



# Department of Defense INSTRUCTION

NUMBER 4205.01

June 8, 2016

*Incorporating Change 1, September 13, 2017*

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USD(AT&L)

SUBJECT: DoD Small Business Programs (SBP)

References: See Enclosure 1

1. PURPOSE. In accordance with the authority in DoD Directive (DoDD) 5134.01 (Reference (a)), this instruction:

a. Reissues DoD Directive (DoDD) 4205.01 (Reference (b)) as a DoD instruction.

b. Establishes policy, assigns responsibilities, and provides procedures for DoD small business programs (SBP), as defined in the Glossary, pursuant to sections 631-657s of Title 15, United States Code (U.S.C.) (Reference (c)), also known as and referred to in this instruction as the "Small Business Act," and section 1544 of Title 25, U.S.C. (Reference (d)).

2. APPLICABILITY.

a. This instruction:

(1) Applies to OSD, the Military Departments, the Office of the Chairman of the Joint Chiefs of Staff and the Joint Staff, the Combatant Commands, the Office of the Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, and all other organizational entities within the DoD that award or administer contracts, cooperative agreements, and grants (referred to collectively in this instruction as the "DoD Components").

(2) Does not apply to matters relating to contracts for goods and services funded solely by non-appropriated funds.

b. Nothing in this instruction will be construed to infringe on the Inspector General of the Department of Defense's statutory independence and authority as articulated in Title 5, U.S.C. Appendix (also known as "the Inspector General Act of 1978" (Reference (e))).

3. POLICY. It is DoD policy that a fair proportion of DoD total purchases, contracts, and other agreements for property and services be placed with SBP and to provide such small businesses the maximum practicable opportunity to participate as subcontractors in the performance of DoD contracts in accordance with Reference (c).
  
4. RESPONSIBILITIES. See Enclosure 2.
  
5. INFORMATION COLLECTION REQUIREMENTS. The Small Business Procurement Scorecard Report, referred to in paragraphs 2f and 3c of Enclosure 2, has been assigned report control symbol DD-AT&L(SA)2343 in accordance with the procedures in Volume 1 of DoD Manual 8910.01 (Reference (f)).
  
6. RELEASABILITY. **Cleared for public release**. This instruction is available on the **Internet** ~~from the DoD Issuances Website at <http://www.dtic.mil/whs/directives/>~~ *Directives Division Website at <http://www.esd.whs.mil/DD/>*.
  
7. EFFECTIVE DATE. This instruction is effective June 8, 2016.



Frank Kendall  
Under Secretary of Defense for  
Acquisition, Technology, and Logistics

Enclosures

1. References
2. Responsibilities
3. Procedures

Glossary

ENCLOSURE 1

REFERENCES

- (a) DoD Directive 5134.01, "Under Secretary of Defense for Acquisition, Technology, and Logistics (USD(AT&L))," December 9, 2005, as amended
- (b) DoD Directive 4205.01, "DoD Small Business Programs," March 10, 2009 (hereby cancelled)
- (c) Title 15, United States Code
- (d) Section 1544 of Title 25, United States Code
- (e) Title 5, United States Code<sup>1</sup>
- (f) DoD Manual 8910.01, Volume 1, "DoD Information Collections Manual: Procedures for DoD Internal Information Collections," June 30, 2014, *as amended*
- (g) Title 10, United States Code
- (h) Federal Acquisition Regulation, current edition
- (i) Defense Federal Acquisition Regulation Supplement, current edition
- (j) DoD Instruction 5134.04, "Director of Small and Disadvantaged Business Utilization," September 27, 2005
- (k) DoD Directory, "Small Business Professionals"<sup>2</sup>
- (l) DoD Directory, "Prime Contractors with Subcontracting Plans"<sup>2</sup>
- (m) Under Secretary of Defense for Acquisition, Technology, and Logistics Policy Memorandum, "Establishment of the Small Business Career Field," September 2, 2014
- (n) Section 1633 of Public Law 112-239, "The National Defense Authorization Act for Fiscal Year 2013," January 2, 2013
- (o) *DoD Regional Council for Small Business Education and Advocacy Charter, as amended*<sup>2</sup>
- (~~op~~) DoD Directive 5000.01, "The Defense Acquisition System," May 12, 2003, as amended
- (~~pq~~) DoD Instruction 5000.02, "Operation of the Defense Acquisition System," January 7, 2015, *as amended*
- (~~qr~~) Small Business Administration Policy Directive, "Small Business Innovation Research (SBIR) Program," February 24, 2014<sup>3</sup>
- (~~rs~~) Small Business Administration Policy Directive, "Small Business Technology Transfer (STTR) Program," February 24, 2014<sup>4</sup>
- (~~st~~) Under Secretary of Defense for Acquisition, Technology, and Logistics Policy Memorandum, "Assignment of the Functional Advisor/Functional Lead for Department of Defense Small Business Professionals," April 23, 2012

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<sup>1</sup> The Appendix of Title 5 is also known as "the Inspector General Act of 1978"

<sup>2</sup> <http://www.acq.osd.mil/osbp/sb/sbs.html> Available at <http://www.business.defense.gov>

<sup>3</sup> <http://www.sbir.gov/about/about-sbir>

<sup>4</sup> <http://www.sbir.gov/about/about-sttr>

ENCLOSURE 2

RESPONSIBILITIES

1. UNDER SECRETARY OF DEFENSE FOR ACQUISITION, TECHNOLOGY, AND LOGISTICS (USD(AT&L)). The USD(AT&L):

- a. Establishes and oversees DoD SBP policies in accordance with Reference (c), and establishes DoD small business goals and provides for the submission of applicable reports.
- b. Exercises authority, direction, and control over the Director, DoD SBP as the principal proponent within OSD for executing national and DoD policy regarding SBP.
- c. Ensures sufficient resources are provided for the operation and maintenance of the DoD SBP.
- d. Establishes and oversees policies to ensure, in accordance with Enclosure 3 of this instruction, that all DoD Component heads are responsible and accountable for supporting SBP by ensuring that small business entities are afforded the maximum practicable opportunity to participate in DoD acquisitions.

2. DIRECTOR, DoD SBP. Under the authority, direction, and control of the USD(AT&L), the Director, DoD SBP:

- a. Performs the duties and responsibilities in accordance with this instruction; section 144 of Title 10, U.S.C. (Reference (g)); section 644(k) of Reference (c); Parts 19 and 26 of the Federal Acquisition Regulation (FAR); Parts 219, 226, and Subpart 202.1 of the Defense FAR Supplement (DFARS), and associated DFARS Procedures, Guidance, and Information; and DoDI 5134.04 (References (h), (i), and (j), respectively). Maintains the information with respect to DoD “Small Business Professionals” and DoD “Prime Contractors with Subcontracting Plans” in the applicable directories (References (k) and (l)).
- b. Provides SBP policy advice and proposes Defense-wide initiatives to OSD, and provides policy oversight of all DoD Component SBP activities.
- c. Establishes in-house DoD working groups, as appropriate, and develops periodic guidance and procedures in furtherance of the execution of SBP responsibilities.
- d. Establishes advocacy, outreach, and subcontracting oversight programs for small business utilization.
- e. Represents the DoD in working with the Small Business Administration (SBA), the Department of Commerce, and other federal government agencies regarding small business interests and concerns.

f. Negotiates DoD-wide small business goals with the SBA and disseminates, administers, and maintains a DoD small business goal performance measurement system (which includes Small Business Procurement Scorecard). Establishes DoD Component SBP goals; issues performance measurement information to the heads of the DoD Components; receives, reviews, and evaluates performance reports; and forwards results to the USD(AT&L) on behalf of the participating DoD Components.

g. Establishes and supports a small business training program for DoD small business professionals and other DoD acquisition personnel.

(1) Carries out Functional Leader duties as prescribed and defined in the USD(AT&L) Memorandum (Reference (m)).

(2) Develops training for senior executives required by section 1633 of Public Law 112-239 (Reference (n)) and section 3396(a) of Reference (e) regarding contract requirements under the Small Business Act.

h. Establishes and supports, as appropriate, the DoD Regional Councils for small business professionals *in accordance with the DoD Regional Council for Small Business Education and Advocacy Charter (Reference (o))*.

i. Provides advice to DoD officials, including the Secretary of Defense, the Chairman of the Joint Chiefs of Staff, and the USD(AT&L), on means to structure acquisition programs, as referenced in DoDD 5000.01 (Reference (~~op~~)) and DoDI 5000.02 (Reference (~~pq~~)), to facilitate small business participation as early as practicable in the acquisition process, such as during research and development, and throughout the life of the program. In addition:

(1) Advises the Defense Acquisition Board.

(2) Provides advice during acquisition planning and reviews and coordinates on acquisition strategies, market research, and justifications related to contract bundling and consolidation.

(3) Participates in DoD peer reviews conducted in accordance with Subpart 201.170 of Reference (i).

j. Implements, supports, and provides guidance with respect to implementation of the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs across the DoD, ensuring that heads of all participating DoD Components execute effective programs consistent with SBA program guidance, the SBA SBIR Program Policy Directive (Reference (~~qr~~)), the SBA STTR Program Policy Directive (Reference (~~rs~~)), and overall DoD SBIR and STTR objectives.

k. Undertakes to ensure availability of adequate resources necessary to support the operation of DoD Offices of SBP.

l. Provides guidance with respect to the DoD Mentor-Protégé Program, implemented at Subpart 219.71 of Reference (i).

m. Reviews and provides advice, as appropriate, with respect to decisions to convert activities performed by small business concerns to performance by federal government employees.

3. DoD COMPONENT HEADS THAT AWARD OR ADMINISTER CONTRACTS, COOPERATIVE AGREEMENTS, AND GRANTS. The DoD Component heads that award or administer contracts, cooperative agreements, and grants:

a. Implement the policies in this instruction, the Small Business Act, Subpart 19.2 of Reference (h), and Subpart 219.2 of Reference (i).

b. Publish DoD SBP goals and individual DoD Component SBP goals, and establish SBP goals for major subordinate elements.

c. Provide information to supplement the DoD SBP goal performance measurement system as required in paragraph 2f of this enclosure.

d. Provide sufficient resources for the operation and maintenance of the DoD Component Offices of SBP.

e. Appoint DoD Component Directors of SBP in accordance with applicable statutes and Enclosure 3 of this instruction.

f. Ensure that all personnel who manage acquisitions are responsible and accountable for supporting the SBP by affording small business entities the maximum practicable opportunity to participate in DoD acquisitions.

g. Ensure the DoD Component Directors of SBP:

(1) Establish policies, guidance, and procedures for the SBP within their DoD Component that, at a minimum, include:

(a) Providing, as appropriate, advice to small businesses concerning acquisition procedures, information regarding proposed acquisitions, standard clauses, representations, and certifications.

(b) Maintaining an outreach program (including, when properly justified and in accordance with applicable rules and authorities, participation in government-industry conferences and sending representatives to regional interagency small business councils) designed to locate and develop information on the technical capabilities of small businesses.

(c) Ensuring that contract financing for small businesses, available under existing regulations, is considered in the acquisition process; and ensuring that appropriate assistance is provided to small businesses in obtaining payments under their contracts, late payments, interest penalties, or information on contract payment provisions.

(d) Providing assistance to contracting officers in determining the need for and the acceptability of subcontracting plans, and assisting administrative contracting officers in evaluating, monitoring, reviewing, and documenting contract performance to determine compliance with subcontracting plans.

(e) Recommending SBP goals, including goal assignments, to subordinate activities; monitoring the performance of subordinate activities against these goals; and recommending action to correct reporting errors or deficiencies.

(2) Plan, develop, and manage the SBP within their DoD Component and provide advice to the DoD Component head on all small business matters. Routinely brief the DoD Component head on program status.

(3) Provide oversight for the SBIR and STTR programs to ensure consistency with SBA program guidance and References (~~qr~~) and (~~rs~~), and provide SBIR and STTR policy recommendations to the Director, DoD SBP. Establish and maintain a collaborative environment among the DoD Component Office of SBP and the SBIR and STTR Program Managers to support functions such as acquisition planning and outreach.

(4) Develop, implement, and administer policies that will ensure that all major subordinate elements within the DoD Component establish challenging SBP goals that aggressively support the achievement of the overall DoD SBP goals and represent, for the subordinate element, the maximum practicable opportunity for small business entities to participate in its procurement activities.

(5) Assess annually the implementation of the SBP by major subordinate elements and subordinate contracting activities and provide a report of the results to the major subordinate element or contracting activity, to include recommendations for correcting noted deficiencies.

(6) Consult with DoD Component Acquisition Executives (CAEs). For the Military Departments, the Component Directors of SBP coordinate with the Chiefs of Staff of the Military Services and the Service Acquisition Executives (SAEs) (or their designees), as appropriate, in the relevant acquisition processes. Provide small business advice throughout their DoD Component (see the functions performed by the Director, DoD SBP, at the OSD level as described in paragraph 2i of this enclosure).

(7) Develop DoD Component policies, guidance, and procedures for the selection and appointment or designation of small business professionals.

(8) Appoint or designate individual small business professionals in accordance with Enclosure 3 of this instruction.

(9) Develop and implement education and training programs for personnel whose duties and functions affect the DoD Component's SBP.

(10) Ensure that small business professionals perform the functions and duties as described in References (h) and (i) and Enclosure 3 of this instruction.

(11) Support, as appropriate, the DoD Regional Councils for small business professionals *in accordance with Reference (o)*.

(12) Maintain a list of small business professionals in the DoD Component and provide it to the Director, DoD SBP, on a semi-annual basis for inclusion in the directory identified in paragraph 2a of this enclosure and Reference (k).

h. Ensure that heads of contracting activities, contract management activities, subordinate contracting activities, and direct reporting units:

(1) Comply with Subpart 19.2 of Reference (h) and Subpart 219.2 of Reference (i).

(2) Comply with their DoD Component small business policies, procedures, and guidelines.



ENCLOSURE 3

PROCEDURES

1. APPOINTMENT OF SMALL BUSINESS PROFESSIONALS

a. The Director, DoD SBP:

(1) Reviews and provides, before their appointment, advice and recommendations to the DoD Component heads regarding individual appointments of DoD Component Directors of SBP. Input provided will include the vision and plans of the Director, DoD SBP, including initiatives that will impact Components and provide the DoD Component heads with insight into the expected performance of the individual selected.

(2) Provides input to the DoD Component heads regarding performance for annual appraisals of DoD Component Directors of SBP that addresses the individual DoD Component Director's communication and cooperation with the DoD Office of SBP, other DoD Component Offices of SBP, and industry. Input will also address the individual's ability to build coalitions to address SBP issues.

b. The DoD Component heads appoint Component Directors of SBP (see specifically section 3024 of Reference (g) (Army), section 5028 of Reference (g) (Navy), and section 8024 of Reference (g) (Air Force)), after taking into account recommendations of Director, DoD SBP, who:

(1) Report directly to and are supervised and rated by the DoD Component head or the second in command.

(2) Perform, full-time and exclusively, the assigned duties in support of the Small Business Act, and may not hold any other title, position, or responsibility, except as necessary to carry out such responsibilities.

(3) Are appointed to a position that is a Senior Executive Service position, except that, for any Component in which the position of CAE is not a Senior Executive Service position, the Component Director of SBP may be appointed to a position compensated at not less than the minimum rate of basic pay payable for grade GS-15 of the General Schedule in accordance with section 644(k) of Reference (c).

(4) Have experience serving in any combination of the following roles: program manager, deputy program manager, or assistant program manager for federal acquisition programs; chief engineer, systems engineer, assistant engineer, or product support manager for federal acquisition programs; federal contracting officer; small business technical advisor; contracts administrator for Federal Government contracts; attorney specializing in federal procurement law; small business liaison officer; officer or employee who managed Federal

Government contracts for a small business; or individual whose primary responsibilities were for the functions and duties of the Small Business Act.

c. DoD Component Directors of SBP appoint or designate individual small business professionals to advise and assist contracting, program management, and requirements personnel on all matters that affect small businesses throughout the acquisition process including acquisition planning, source selection, and contract performance.

(1) Small business professionals perform, full-time and exclusively, the duties in support of the SBP, and do not hold any other title, position, or responsibility, except as necessary to carry out SBP responsibilities.

(2) Part-time small business professionals are discouraged; however, DoD Component Directors of SBP are authorized to waive the full-time requirement by including a justification for the part-time status in the small business professional designation letter. Small business professionals in charge of Offices of SBP at major subordinate elements are not part-time.

(3) DoD Component Directors of SBP ensure that small business professionals possess the business acumen, knowledge of SBP and acquisition policies and procedures, training, and background to perform successfully, and are not subject to the control or direction of contracting, contract management, or technical personnel.

## 2. PERFORMANCE AND EVALUATION OF SMALL BUSINESS PROFESSIONALS AND PERSONNEL WHO MANAGE ACQUISITIONS

a. The USD(AT&L) and DoD Component heads ensure a mandatory performance requirement (see Figure) is included for Senior Executives and General Officers/Flag Officers (GO/FO) that acquire services or supplies, direct other DoD organizations to acquire services or supplies, or oversee acquisition officials, including program managers, contracting officers, and other acquisition workforce personnel responsible for formulating and approving acquisition strategies and plans.

Figure. Mandatory Performance Requirement for Senior Executives, GO/FO

“Support the attainment of established DoD small business goals by considering potential small business contracting opportunities during the acquisition process and by establishing a command or program climate that is responsive to small business concerns. Ensure that small business awareness, outreach, and support are incorporated as part of the command’s overall mission and establish performance measures that reflect that commitment. Establish, for acquisitions under the executive’s purview, annual goals for awards to small business concerns in each category that has a statutory goal. The goal should not be less than the performance achieved during the preceding fiscal year. Develop a corresponding spend plan that establishes the forecasted performance baseline based on known procurement actions in the budget that can be used to track and report progress to the USD(AT&L).”

b. The Director, DoD SBP:

(1) Establishes guidelines to ensure that at least first-level performance evaluations of small business professionals are performed by the next level small business professional in the career rating chain.

(a) The only exception will be the performance evaluation of the senior small business professional in charge of the DoD Component Office of SBP, SBIR Program Office, or Offices of SBP at major subordinate elements.

(b) Senior small business professionals in charge of DoD Component Offices of SBP, SBIR Program Offices, or Offices of SBP at major subordinate elements do not report to or are not rated by the senior contracting official.

(2) Establishes guidelines to ensure that small business professionals are appointed or designated by the DoD Component Director of SBP, and that resource management for small business professionals is maintained in the small business professional career field functional chain in accordance with the USD(AT&L) Memorandum (Reference (*st*)).

c. DoD Component Directors of SBP ensure that small business professionals, in addition to performing the functions and duties as described in References (h) and (i):

(1) Advise the head of the contracting activity on all small business matters and brief the head of the contracting activity at least once quarterly, or more frequently as necessary, on program status.

(2) Help program managers for major defense acquisition programs, major automated information systems, other major programs, and service acquisitions, as well as other contracting officials, including contracting officer's representatives, and other officials performing related duties, early in the acquisition planning phase and throughout the follow-on acquisition process, to develop strategies and market research to ensure maximum participation by small businesses, to include addressing issues arising from acquisitions that involve consolidation or bundling of contract requirements.

(3) Develop and implement education and training programs for personnel whose duties and functions affect the SBP at the major subordinate element or contracting activity levels.

## GLOSSARY

### PART I. ABBREVIATIONS AND ACRONYMS

CAE	Component Acquisition Executive
DFARS	Defense Federal Acquisition Regulation Supplement
DoDD	DoD directive
DoDI	DoD instruction
FAR	Federal Acquisition Regulation
GO/FO	general officer/flag officer
SAE	Service Acquisition Executive
SBA	Small Business Administration
SBIR	Small Business Innovation Research
SBP	Small Business Programs
STTR	Small Business Technology Transfer
U.S.C.	United States Code
USD(AT&L)	Under Secretary of Defense for Acquisition, Technology, and Logistics

### PART II. DEFINITIONS

Unless otherwise noted, these terms and their definitions are for the purpose of this instruction.

CAE. The Service Acquisition Executive of a Military Department or the person designated to be the CAE by the DoD Component head other than a Military Department. In the Military Departments, the officials designated as CAEs (also called SAEs) are the Assistant Secretary of the Army for Acquisition, Logistics, and Technology; the Assistant Secretary of the Navy for Research, Development, and Acquisition; and the Assistant Secretary of the Air Force for Acquisition. CAEs are responsible for all acquisition functions within their Components.

contracting activities. Defined in Subpart 202.101 of Reference (i).

contract management activities. Contract management districts of the Defense Contract Management Agency. Small business professionals are designated by its Director of SBP for SBP management purposes.

direct reporting units. DoD activities not identified in Subpart 202.1 of Reference (i) that report directly to the DoD Component head and award or administer contracts, cooperative agreements, and grants.

DoD Component Director of SBP. The official at each Military Department or other DoD Component who performs the duties prescribed in the Small Business Act and References (h) and (i).

head of the contracting activity. The commander, director, or other designated official who has overall responsibility for an organization, command, or major subordinate element that has contracting authority. This is not the senior contracting official.

major subordinate element. A command, major command, Service Component command, direct reporting unit, support command, systems command, center, or other organization within a DoD Component that has contracting authority for missions that are significant in scope and dollar value.

SBP. SBP include: small business, veteran-owned small business, Service-disabled veteran-owned small business, historically underutilized business zone small business, small disadvantaged business, women-owned small business, DoD Mentor-Protégé Program, Indian Incentive Program, Small Business Innovation Research, and Small Business Technology Transfer, and all other small business programs in the DoD.

second in command. The Deputy Commander, Deputy Director, or other designated individual who is deputy of and reports directly to the DoD Component head or, for Military Departments, the Secretary.

senior contracting official. Defined in section 1737 of Reference (g).

Senior Executive Service position. Defined in section 3132(a) of Reference (e).

small business professional. The official who performs SBP duties and who provides general guidance and program management oversight.

subordinate contracting activities. Any DoD activity with authority to award contracts that is subordinate to a contracting activity, except for offices that use only purchase cards.