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ACQUISITION RESEARCH PROGRAM
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Small Business Participation in Naval Supply Systems Command Enterprise

December 2025

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ABSTRACT

Small businesses are vital to defense innovation and supply chain resilience, yet participation in Naval Supply Systems Command (NAVSUP) contracting has declined significantly over the past decade. This research project examines the barriers that impede small business engagement with NAVSUP Fleet Logistics Centers (FLCs) across the United States. Using a mixed-methods design that combines quantitative achievement data with qualitative input from small business professionals, the study identifies discrepancies between federal policy intent and field-level execution.. Performance disparities among FLCs further highlighted challenges that are not fully addressed by existing policies and practices. Overall, these systemic issues create information gaps and erode small-business confidence in naval contracting. This project recommends that improving the accuracy and accessibility of NAVSUP small-business resources, enhancing customer training in requirement development and market research, and simplifying internal communication processes can reduce unnecessary barriers.

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TABLE OF CONTENTS

LIST OF FIGURES

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LIST OF TABLES

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LIST OF ACRONYMS AND ABBREVIATIONS

CONUS	Continental United States
CUI	controlled unclassified information
DAU	Defense Acquisition University
DFARS	Defense Federal Acquisition Regulation Supplement
DIB	Defense industrial base
DMSMS	diminishing manufacturing sources and material shortages
DOD	Department of Defense
DON	Department of the Navy
DUNS	data universal number system
GAO	Government Accountability Office
FAR	Federal Acquisition Regulation
FLC	Fleet Logistics Center
FY	fiscal year
IP	intellectual property
KO	contracting officer
NAICS	North American Industry Classification System
NAVSUP	Naval Supply Systems Command
NDIA	National Defense Industrial Association
OEM	original equipment manufacturer
PALT	procurement administration lead time
PIEE	Procurement Integrated Enterprise Environment
PR	purchase request
PTAC	Procurement Technical Assistance Center

R&D	research and development
SAM	System for Award Management
SBA	Small Business Administration
SBIR	Small Business Innovation Research
SBR	small business representative
SDVOSB	service-disabled veteran-owned small business
STTR	Small Business Technology Transfer
VOSB	veteran-owned small business
WAWF	Wide Area Workflow

EXECUTIVE SUMMARY

Navy Supply Systems Command (NAVSUP) is experiencing a decline in small business participation over the past decade. The utilization of small businesses is vital for the Defense Industrial Base (DIB) and the United States' economic health. NAVSUP Fleet Logistics Centers (FLCs) contracting personnel and small businesses have identified issues to working with one another; however, the challenge's origins are different. This research dives into the barriers that FLC Contracting Officers (KOs) and Small Business Representatives (SBRs) experience in contracting with small businesses in continental United States (CONUS) FLC locations.

This research will answer the following questions: 1) What barriers do CONUS NAVSUP FLC KOs and SBRs experience when contracting with small business? What barriers do small businesses experience when contracting with the Navy? 2) What discrepancies exist between perceived barriers from government entities and those experienced by small businesses in federal contracting? 3) What is the relationship, if any, between barriers identified in existing literature and the practical experiences of KOs, SBRs, and small businesses themselves? 4) If significant disconnects are identified, what specific barriers emerge, and what action or incentives can NAVSUP FLCs implement to effectively mitigate these barriers and enhance small business participation?

This research uses a mixed-methodology of quantitative and qualitative data to analyze barriers and issues of small business participation. Data on small business participation is retrieved from SAM.gov is analyzed from Fiscal Year (FY) 2015 to FY 2024 across FLCs in California, Florida, Virginia, and Washington. The Small Business Administration Scorecard and Goaling Guidelines are used to provide the statistical foundation of small business participation at each FLC. Questionnaires were administered to representatives of each FLC to enhance the qualitative analysis of barriers to participation.

The quantitative data shows that the four CONUS NAVSUP FLCs are reaching small business participation at 35% or greater for the FYs 2015 to 2024. Small business

participation is measured by the percentage of total dollars awarded to small businesses in relation to all small business eligible dollars. With the FLCs combined, the data supports that they are meeting and exceeding government requirements with successful practices. However, there are outliers in FLC Jacksonville, FLC Puget Sound, and FLC San Diego. FLC Puget Sound and FLC San Diego demonstrate high business participation rates at 50% and greater, while FLC Jacksonville has low participation rates at under 20% for the last decade. This disparity could suggest systemic performance barriers.

The qualitative research shows no major discrepancies between FLC representatives and small businesses. The common themes identified by FLC representatives are: challenges in market research, overreliance on sole sources, difficulty in industry finding opportunities, lack of communication and mutual understanding between government and industry, and administrative burdens. This analysis shows few disconnects between FLC perception and small business feedback. However, one noticeable disconnect is process awareness and accessibility. While FLC representatives conduct outreach, small businesses indicated that they are unaware of opportunities and resources available to navigate the bureaucratic systems.

Based on the research, the writers provide three recommendations to NAVSUP: 1) improving access to and knowledge of contracting opportunities for the small business community, 2) simplifying the process for government contracting, and 3) improving NAVSUP contracting processes so that small business can compete fairly for award.

I. INTRODUCTION

This research project analyzes the decline in small business participation in the Naval Supply Systems Command (NAVSUP). NAVSUP research has found that the substantial decline of small business participation within contracts, subcontracts, and the procurement process has resulted in extreme logistical issues, such as increased Diminishing Manufacturing Sources and Material Shortages (DMSMS), decreased competition, an increase in sole-source procurements, and substantial delays in overall logistical support and readiness for the fleet.

Small businesses are key to innovations and vital for the United States' health and defense. Because of this importance, federal law requires the Department of Defense (DOD) to award 23% of its procurements to small businesses. In Fiscal Year (FY) 2024, the Department of the Navy (DON) had a goal of 15.8% of eligible contract awards to small business and exceeded this goal by awarding 20.41% of eligible contract awards to small business (Office of Small Business Programs, n.d.). The DON also exceeded small business award goals in FY 2022, 2023, and 2024 in all categories except "small disadvantaged businesses," while seeing an upward trend in award percentage each year. See Figure 1 for relevant data (Office of Small Business Programs, n.d.).

FY 22-24 Trends Chart

Prime Award Type	FY24 Awards	FY24 %	FY24 Goal	% of FY24 Goal Achieved	FY23-FY24 $ Trend	FY23-FY24 % Trend
Small Business	$20,968,749,423	20.41%	15.80%	129.18%	▲	▲
Small Disadvantaged Business	$7,854,798,979	7.64%	8.51%	89.78%	▲	▲
Women Owned Small Business	$2,992,708,585	2.91%	2.37%	122.78%	▼	▼
HUBZone	$2,013,419,748	1.96%	1.49%	131.54%	▲	▲
Service-Disabled Veteran Owned	$2,999,739,758	2.92%	2.37%	123.21%	▲	▲

Data Source: *Non-Validated Department of the Navy FY2024 prime contract awards extracted from SAM.gov on 01 October 2024; the SBA Goaling Exclusions have been applied to this data.*

Prime Award Type	FY23 Awards	FY23 %	FY23 Goal	% of FY23 Goal Achieved	FY22-FY23 $ Trend	FY22-FY23 % Trend
Small Business	$20,119,555,427	19.46%	16.63%	117.02%	▲	▼
Small Disadvantaged Business	$7,637,516,174	7.39%	7.44%	99.33%	▲	▲
Women Owned Small Business	$3,041,954,662	2.94%	2.43%	120.99%	▲	▲
HUBZone	$1,908,056,240	1.85%	1.20%	154.17%	▲	▼
Service-Disabled Veteran Owned	$2,921,162,202	2.83%	2.40%	117.92%	▲	▼

Data Source: *Validated Department of the Navy FY2023 prime contract awards extracted from SAM.gov on 22 February 2024; the SBA Goaling Exclusions have been applied to this data.*

Prime Award Type	FY22 Awards	FY22 %	FY22 Goal	% of FY22 Goal Achieved
Small Business	$18,459,994,496	19.58%	17.10%	114.50%
Small Disadvantaged Business	$6,951,768,421	7.37%	8.30%	88.80%
Women Owned Small Business	$2,693,590,499	2.86%	2.80%	102.14%
HUBZone	$1,797,679,202	1.91%	1.48%	129.05%
Service-Disabled Veteran Owned	$2,729,135,253	2.90%	2.46%	117.89%

Data Source: *Validated Department of the Navy FY2022 prime contract awards extracted from SAM.gov on 23 February 2023; the SBA Goaling Exclusions have been applied to this data.*

Figure 1. Trends in Contracts Awarded to Small Businesses. Source: Office of Small Business Programs (n.d.).

The decline of small business participation has precipitated a series of interconnected logistical crises that threaten the operational effectiveness of naval operations. These include an alarming increase in DMSMS, which compromises the availability of critical components and spare parts essential for maintaining naval assets. Either it becomes unprofitable for companies to make them or the technology compatible with naval systems is commercially obsolete (Defense Standardization Program Office, 2024). Simultaneously, the reduction in competitive bidding has led to market consolidation, resulting in decreased innovation, elevated procurement costs, and an unprecedented reliance on sole-source procurements that undermine the competitive principles fundamental to effective government contracting. These systemic failures have generated substantial delays in logistical support mechanisms, directly impacting fleet readiness and operational tempo at a time when maritime security challenges demand enhanced naval capabilities (Department of Defense, 2022).

Both the contracting personnel at Navy commands and members of the small business community have issues with the federal contracting process. However, research has identified that some of the problems have different origins, and by improving internal practices, NAVSUP can aid small businesses and improve participation rates at Fleet Logistics Centers (FLC). The ultimate objective is to develop an understanding of these barriers and formulate specific actions or incentives that FLCs can implement to effectively mitigate identified obstacles and enhance meaningful small business participation in naval contracting.

A. RESEARCH QUESTIONS

This research identifies and analyzes the specific barriers encountered by FLC Contracting Officers (KOs) and Small Business Representatives (SBRs) in the continental United States (CONUS) when engaging with small business contractors, while simultaneously examining the reciprocal barriers that small businesses face when attempting to secure naval contracts. This analysis is essential for understanding the systemic dysfunction that has contributed to declining small business participation and for developing targeted interventions that address root causes rather than merely treating symptoms. During this research, we focus on the following questions:

Primary research question:

What barriers do CONUS NAVSUP FLC KOs and SBRs experience when contracting with small businesses? What barriers do small businesses experience when contracting with the Navy?

Secondary research questions:

1. What discrepancies exist between perceived barriers from government entities and those experienced by small businesses in federal contracting?
2. What is the relationship, if any, between barriers identified in existing literature and the practical experiences of KOs, SBRs, and small businesses themselves?
3. If significant disconnects are identified, what specific barriers emerge, and what actions or incentives can NAVSUP FLCs implement to effectively mitigate these barriers and enhance small business participation?

B. SCOPE AND LIMITATIONS

The scope of this assessment encompasses the multifaceted factors that have contributed to the current state of small business federal contracting within the NAVSUP enterprise, with particular emphasis on identifying and analyzing the barriers that prevent small businesses from successfully entering and competing within this marketplace. We investigate how FLCs currently interact with small businesses and assess the alignment between stated contracting goals and actual implementation practices.

This research focuses specifically on CONUS NAVSUP FLC operations, since overseas operations may present different challenges and opportunities, and are not subject to small business requirements. The temporal scope encompasses the period from FY 2015 to 2024, allowing for comprehensive trend analysis while maintaining focus on current operational realities.

The researchers acknowledge certain limitations. There is a potential for response bias in questionnaire data, such as responses tailored to portray their command in a more positive light or align their responses to reflect their command's values and priorities. There is also a challenge of obtaining comprehensive participation from both government and private sector stakeholders, and navigating the complexity of the procurement system. Additionally, the research recognizes that some barriers may be inherent to the regulatory framework governing federal contracting and may require legislative rather than administrative solutions.

The researchers acknowledge that COVID-19 pandemic created a global economic downturn that disproportionately impacted small businesses. Dr. Fairlie of University of California, Santa Cruz, testified before the House Committee on Small Business in February 2021 explaining the 22% decline in active small businesses, or 3.3 million businesses, between February and April 2020 (Fairlie, 2020, p. 728). This decline can be attributed to the mandatory lockdowns and community shelter-in-place orders that impacted consumer demand and the supply chain, along with the fact that 15%–20% of small businesses reported they had 3 months of operating cash on hand (Fairlie, 2020, p. 729). There was a partial rebound in June 2020 that identified an 8% decline in small business activity from February to June 2020 (Fairlie, 2020, p. 728). However, the decline of small business participation was a problem before the pandemic, which simply exacerbated the existing issues.

C. RESEARCH METHOD

The methodology includes electronic questionnaires submitted to representatives from FLCs. We also analyze spending category data collection. This study employs a descriptive analytical approach using publicly available contracting data to identify patterns and gaps in small business participation. The analysis uses a gap analysis framework, comparing actual participation rates to federal goals. This approach is appropriate for identifying systematic patterns and generating practical recommendations.

The methodological approach for this investigation is a mixed-methods research design that combines quantitative data analysis with qualitative insights gathered through direct stakeholder engagement. This combined approach is essential for capturing both the statistical trends that characterize the current crisis and the nuanced perspectives of individuals who operate within the system daily.

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II. BACKGROUND

Maintaining a robust defense industrial base (DIB) has been of vital importance since the end of World War II, and a healthy small business ecosystem is critical to ensure the United States is prepared for the next conflict (Saltonstall, 1957). To this end, the DON is dependent on the participation of small businesses. The Small Business Administration (SBA) was established in 1953 through the Small Business Act enacted under the administration of President Eisenhower, whose military experience taught him that procurement was just as important to the war effort as weaponry (Small Business Act, 1953). The Regulatory Flexibility Act was passed almost three decades later, with the goal that "federal agencies should seek to achieve statutory goals as effectively and efficiently as possible without imposing unnecessary burdens on the public" (Regulatory Flexibility Act [RFA], 1980). It also acknowledged that federal regulations "imposed unnecessary and disproportionately burdensome demands ... upon small businesses, small organizations, and small governmental jurisdictions with limited resources" (RFA, 1980). The SBA Office of Advocacy was assigned to enforce this law, ensuring that agencies obey the law without straying too far from the goals of regulation. As the name implies, the SBA Office of Advocacy also assists small businesses by advocating on their behalf as they wrestle with the federal procurement system and regulators (SBA Office of Advocacy, 2025).

The DOD has awarded over $80 billion to small business prime contractors since FY 2020 (SBA, 2024). Federal law requires federal agencies to award 23% of their contracting dollars to small businesses, which DOD has met or exceeded in awards to small business prime contractors since FY 2014, and to subcontractors since FY 2019 (SBA, 2024). The DON awarded $20.9 billion to small prime contractors in FY 2024, $20.1 billion in FY 2023, and $18.4 billion in FY 2022, or 20.41%, 19.46% and 19.58% respectively (Office of Small Business Programs, n.d.).

According to the Federal Acquisition Regulation (FAR), which is the primary acquisition guideline for executive agencies of the U.S. federal government, a small business, including its affiliates, is defined as "independently owned and operated, is not dominant in the field of operation in which it is bidding on Government contracts, and qualifies as a small business under the criteria and size standards in Title 13 Code of Federal Regulations (CFR) part 121" (FAR 2.101, 2025). As defined by the SBA, a small business "is a for-profit, U.S.-based, independently owned and operated company that is not dominant in its industry and does not exceed the employee or revenue threshold set by the SBA for its NAICS [North American Industry Classification Code] code" (Small Business Size Regulations, 1996). The National Defense Industrial Association (NDIA)'s *Vital Signs 2024* report identifies a small business as one "generating revenue between $0–$25 million annually or registered as small with the government" (Stewart & Van Steenburg, 2024, p. 28).

In NAVSUP Office of Small Business Programs (OSBP) FY 2022 strategy, a three-pronged approach is used for maximizing small business involvement:

1. Build partnerships in the acquisition process
2. Optimize communications
3. Improve small business participation as prime contractors and subcontractors

NAVSUP is committed to building relationships with small business customers that engage the contractors early in the acquisition process by improving market research, developing internal databases that capture small businesses interested in working with NAVSUP, and finding opportunities to reduce procurement lead time. NAVSUP conducts internal training and rotational assignments to provide continuing education hours for their acquisition professionals, as well as providing small business outreach programs (Naval Supply Systems Command, 2022).

Congress has continually passed laws to encourage small business participation, and small businesses play an important role in the economy, as seen in Figure 2. However, participation has been on a decline with additional regulations created by the DOD. Small businesses often incur substantial costs to comply with cost accounting standards and are burdened with lengthy solicitation and award processes (Firth, 2021). These businesses typically operate with limited personnel and lack the resources to hire specialized staff to ensure compliance with complex regulations. Many small businesses maintain only 3 months of operating capital, making the extended award timelines a deterrent to entry (Firth, 2021).

3. What role does small business play in the economy?

Small businesses comprise:

- 99.9% of all firms
- 99.7% of firms with paid employees
- 97.4 % of exporters (271,241 businesses)
- 45.9 % of private sector employees (59.0 million workers)
- 43.5% of gross domestic product
- 39.0 % of private sector payroll ($3.2 trillion)
- 38.9 % of private sector receipts ($14.6 trillion)
- 34.9 % of known export value ($541.6 billion)

Source: SUSB, NES, ITA, SBGDP, Advocacy US Profile

Figure 2. The Contribution of Small Businesses to the National Economy. Source: SBA Office of Advocacy (2024).

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III. LITERATURE REVIEW

The DOD's $800 billion budget sustains one of the world's largest defense industries, yet this massive economic engine faces a critical structural challenge: its increasing consolidation around five major defense contractors has created an oligopoly that undermines both innovation and supply chain resilience. While small businesses comprise over 45% of private sector employers nationwide and generate more than 60% of new jobs, their participation in defense contracting has declined by over 40% in the past decade, despite the NDIA *Vital Signs 2024* reporting 73% of all companies doing business with the DOD as of FY 2021 (Stewart & Van Steenburg, 2024). This paradox reveals a fundamental disconnect between the defense establishment's stated goals for small business participation—23.17% for prime contractors and 30% for subcontractors—and the practical realities that small businesses face when attempting to navigate the complex federal procurement landscape (SBA, 2024).

This literature review reveals a multifaceted problem where small businesses encounter systemic barriers, ranging from complex procurement processes and cybersecurity compliance requirements to intellectual property (IP) risks and workforce challenges. These obstacles not only limit small business access to defense contracts but also threaten the broader objectives of maintaining a robust DIB capable of supporting national security needs. Understanding these barriers and their underlying causes is essential for developing effective policy interventions that can restore small business participation to levels necessary for a healthy, competitive defense industrial ecosystem.

A. GOALS OF SMALL BUSINESS INVOLVEMENT

The DOD enables an enormous defense industry with its 12-figure budget, and that industry is currently dominated by five major defense contractors (Hamilton, 2023). However, this oligopoly is deleterious to the DIB and the future of defense innovation. When more firms can join the market, private sector growth increases, and competition thrives. This continues once small businesses have a foothold in the industry, as they have the stability that allows them to continue to innovate, creating advancements in their sector and improving competition overall (Danon et al., 2017). As of July 2024, there were approximately 34.8 million small businesses operating in the United States (SBA Office of Advocacy, 2024). They are an important part of the economy, comprising more than 45% of private sector employers and creating more than 60% of new jobs in the last three decades (SBA Office of Advocacy, 2024). The DOD Small Business Strategy report that is referenced by the NDIA's *Vital Signs 2024* report states that "small businesses constituted 73% of all companies that did business with DOD and 77% of the R&D companies as of Fiscal Year 2021" (Stewart & Van Steenburg, 2024, p. 28). The DOD goal for small business contracting in 2025 is 23.17% for prime contractors and 30% for subcontractors. It reports having achieved these goals in 2021, 2022, and 2023 (SBA, 2025). However, the NDIA's *Vital Signs 2024* report states that "in recent years the overall participation of small businesses within the DOD and DIB has declined. The DOD estimates the participation of small businesses has declined by over 40% in the past decade" (Stewart & Van Steenburg, 2024, p. 28). Though it consistently meets its self-imposed goals, the actions of the DOD continue to fall short of effectively promoting small business involvement and competition, and small businesses report facing myriad barriers to joining this market.

B. SMALL BUSINESS BARRIERS

The NDIA's *Vital Signs 2024* report strongly focuses on and identifies significant barriers that small businesses currently face when dealing with the government. The following list presents the 11 top barriers and challenges that small businesses currently face when working with the DOD, based on a survey conducted by NDIA:

- Lack of institutional support from the customer
- Inflation
- Access to capital/funding
- Federal budget processes
- Complex and protracted procurement processes
- Burden/risk of compliance with government contracting requirements
- Risk to intellectual property rights
- Lack of awareness of business opportunities
- Competition with larger firms

- Supply chain challenges
- Finding and retaining workforce (Stewart & Van Steenburg, 2024, p. 28)

The *Vital Signs 2024* report delved further into some of these barriers. Regarding "Finding and Retaining Workforce," the NDIA sent a follow-up survey to private sector respondents that specifically asked each respondent, "What were the top barriers to filling vacancies?" and "What are the most pressing issues they currently face regarding workforce?" (Stewart & Van Steenburg, 2024, p. 39). The results of the survey indicated that the top four barriers small businesses faced with regards to vacancies were

- Competition with the commercial sector (53%)
- Lack of qualified candidates (48%)
- Defense industry is not an attractive career (40%)
- Inability to be competitive at government specified labor rates (39%) (Stewart & Van Steenburg, 2024, p. 39)

These survey results indicated that the top five challenges small businesses faced with regards to the workforce were

- Recruitment of new workers (64%)
- Training of new workers (30%)
- Retention of new workers (41%)
- Retention of long-term workers (34%)
- Productivity of new workers (23%) (Stewart & Van Steenburg, 2024, p. 39)

Other barriers that NDIA's *Vital Signs 2024* report identified were competition within cost-type contracts, and cybersecurity compliance due to the uncertainty of costs, guidance, and training. The report also gives considerable insight into small businesses' concerns over IP rights. Businesses are often hesitant to share or sell their IP rights due to fear of losing the competitive advantage or potential for continuous employment, and small businesses in particular have fewer IP assets at their disposal. Small businesses face tough choices between protecting IP and accessing government markets (Stewart & Van Steenburg, 2024). This IP vulnerability disincentivizes their participation, potentially leading them to produce less innovative solutions specifically tailored for government use.

Lynch (2020) analyzed the impact of Controlled Unclassified Information (CUI) compliance on small business participation under Defense Federal Acquisition Regulation Supplement (DFARS) 252.204-7012 requirements. CUI encompasses unclassified information that is considered highly sensitive and requires safeguarding. Because the primary risk to this information is unauthorized digital access, compliance with established cybersecurity standards has become a prerequisite for organizations handling it. The growing cybersecurity threat has increased government oversight on contract cybersecurity compliance. Lynch finds that cyberattacks are increasingly targeting small businesses, and it was assessed that over half of small businesses impacted by a cybersecurity breach will not recover. With small businesses being the leaders of technological innovation, DOD requirements to meet cybersecurity standards require a level of high investment that small businesses may not have. Lynch (2020) identified three common challenges among the 21 small business participants: lack of understanding, lack of additional resources, and issues with regulations, which concurs with the NDIA *Vital Signs 2024* survey.

Entering into federal contracting is an extensive process (Firth, 2021). Small businesses face excess administrative costs to meet FAR and DFARS standards, such as cost accounting standards, and excessive costs during the bidding process. Many small businesses do not have the systems in place to meet the requirements and essentially eliminate the business as a contender or face high costs (Firth, 2021). Small businesses have resources such as the Procurement Technical Assistance Center (PTAC) and local SBA offices to receive free support and advice. To become an eligible contractor, small businesses have to jump through multiple bureaucratic hoops, such as registering with the System for Award Management (SAM), being assigned a Data Universal Numbering Systems (DUNS) number, and finding the applicable NAICS code for their product or service (Firth, 2021).

Stricker (2004) conducted research into women-owned small businesses and found that contract bundling frequently pushed small businesses out from competition. Contract bundling occurs when two or more contracts that were originally available to small businesses are combined and cause the contract to be too large, the requirements too diverse, or both for the small businesses to take on. Stricker's research concluded that the data was insufficient to prove that contract bundling hurt small businesses and that there are inadequate measures for analyzing contract bundling. However, Stricker assessed that contract bundling occurs more frequently, and SBA advocates that contract bundling is a barrier for small businesses (Stricker, 2004).

The Defense Acquisition University (DAU) conducted an extensive analysis of barriers to entry for small business and found 26 potential factors that could be categorized as contract solicitation and award, contract requirements, and contract execution (Schilling et al., 2017). The contract solicitation process was found to experience poor communication, causing potential contractors to struggle with building satisfactory solicitation documents, while also navigating complex requirements with insufficient response time. The contract requirements are specific to the defense industry, such as requirements for cost accounting standards, past performance ratings that penalize potential contractors with no extant performance history, complex regulations, and negotiation of data rights with protection of proprietary data. The result is that businesses have higher profit margins in the commercial sector than with the DOD. Contract execution causes issues with small businesses when contract payments or modifications take a long time, and government liaisons are slow to respond. Small businesses cannot survive without regular payments the way an established large contractor can. Survey respondents reported that complex regulations represent a major barrier to small businesses, because they necessitate more personnel to comply and favor large business due to their depth of resources (Schilling et al., 2017).

The Government Accountability Office (GAO) has conducted numerous assessments of procurement administrative lead time (PALT) for defense contracts. An analysis of PALT for definite contracts and indefinite delivery contracts was conducted, and definite contracts with the largest contract values were found to have a longer PALT. However, the DOD does not have a component-level data monitoring process for PALT, causing a lack of information to provide insight into improving (Government Accountability Office, 2024a). Even though long PALTs are an acknowledged factor preventing small business from being competitive in defense contracting, the DOD does not have a way to track or mitigate this issue.

The COVID-19 pandemic exposed weaknesses in the supply chain, which impacted small businesses more severely than large ones. The DOD's (2022) *Securing Defense-Critical Supply Chains* report laid out six recommendations to address the challenges that small businesses face that could be implemented by the DOD:

- "Increase access to the defense marketplace" (DOD, 2022, p. 60).
- "Implement a more unified management structure and better resourcing for Department's small business programs" (DOD, 2022, p. 60).
- "Update and execute DOD Small Business Strategy to address defense marketplace entry barriers" (DOD, 2022, p. 60).
- "Measure and scale the impact of DOD small business industrial base programs" (DOD, 2022, p. 60).
- "Increase small business participation" (DOD, 2022, p. 61).
- "Improve small business awareness of foreign threats" (DOD, 2022, p. 61).

In addition to these, the administrative and bureaucratic burden was so ubiquitous that "update acquisition policies" was a cross-cutting recommendation that applied across the spectrum of supply chain enablers (DOD, 2022, p.11).

C. POTENTIAL AIDS TO SMALL BUSINESS

NDIA's *Vital Signs 2024* report provides several recommendations and initiatives to help incentivize small business participation with the DOD. Some of the recommendations are as follows:

> Enhance the accuracy and functionality of financial and contract management systems (Wide Area Workflow [WAWF]/Procurement Integrated Enterprise Environment [PIEE]), including expedited payments to small businesses. (p. 53)
>
> Immediate statutory relief from research and development (R&D) amortization requirements, allowing businesses to deduct full R&D costs immediately rather than amortizing them over five years. (p. 53)

> Permanent reauthorization of the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs to encourage innovation and commercialization of federal research (p. 53)
>
> Ensure competitive wages in the defense industrial base. DOD and Congress must review whether the process of setting prevailing wage rates and labor categories is ensuring wages in this sector remain competitive. Across multiple U.S. DIB sectors, companies have noted that minimum wage increases and service sector starting wages are approaching industrial base starting wages. (p. 54)

These recommendations are valuable, but they are too broad in scope for NAVSUP to implement, requiring long-term change at the federal level. If it wants increased participation at the FLC-level, it must find solutions that can be implemented at a small scale with more immediate effects.

D. GOVERNMENT AND DOD PERSPECTIVE

NDIA's *Vital Signs 2024* report relays the Defense Department's understanding of the importance of small businesses to not only the DIB but the national economy as a whole. The report also acknowledges the Pentagon's perspective on addressing the barriers brought up by small businesses and what they found to be the most difficult challenges/barriers when working with industry, such as complex and protracted procurement processes, high compliance costs, IP concerns, and unstable federal budget processes (Stewart & Van Steenburg, 2024, p. 13). GAO (2022) found that the DIB Policy inadequately mitigated the risks to the DIB, particularly the supply chain, which is predominantly supplied by small businesses (GAO, 2022). Small businesses are one of four strategic supply chain enablers noted in the report *Securing Defense-Critical Supply Chains*, which itself was generated in response to Executive Order 14017, which required a review of the supply chains in critical sectors, such as the DIB (DOD, 2022).

E. EVOLVING DOD NEED

Warfighter needs typically require economies-of-scale along with flexibility and innovation. Larger businesses are more capable of leveraging their assets to fulfill these needs, and they can survive on the promise of an eventual government payment longer than a small business that operates on much thinner margins. Small businesses rarely fit the requirement of being a prime contractor, because they are unable to meet long range requirements or possess the flexibility for providing the goods and services required, particularly when they are for highly specialized military equipment. Grammich et al. (2011) recommend legislation to change prime contractor requirements in order to incorporate small businesses more and improve their participation for long-range project planning.

F. INCENTIVE OR OPPORTUNITY

Congress established the SBIR and STTR programs to encourage participation of small businesses in the R&D process. These programs provide funding to participants with the goal of stimulating innovation and meeting R&D departmental requirements. These two programs contain three phases: feasibility, technology advancement, and commercialization. There are two types of awards: open topic, in which an agency provides broad topics for proposal by the small businesses with a need and solution; and conventional topic, in which the agency provides a specific need and small businesses propose solutions. The GAO (2024b) found that open topics had lower applicant success rates, were more likely to promote competition than conventional topics, and had higher first-time awardees compared to conventional.

The DOD released a report under the Biden administration that advised updating acquisition policies to improve small business participation in defense contracting. This effort has continued under the current administration with the Executive Orders *Modernizing Defense Acquisitions and Spurring Innovation in the Defense Industrial Base* and *Restoring Common Sense to Federal Procurement* (The White House, 2025a, 2025b). However, there has been no documented impact on small business participation in defense spending after these executive orders were published.

IV. METHODOLOGY

The purpose of this chapter is to describe the methods by which the quantitative and qualitative data were gathered. It describes how the quantitative data were gathered from government websites and subsequently analyzed. It also describes the survey research component of the project, which involved the development of a questionnaire soliciting qualitative feedback from personnel who work with small businesses at NAVSUP entities, including how these personnel were solicited.

A. RESEARCH DESIGN

This research uses a mixed-methods descriptive and analytical approach, combining quantitative and qualitative data to identify barriers to small business procurement and possible explanations for those barriers.

Quantitative data were compiled utilizing procurement and award data from authoritative sources such as SAM.gov, the Small Business Administration Scorecard and Goaling Guidelines, and NAVSUP's internal small business performance reports. The data was categorized by FY, FLC, and small business classification. Analysis included FLC spending category data, with an examination of trends in small business participation rates, contract values, competition levels, and performance metrics over the past decade. In short, this analysis provides the statistical foundation for understanding the scope and scale of the challenges facing small business participation in naval contracting.

The qualitative component consists of electronic questionnaires administered to representatives from FLCs, including KOs, SBRs, and program managers. These representatives were identified by NAVSUP as personnel with relevant experience in small business procurement.

B. DATA SOURCES

1. Quantitative Data

The quantitative data was extracted from SAM.gov. It encompassed the four FLCs located in the Continental US – Jacksonville, Norfolk, Puget Sound, and San Diego – from fiscal years 2015 to 2024. It included all contract actions eligible for small business participation. It excluded overseas FLCs, including Pearl Harbor, and any non-small business-eligible procurements. The data was divided into the small business subcategories small disadvantaged business, 8(a) procedures, veteran-owned small business, service-disabled veteran-owned small business, women-owned small business, and certified HUBZone small business. However, analysis of each of these subcategories was beyond the scope of this research. These data were compared with the SBA goaling guidelines and the SBA small business procurement scorecard for the DOD.

2. Qualitative Data

The qualitative data was collected from emailed questionnaires sent to 10 personnel working at FLCs and NAVSUP working specifically with small businesses. The points of contact were obtained from NAVSUP as employees who had direct experience with small business procurement in their region. FLC Jacksonville, FLC Puget Sound, and FLC San Diego responded; FLC Norfolk did not. The questions solicited open-ended feedback regarding their experiences working with small businesses, including difficulties, barriers, and positive experiences, as well as feedback small businesses had given to FLCs. Follow-up questions were sent for clarification and to elicit additional details. Participants were ensured they would remain anonymous in the analysis. The questions are listed in the Appendix.

Based on the submission of a determination form to the NPS Institutional Review Board, this study was not considered to be human subject research.

C. VALIDITY AND LIMITATIONS

The use of government procurement data compiled by SAM.gov ensures the data is valid and credible. The personnel contacted for qualitative data collection were confirmed by NAVSUP as being the people best placed to provide useful responses for this research. Receipt of multiple responses allowed the researchers to triangulate the data to draw inferences about small business barriers, compare them with the procurement statistics, and use this information to form their recommendations.

The research is limited by the small number of personnel working at NAVSUP and FLCs with experience in small business procurement. There is a risk of bias as respondents may have tailored their responses to reflect well on their own organization or to avoid being critical of NAVSUP or the DOD. Their personal experiences in small business procurement may have influenced their responses. There is also a risk of the responses being skewed by recent political events, as well as the COVID-19 pandemic and its effects on small businesses.

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V. ANALYSIS AND FINDINGS

This research presents an examination of small business contracting levels across the four FLCs located in CONUS, identifying shortfalls and potential avenues for improvement. Each FLC faces different barriers based on geographic and demographic realities, customer needs, and staffing levels. In this context, "customer" refers to the military personnel requesting a contracted service or supply, who generally have very little acquisition experience or training. FLC Jacksonville supports the Southeast region from Texas to Cuba and covers decentralized and diverse supply chains (NAVSUP, n.d.-c). FLC Norfolk supports 13 states in the Northeast region, serving a variety of Navy and Marine Corps missions globally (NAVSUP, n.d.-a). FLC Puget Sound supports the Northwest region throughout Washington state, including a major nuclear-qualified shipyard, as well as aviation and submarine missions (NAVSUP, n.d.-d). FLC San Diego supports the Southwest region with multiple sites across California and Nevada that cover a variety of Navy and Marine Corps missions (NAVSUP, n.d.-b).

A. PRIMARY RESEARCH QUESTION

The primary research questions for this research are: What barriers do CONUS NAVSUP FLC contracting officers (KOs) and small business representatives (SBRs) experience when contracting with small businesses? What barriers do small businesses experience when contracting with the Navy?

These questions cannot be answered without first looking at the small business contracting figures at the FLCs. The benchmarks are derived from the SBA guidance. The SBA calculates small business goals as "total small business dollars divided by total small business eligible dollars" (Office of Policy, Planning & Liaison, & Office of Government Contracting & Business Development, 2025, p. 9). For FY2025, the SBA set prime contracting benchmarks, or percentages of total dollars awarded to small businesses in relation to all small business-eligible dollars, as follows:

- Small Business: 23%
- Women-Owned Small Business: 5%

- Small Disadvantaged Business: 3%
- Service-Disabled Veteran-Owned Small Business: 3%
- HUBZone Small Business: 3% (SBA, 2025)

Using these metrics, three of the four FLCs reached the 23% contracting goal, as shown in Table 1.

Table 1. Percentage of Total Dollars Awarded to Small Businesses in Relation to All Small Business–Eligible Dollars. Source: SAM (2024a, 2024b).

	FLC Puget Sound	FLC Jacksonville	FLC San Diego	FLC Norfolk	COMBINED
FY24	51%	10%	69%	39%	37%
FY23	56%	13%	67%	39%	38%
FY22	55%	11%	72%	37%	36%
FY21	60%	13%	75%	40%	40%
FY20	49%	14%	70%	37%	37%
FY19	42%	13%	73%	36%	36%
FY18	51%	15%	76%	34%	34%
FY17	48%	18%	69%	35%	35%
FY16	51%	20%	70%	33%	35%
FY15	51%	20%	61%	35%	35%

The data in Table 1 were taken from SAM.gov on August 20, 2025, from the *SB Achievements by Awarding Organization* and *Total by PSC* data sets (SAM, 2024a, 2024b). The table shows the overall small business contract awards (measured in dollars) as a percentage of small business–eligible awards (measured in dollars), broken down by FLC from FY2015 to FY2024. Quantitative reports show that the FLCs overall met or exceeded government requirements for small business awards. It is significant to note that, overall, FLCs have been consistent for the last 10 FYs, showing that their business practices seem to be successful. There was also a 3% increase in FY2021, which was likely a response to the COVID-19 pandemic. The NDIA *Vital Signs 2024* report mentioned a more than 40% decline in the number of small businesses participating in the DIB over the past decade, but this is not reflected in the data from the FLCs (Stewart & Van Steenburg, 2024).

However, the quantitative reports also showed a significant performance divergence between FLC Puget Sound, FLC Jacksonville, and FLC San Diego. FLC Puget Sound and FLC San Diego have significantly higher rates of small business action compared to FLC Jacksonville, as seen in Table 2. FLC Norfolk remained consistent in this period, experiencing the smallest fluctuation in award percentage. Over the past decade, FLC Jacksonville experienced a substantial decline in its small business participation rate, falling to approximately 10% in FY2024. This is well below the 23% benchmark, yet FLC San Diego was able to achieve around 70% during the same period. This striking disparity between the two FLCs could suggest that FLC Jacksonville's declining performance is systemic and not merely cyclical, reflecting both structural and policy-driven barriers to small business engagement.

Table 2. Percentage and Dollar Value of Small Business Awards Broken Down by Sub-Category. Source: SAM (2024a, 2024b).

Metric	FLC Jacksonville	FLC San Diego	FLC Puget Sound	FLC Norfolk
Total Small Business Eligible Dollars	$4,907,594,005	$2,736,707,787	$798,407,354.79	$21,943,383,202
Small Business Dollars	$705,064,161	$1,923,333,934	$408,339,174.20	$8,026,013,233
Small Business Percentage	14%	70%	51%	37%
Veteran-Owned Small Business Dollars	$147,827,727	$1,076,555,958	$62,979,728	$3,183,839,730.84
Veteran-Owned Small Business Percentage	3%	39%	8%	15%
Service-Disabled Veteran-Owned Small Business Dollars	$117,308,877	$690,884,189	$26,518,477.19	$2,511,998,158
Service-Disabled Veteran-Owned Small Business Percentage	2%	25%	3%	11%
Women-Owned Small Business Dollars	$147,616,526	$697,677,164	$96,754,456.74	$2,129,175,835
Women-Owned Small Business Percentage	3%	25%	12%	10%
Certified HUBZone Small Business Dollars	$55,755,383	$139,125,439	$25,870,217.06	$380,653,436
Certified HUBZone Small Business Percentage	1%	5%	3%	2%

The data in Table 2 further show significant numerical divergences for the last 10 FYs, especially between the two outliers: FLC Jacksonville and FLC San Diego. These quantitative trends are reinforced by the insights provided by the SBRs from each FLC. One representative reported that the January 2025 implementation of Executive Order 14151, *Ending Radical and Wasteful Government DEI Programs and Preferencing*, mandated the termination of all diversity, equity, and inclusion (DEI) related contracts, including those set aside for women-owned small businesses. This "sent a chill among all small businesses turning them off to Government contracting" (small business professional, personal communication, August 12, 2025). Further timidity may stem from the inconsistencies between Executive Order 14151 and Part 19 of the FAR, which promotes maximum participation by small businesses. These shifts in policy introduced confusion and threw the economic environment into flux. Combined with consistent continuing resolutions and potential federal shutdowns at every FY turnover, they likely increased the mistrust and lack of confidence in the federal government. Because of this, small businesses have been discouraged from working with the DOD. That loss of trust, along with the region's heavy concentration of aviation and depot-level maintenance contracts dominated by original equipment manufacturers (OEMs), may have constrained FLC Jacksonville's ability to compete with regions that maintain broader and more diversified procurement portfolios.

Data from the NDIA's *Vital Signs 2024* report further contextualize these findings (Stewart & Van Steenburg, 2024). This report stated that there was more than a 40% decline in small business participation in the DIB over the past decade, attributing the contraction to compounding legislative, regulatory, and compliance requirements that disproportionately burden small firms (Stewart & Van Steenburg, 2024). The report also states that high compliance costs discourage new entrants and stifle innovation. These national patterns mirror the barriers identified by the FLCs: high administrative burdens, inconsistent communication channels between government and industry, and the perception that requirements favor incumbents.

B. SECONDARY RESEARCH QUESTIONS

The three secondary research questions are (a) What discrepancies exist between perceived barriers from government entities and those experienced by small businesses in federal contracting; (b) What is the relationship, if any, between barriers identified in existing literature and the practical experiences of KOs, SBRs, and small businesses themselves; and (c) If significant disconnects are identified, what specific barriers emerge, and what actions or incentives can NAVSUP FLCs implement to effectively mitigate these barriers and enhance small business participation?

1. What discrepancies exist between perceived barriers from government entities and those experienced by small businesses in federal contracting?

There are no major discrepancies between the SBRs and small businesses; both acknowledge that the government contracting process is difficult and time-consuming, with numerous potential issues that can prevent small businesses from successfully being awarded a contract. However, one discrepancy is the disconnect between the small business award data and the experiences from both the government and entrepreneurs.

One issue arises when attempting to calculate the data. The SBA website keeps scorecards for each federal agency regarding small business contracting achievement. The DOD received a score of 102.4%, meriting an "A" grade for FY2024 (SBA, 2024). However, it is not clear from the scorecard how these goals were calculated. This information is contained in the SBA Goaling Guidelines (Office of Policy, Planning & Liaison, & Office of Government Contracting & Business Development, 2025). If the DOD has achieved a score of 102.4%, why is this research necessary? It would seem small businesses are participating perfectly well.

Data from the four FLCs belie this somewhat, but both personnel at the FLCs and members of the small business community seem to believe that small business participation is not truly meeting the SBA goals, at least in the NAVSUP enterprise.

2. What is the relationship, if any, between barriers identified in existing literature and the practical experiences of KOs, SBRs, and small businesses themselves?

Insight from the SBRs at the FLCs show common themes: challenges in market research, overreliance on sole sources, difficulty for industry in finding opportunities, lack of communication and mutual understanding between government and industry, and administrative burdens. This section presents each issue in more detail and how it compares to the literature.

Solicitations receive limited market research due to customers submitting Purchase Requests (PRs) without having done any research themselves, inadequate time for research, and limited personnel resources at the FLC to conduct in-depth market research after receiving a PR. One FLC employee reported that this results in an inability to "ensure small business participation is being considered to the maximum extent practicable" (small business professional, personal communication, September 23, 2025). The issue of adequate time to conduct market research after the receipt of the PR appears to be an organizational concern, which is caused by lack of training or planning at the customer level. Market research should also be done continually throughout the process to ensure the government is getting an optimum result and a fair and reasonable price. Though this concern is internal to the FLCs, it plays an important role in outreach to and utilization of small business in their regions.

SBRs face issues with poorly written and short-notice PRs from their internal military customers, the trickle-down effects of which complicate the process faced by small businesses. This includes shorter time frames for small businesses to respond to solicitations or poorly written solicitations for which small businesses do not realize they could submit bids.

Sole source awards have become an increasingly common roadblock due to the twin issues of OEM requirements on Navy systems and customers relying inappropriately on sole source justifications when competition exists. One FLC employee noted that a significant barrier is due to the fact that "many aspects of Navy supplies are OEM sole sourced" (small business professional, personal communication, August 11, 2025). Market research often reveals that small vendors cannot provide specialized parts or they are precluded due to rules that require parts be manufactured in the United States. If small businesses do not produce the required goods demanded, there is no option but to award the contract to the company that does. Given that Navy ships and aircraft are not commercially available and do not have many commercial-off-the-shelf parts, small businesses are often not viable competitors. If small businesses do not have products that meet legally mandated requirements, they also will not be viable competitors. One SBR also noted that the non-manufacturer rule caused another barrier for small business: Even approved distributors cannot be awarded contracts greater than $250,000 if the distributors are the resellers, not the manufacturers, of the part, which eliminates another business model. The mindset that defaults to a sole source award due to lack of small businesses that meet requirements and legal mandates is not addressed in the research. The high proportion of aviation parts contracted by FLC Jacksonville could account for its lower-than-average small business participation, as the aviation industry is more heavily regulated than the maritime industry is, and OEM or non-manufacturer rule regulations lead to more sole source awards. There is also a perception that requirements are often structured in favor of incumbents, which discourages new small businesses from competing, again leading to unnecessary sole source awards.

However, sole source awards are also a result of poor customer planning. If inadequate time is allotted to do market research, KOs are pressured to make sole source awards to meet a compressed timeline. Poorly written PRs therefore penalize small businesses when comprehensive market research cannot be conducted. Customers in the fleet have little knowledge of market research and competition requirements demanded by the FAR in government contracting. Often these customers justify the need for specific, niche items, such as Oakley shooting goggles or dive watches. This justification combined with lack of planning from departments leads to expedited market research or rationalization of sole source awards by the command's Supply Department to meet mission requirements.

Each FLC experienced difficulties with communication between industry and government representatives throughout the contracting process. Small businesses lack knowledge about government requirements, which leads to a lack of understanding of whom or what office to contact for support. This issue has significant impacts on small business long-term planning, and the ability to plan for the long term is vital for the survival of a small business. Throughout this research, the researchers experienced inconsistencies in small business resources, such as the difference between a PTAC and the APEX Accelerators program. NAVSUP personnel and much of the federal contracting community use these terms interchangeably, but PTAC was replaced or rebranded by the DOD in 2022 to APEX Accelerators. Other problems included links from the NAVSUP website that did not work and incorrect points of contact. The NDIA's *Vital Signs 2024* directly addressed how institutional support of small businesses is lacking (Stewart & Van Steenburg, 2024). Further, Firth (2021) addressed the bureaucratic administrative costs to small businesses. The combination of excess efforts to small businesses entering into government contracting and incorrect information on websites that are meant to guide small businesses is a set-up for failure.

Industry leaders state in surveys that they have difficulty finding opportunities their businesses qualify for and having enough time to provide bids. Small businesses cannot plan for the future without knowing what is available, and a missed opportunity can be detrimental to their business strategy. The FLCs do not manage long-term materiel sustainment–type contracts, making it difficult to provide more opportunities for small businesses to plan. The regions and the requirements these SBRs manage are not conducive to small business sustainment.

The final common theme among the FLCs was the administrative burden placed on industry. Government reporting and certification requirements incur costs in money and time that some small businesses struggle to meet. This directly correlates with Firth's (2021) analysis of bureaucratic administrative cost burdens, Stewart and Van Steenburg's (2024) analysis of high compliance costs, and NDIA survey results. These cost burdens are legally mandated requirements. One FLC employee summed it up by stating, "the government's complex rules, regulations, and enormous bureaucracy make doing business with the Government much more difficult than private industries" (small business professional, personal communication, September 23, 2025). These administrative hurdles used to be a trade-off for more reliable contracts with guaranteed payment that worked in the government's favor; however, as the government faces a continuing resolution each year and the contracting environment is less stable, the higher level of effort required to participate in federal contracting may no longer seem like a good deal.

3. If significant disconnects are identified, what specific barriers emerge, and what actions or incentives can NAVSUP FLCs implement to effectively mitigate these barriers and enhance small business participation?

There were not many disconnects between the perceptions of the FLCs and data from the small business community. The SBRs often found a larger roadblock from the requirements-generating customers, who frequently submitted poorly defined requirements at short notice, which necessitated a sole source award. The SBRs are aware of the administrative and bureaucratic roadblocks, but they do not have a good way to mitigate them. Like many Navy commands, they also suffer from lack of staffing and resources being stretched thin by too many demands on their time and attention, which one FLC employee stated “prevents contracting from spending an adequate amount of time to plan, communicate, and execute small business related considerations” (small business professional, personal communication, September 23, 2025). These issues make it more difficult to work with small businesses and reach the SBA goals.

One notable disconnect may arise from the level of process awareness and accessibility. FLCs award billions of small business–eligible contracts every year, but small businesses may not be aware of how to become involved in this ecosystem. Members at the FLCs think the contracts are accessible and do outreach via industry days. However, feedback from small businesses indicates that they find the government lacking in communication, often difficult to reach or slow to respond. One FLC employee reports that “locating contracting opportunities is costly and not easy” for small businesses, and they “must continuously navigate a number of different resources” in order to find these opportunities (small business professional, personal communication, September 23, 2025). Many small businesses remain unaware of the resources available to them that can help navigate the complicated processes to enter into contracts with the DOD. These disconnects or difficulties are alluded to in the NDIA’s *Vital Signs 2024* report, where small businesses have voiced their frustrations with the complex processes, high compliance costs, and delayed or prolonged timelines (Stewart & Van Steenburg, 2024).

The multi-step nature of federal contracting, from SAM registration and NAICS code identification to bid submission and post-award reporting, all of which demand both technical knowledge and legal expertise, further discourages small businesses from participating in government contracts. This adds additional stress and frustration to small businesses that are already short-staffed and cannot dedicate the required manpower to ensure they are in compliance with these restrictive and time-consuming processes. The NDIA’s *Vital Signs 2024* analysis found that nearly 70% of surveyed small business respondents viewed the “burden and risk of compliance with government contracting requirements” as a major obstacle to working with the DOD (Stewart & Van Steenburg, 2024, p. 13). To entice more small businesses to participate in government contracting, NAVSUP and the FLCs will have to take action.

VI. RECOMMENDATIONS

Based on this research, the primary recommendations to improve small business participation in NAVSUP are as follows: (a) improve access to and knowledge of these opportunities for the small business community, (b) simplify the process for government contracting, and (c) improve NAVSUP contracting processes so that small businesses can compete fairly for award. Of these recommendations, NAVSUP could make inroads in accomplishing the first and the third. The second would require large-scale government reform, but NAVSUP could put processes in place to aid small businesses with the government contracting process.

The following section elaborates on these three recommendations.

A. IMPROVE ACCESS TO INFORMATION

The authors of this research project have over 3 decades of combined experience in naval supply, with qualifications in air, surface, submarine, and expeditionary warfare, and were going through a graduate program on defense contracting at the time of this writing. It was extremely difficult for them to find information on the resources available to small businesses interested in working with the DOD. PTACs, which were supposedly the one-stop shop for technical assistance, were renamed APEX Accelerators, a fact they did not learn until speaking with a NAVSUP representative. This is a level of access most small business owners do not have. APEX Accelerators also shares its name with another supply program, potentially causing internal confusion. The links on the NAVSUP website for small business help were broken. The point of contact information for small businesses is incorrect. The Small Business Strategy dates from FY2022, even though the contracting environment for small businesses has changed dramatically since then. If this information is difficult to access for Supply Corps officers, how is the average entrepreneur supposed to navigate government contracting? NAVSUP commissioned this research, but significant roadblocks to small business participation are of its own making.

Outside of NAVSUP, the Small Business Office of Advocacy has not updated its legislative goals since 2016. The small business red tape hotline operates in the East Coast time zone, which is inconvenient for a significant portion of the population, including those who would work with FLC Puget Sound or FLC San Diego. Over the course of this research, the Small Business Office of Advocacy has significantly minimized its hotline presence on its website, making it more difficult to find the contact information at all. And with the addition of the 2025 government shutdown, all government websites briefly became more difficult to navigate.

Today, the first thing an aspiring entrepreneur does is an internet search. Therefore, ensuring websites have up-to-date contact information and links to resources should be a priority. All military members are used to annual and semi-annual trainings and audits. Perhaps verifying the accuracy of the websites could be added to a training or turnover checklist. FLC vendor days should become standard practice. FLCs should also get involved with their local communities, such as through Chambers of Commerce or Better Business Bureaus, to provide businesses with knowledge about government contracting opportunities and assistance in navigating the government procurement process. FLCs should also canvass specialty organizations, such as the National Association of Women Business Owners or SCORE for veterans, to let them know that there are contracting set-asides for which their members could have priority access.

B. SIMPLIFY FEDERAL PROCESSES

Executive Order 16447 begins, "the Federal Government is the largest buyer of goods and services in the world — yet conducting business with the Federal Government is often prohibitively inefficient and costly" (The White House, 2025b, para. 2). While the FAR is a necessary safeguard against corruption, fraud, waste and abuse, the entrée into government contracting is prohibitively complicated. However, the FAR's complicated regulations are meant to level the playing field for small businesses, so reform should be done judiciously.

NAVSUP is limited in its ability to reform higher level bureaucratic procedures; therefore, it should examine what areas it can simplify at its level to reduce the burden on small businesses. Community outreach should play a role in order to make federal contracting less intimidating. NAVSUP and FLC personnel should work with APEX

Accelerators to ensure clear, easy-to-understand guides are available that make the contracting process transparent and lay out a clear path to bidding. FLC Jacksonville and FLC San Diego both have large Spanish-speaking populations that would benefit from this information being available in more than one language. Regularly scheduled training days for small businesses to learn the basics of government contracting would also improve their ability to compete.

C. IMPROVE NAVSUP PROCESSES

NAVSUP and its lower echelon commands can also make internal improvements to aid small business participation. They should ensure websites and portals are up-to-date and accurate, provide training to their military customers, and improve responsiveness levels from their points of contact, both internally and externally.

Training for internal customers should also be prioritized. Just as shipboard divisions have Repair Parts Petty Officers, commands likely to require contracted supplies or services should also have at least one person undergo contracting user training. When the command representative is a 3100-designator Supply Corps officer, this is simple. But this is often a collateral duty of a line officer or non-commissioned officer who will need more instruction regarding what well-done market research entails and how to describe requirements in a useful and legal way. Once that person is identified, they should be the point of contact working with KOs so the process is carried out smoothly and urgency (whether due to lack of planning or having to re-work poorly written requirements) is not dictating unnecessary sole source awards. Customers unfamiliar with contracting requirements create excessive burdens on SBRs and cause SBRs to not meet requirements of market research and competition. The training should express the importance of ample time for market research and the benefits of open competition. It is understood that urgent mission requirements do occur; however, lack of planning on the customers' end is not the FLC's responsibility. Like Taylor Swift (2022) says in the song "Mastermind," "if you fail to plan, you plan to fail" (1:25).

Members of the small business community complain that it is difficult to contact federal personnel. Unfortunately, FLCs are stretched thin, and those who work there are often juggling many primary and collateral duties. Improvements to online guidance, including making it easier to access information on official websites and providing answers to frequently asked questions, could lessen the burden on FLCs to respond to individual requests; however, it will always be necessary to employ people with the time and knowledge to assist small business owners, particularly when it comes to questions related to specific solicitations. Ideally, more personnel would be assigned to small business outreach. Failing that, a centralized email address for questions and a robust Frequently Asked Questions webpage could reduce the effort expended by the FLC.

APPENDIX. SURVEY INSTRUMENT

The following questions were emailed to our survey participants:

We would like your feedback on working with small businesses. From your perspective, what do you find are barriers to working with small businesses?

What do small businesses tell you about working with the Navy or with your local FLC?

In your position and on your team, have you received any feedback from small businesses as why they do not want or cannot work with DOD?

Does your FLC have support/outreach programs to assist small businesses break the barriers you listed? For example, we are familiar with the APEX Accelerators program, is there anything specific to your region or on your team?

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