

GAO@100 Highlights

Highlights of [GAO-22-104621](#), a report to congressional committees

Why GAO Did This Study

In fiscal year 2020, DOD recorded more than \$80 billion in contract obligations to small businesses for goods and services. In October 2019, DOD published its Small Business Strategy, as directed in the National Defense Authorization Act (NDAA) for Fiscal Year 2019, to facilitate contracting opportunities for small businesses.

A Senate Report relating to the NDAA for Fiscal Year 2021 includes a provision for GAO to review DOD's small business contracting efforts. This report examines defense small business contracting trends and the steps DOD has taken to monitor the implementation of its 2019 Small Business Strategy.

GAO analyzed data from the Federal Procurement Data System and reviewed DOD's 2019 Small Business Strategy, other small business documentation, and relevant studies and reports. GAO also interviewed DOD officials, academics, researchers, and representatives of small businesses and industry associations.

What GAO Recommends

DOD should (1) develop an implementation plan for its Small Business Strategy; (2) develop a policy to guide the implementation of a unified management structure; and (3) establish a formal process by which DOD can monitor and report on its progress in implementing the Small Business Strategy. DOD agreed with all three recommendations.

View [GAO-22-104621](#). For more information, contact William B. Shear at (202) 512-8678 or shearw@gao.gov.

October 2021

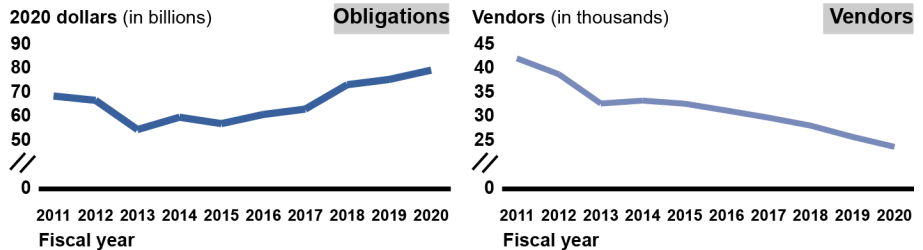
SMALL BUSINESS CONTRACTING

Actions Needed to Implement and Monitor DOD's Small Business Strategy

What GAO Found

The Department of Defense's (DOD) contract obligations to small businesses increased from fiscal years 2011 to 2020, while the number of small businesses contracting with DOD declined. The trend of higher obligations to a lower number of businesses applied to both small businesses and larger businesses.

Department of Defense Small Business Contract Obligations and Vendors, Fiscal Years 2011–2020



Source: GAO analysis of Federal Procurement Data System data. | GAO-22-104621

DOD engages in many efforts across the department to leverage small businesses to meet its acquisition needs and leverage technological innovation. Such efforts are carried out by many different offices in the department and include a variety of outreach initiatives, such as vendor events, trainings, and other activities to contact and educate small businesses on working with DOD. Its 2019 Small Business Strategy describes these efforts and other initiatives to improve the effectiveness of DOD's small business programs. However, GAO found that DOD lacked key mechanisms to implement the strategy and better monitor and coordinate its small business contracting efforts.

- DOD has not developed the strategy's implementation plan, which is required by law. Such a plan would help ensure the initiatives described in the strategy are carried out and coordinated across DOD.
- DOD has not created a policy to guide the implementation of a unified management structure, as called for in the strategy. Doing so could improve communication and coordination among DOD staff who engage in small business efforts across the agency.
- DOD does not have a formal process for monitoring and reporting on the implementation of its Small Business Strategy. Establishing such a process would better position DOD to assess and communicate department-wide progress in implementing the strategy.