



SECRETARY OF DEFENSE
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MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
DIRECTORS OF DEFENSE AGENCIES
DIRECTORS OF DOD FIELD ACTIVITIES

SUBJECT: DoD Small Business Contracting

Small businesses are critically important to the DoD. The Department has a strategic interest in leveraging small business innovation and capabilities to address our global challenges and ensure mission success. Accounting for over 40-percent of the United States' gross domestic product, the small businesses driven by our communities are vital to our economic progress.

Increasing opportunities for small businesses is one of my key priorities. Although DoD has exceeded its overall small business prime contracting goal for the past seven years, we face a decline in our small business industrial base and struggle to meet all of our goals. Therefore, I urge all DoD personnel involved in the acquisition process to review planned acquisitions to identify opportunities for increased contracting with small businesses. All DoD Components shall leverage the expertise of their small business professionals to ensure small businesses are provided maximum practical opportunities to participate in DoD acquisition. Additionally, DoD Components shall give increased focus to reducing barriers to entry for new entrants to help expand our industrial base, cultivate new and vital capabilities, and increase outreach to underserved communities.

The responsibility for growing and strengthening our small business industrial base rests with every leader who manages a budget and allocates funds for use on contracts. For this reason, in accordance with DoD Instruction 4205.01, "Small Business Programs," the Department includes a mandatory small business performance requirement for Senior Executives and General Officers/Flag Officers that acquire services or supplies, direct other DoD organizations to acquire services or supplies, or oversee acquisition officials to support the attainment of established DoD small business goals.

The DoD Office of Small Business Programs shall refresh the DoD Small Business Strategy to maximize small business capabilities through a Department-wide approach and better align the Department's efforts with the President's focus on increasing the share of dollars going to small disadvantaged businesses, lowering barriers to entry, and increasing competition opportunities for small businesses and traditionally underserved entrepreneurs. I direct each of you to participate in building out this strategy with the Under Secretary of Defense for Acquisition and Sustainment.

Together, we can build back better and grow a dynamic, innovative, and resilient small business industrial base.

cc:
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USD(R&E)



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