its current projects and programs, as opposed to broad capabilities, Khodos says. When companies approach Lockheed Martin with distinctive technical expertise, management looks to see where their products or capabilities meet Lockheed's requirements.

"Businesses must have excellent qualifications, and past performance that shows that they'd be low risk for us," Khodos says. They need a proven track record, financial stability and the ability to provide the required products, services and quantities in terms of facilities, equipment and experienced workforce.

"And of course we look for inclusion through every element of our supply chain, from the receipt of goods and services all the way to customer delivery," Khodos adds. The company participates in the Small Business Innovation Research program to help bring upcoming technologies to the forefront of future innovative products.

"A chief objective of the corporation is to maintain a world-class supply base, one that enables mission success and enhances shareholder value," says Nancy Deskins, Lockheed's director of corporate agreements and supplier diversity. "Using diverse suppliers makes good business sense and small business contributes to mission success."

Raytheon looks for the best



Benita Fortner.

Small disadvantaged businesses provide security technology company Raytheon with a wide array of goods and services including IT and engineering, says Benita Fortner, director of supplier diversity. She lists software, software development, engineering support, program-specific engineering design support and in some cases technology development support among many other areas.

"We look for suppliers that are the best in the business, so they can help us be more competitive and deliver the best solutions to our customers," Fortner says.

Raytheon's supplier diversity efforts include outreach to, and support of, agencies that facilitate the identification, certification and development of small MBEs and WBEs. "And in many cases we help develop them to increase their capabilities."



Teresa LeFevre.

Federal-Mogul Corp: a multi-faceted approach

Federal-Mogul Corp (Southfield, MI) is primarily a supplier to the automotive, marine and industrial markets, but the company makes products for the aerospace and defense industries as well. It's actively looking for opportunities to create diverse supplier partnerships.

"Our diverse engineering services suppliers provide design expertise, using 3-D modeling and 2-D detailing services through software programs like CAD and CAE," says Teresa LeFevre, global purchasing manager for energy, transportation and supplier diversity. "At Federal-Mogul we have a multifaceted approach to assessing suppliers which includes total cost, quality and overall service levels."

"We are committed to maintaining a diverse supplier base, and continue to implement business practices that will provide equal access to procurement opportunities for minority- and women-owned businesses. We believe in the power of people, innovation and growth," she says.

RGBSI is Federal Mogul's exclusive engineering provider

Innovation and growth have been central strategies for MBE RGBSI (Madison Heights, MI). The company was founded in 1997 as Rapid Global Business Solutions, Inc. by Dr Nanua Singh, a professor at Wayne State University (Detroit, MI), and with its staff of ten offered engineering services to automotive companies.

"Until about 2000 that was our focus," says Ravi Kumar, VP of ops. "There was so much business there was no need to look elsewhere."



Dr Nanua Singh, RGBSI president, left, gets together with Ravi Kumar, VP of ops. With staff numbering a thousand, RGBSI is Federal Mogul's exclusive engineering provider.

But the automotive industry began to decline in Michigan, so the company started to reach out to companies in other industries, including John Deere and Caterpillar. It continued into aerospace and defense, beginning its work for Federal Mogul (Southfield, MI) in 2006.

Today RGBSI is Federal Mogul's exclusive engineering provider. Its staff, which now numbers about a thousand, offers services throughout the world with branch offices in New York, NY; Atlanta, GA; Windsor, Ontario, Canada; Frankfurt, Germany; and Hyderabad and Delhi, India.

RGBSI engineers are trained and qualified for government-related projects in both engineering and IT, and the company is growing further by developing customized software and partnering with software companies to provide staffing management support.

Kumar says the company's success is partly due to its skill at foreseeing future trends and moving with them. "We have people with different experience, particularly international," he says, and they are especially useful to the global community RGBSI serves.



Rhonda
Sammon.

Small, diverse businesses are integral at Harris Corp

Defense/communications company Harris Corp (Melbourne, FL) "is doing very well using small and diverse businesses," says Rhonda Sammon, small business liaison officer. "They are integral to what we do."

Harris' utilization rate for disabled-veteran-owned enterprises grew from 3.9 percent in 2007 to 5.2 percent last year, and small disadvantaged businesses, WBEs and MBEs are all growing with the company. "Small businesses often have great ideas and become important contributors to some fascinating projects," Sammon notes.

"They meet us at conferences with problem-solving recommendations. The information flow at these gatherings is energizing, and it's exciting to learn the breadth of capabilities these small companies can offer!"



Tom Milligan.

O'Neil & Associates: software solutions and more

An important strength of O'Neil & Associates (Dayton, OH) is its staff. More than a quarter are U.S. military veterans who understand the customers and their needs, says O'Neil VP Tom Milligan.

O'Neil & Associates is a Harris Corp innovation partner. The company was founded by ME Larry O'Neil some sixty years ago to supply engineering services at Wright-Patterson Air Force Base. It has been authoring tech manuals and providing product support services ever since. About ten years ago it added software solutions that provide electronic delivery, either Web-based or delivered to the user's own server.

In 1998 Harris contacted O'Neil about creating an interactive electronic technical manual. O'Neil has software that retrieves and manages troubleshooting and repair data for all kinds of equipment, as well as online parts-ordering information. The software can even talk to the equipment as part of the troubleshooting or repair process.

"We launched our IT capabilities in the early '90's," Milligan points out. "We had a small staff of

really smart people who wanted to automate the steps as they were producing manuals."



Hernan Olivas.

At first O'Neil used that automation software internally for its own operations; then some of its customers got interested. Today the company provides a package that follows the life cycle of a product from manufacture through maintenance and repair, explains Hernan Olivas, O'Neil program manager.

"Our goal," says Olivas, "is to deliver the right information at the right time and in the right place."

O'Neil maintains satcom terminal health for Harris

Harris uses O'Neil & Associates software to maintain the health of satellite terminal equipment. The software also has the ability to consider the context of the problem: conditions around the satellite terminal and the history of the installation. O'Neil has also provided Harris with computer-based interactive training and has taught soldiers in thirteen countries to operate the satellite systems.



Heather Cobb.

O'Neil's military experience also lets it guide its commercially based customers when they sell products to the military. Heather Cobb, director of technology, notes that "The military is a large, complex institution. They have reasons for doing things the way they do; their goal is to prevail in a war and that's a very different mindset from the commercial world!" The military typically handles a project in a series of steps:

plan, perform and then report on results, something its suppliers need to understand, Cobb says.

"Thinking like owners"

"From the earliest days we've thought of ourselves as problem solvers and emphasized that people working for the company should think like owners," Milligan notes. So starting in 2004 the company offered its employees a stock ownership program. Today staffers own 33 percent of the company and seven senior managers own just over 50 percent. The balance is still owned by the outgoing owner, John Staten.

It's hard to measure the benefits exactly," Milligan says, "But getting everyone to think like owners, whether it's developing new technology, coming up with ways to impress customers, or just turning out the lights in an empty room, has undoubtedly helped our company."

Claire Swedberg is a freelance writer who lives in La Conner, WA.

http://www.diversitycareers.com/articles/pro/10-octnov/sd_defense.htm

DIVERSITY-MINDED DEFENSE CONTRACTORS

Check websites for current openings.

Company and location	Business area
AAI Corp (operating unit of Textron Systems, Hunt Valley, MD) www.aaicorp.com	Unmanned aircraft systems; test and training systems; logistics services
Accenture (New York, NY) www.accenture.com	Technology services for businesses and government
Aerojet-General Corp (Sacramento, CA) www.aerojet.com	Missile and space propulsion, defense and armaments
Federal Mogul (Southfield, MI) www.federalmogul.com	Automotive, aerospace and defense technology
Harris Corp (Melbourne, FL) www.harris.com	Secure communications systems
ITT Corp (White Plains, NY) www.itt.com	High-technology engineering and manufacturing
L-3 Communications Corp (New York, NY) www.L-3com.com	C3ISR systems, electronic systems, aircraft modernization/maintenance, government services
Lockheed Martin Corp (Bethesda, MD) www.lmco.com	Aerospace and defense technology
Raytheon Company (Waltham, MA) www.raytheon.com	Defense technology
Textron Defense Systems (operating unit of Textron Systems, Wilmington, MA) www.textrondefense.com	Smart weapons; intelligence, surveillance and reconnaissance systems; protection systems; directed energy weapons
Textron Marine & Land Systems (operating unit of Textron Systems, New Orleans, LA) www.textronmarineandland.com	Light armored combat vehicles and advanced marine craft