



**Testimony of Lynn Sutton  
CEO, Advantage Building Contractors**

**on behalf of**

**Women Impacting Public Policy**

**to the**

**Senate Committee on Small Business and  
Entrepreneurship**

***Empowering Women Entrepreneurs:  
Understanding Successes, Addressing Persistent  
Challenges, and Identifying New Opportunities***

**July 23, 2014**

## **Testimony of Lynn Sutton, CEO, Advantage Building Contractors on behalf of Women Impacting Public Policy to the Senate Committee on Small Business and Entrepreneurship**

Chair Cantwell, Ranking Member Risch, and distinguished Members of the Committee, thank you for the opportunity to testify this afternoon.

My name is Lynn Sutton. I am CEO of Advantage Building Contractors. Based in Atlanta, Georgia Advantage Building Contractors provides design-build and general construction services to the federal government. We are a certified economically disadvantaged women-owned small business (EDWOSB), an 8(a) program participant, and in the process of receiving our HUBZone designation.

I am here today representing Women Impacting Public Policy (WIPP), a national nonpartisan public policy organization advocating on behalf of its coalition of 4.7 million business women including 75 business organizations.

Thank you for convening this hearing today. Women business ownership is a vibrant and growing driver of the American economy. Even during the difficult years since 2008, women business owners were adding jobs and stabilizing their communities. They did so by accessing new markets and expanding to uncharted areas. One of those markets was the federal sector—an opportunity I seized upon to grow my business.

### Advantage Building Contractors and the Federal Market

Advantage Building Contractors entered the federal marketplace after working in the private sector for seven years. We had no significant past performance or bond history. We certainly did not have the access to capital that impedes the growth of many small businesses. We researched the SBA 8(a) Small Disadvantaged Business certification and found out that if we could somehow demonstrate to agency decision makers that we could perform an outlined Statement of Work and provide fair and reasonable solutions, they in turn could extend sole source (also known as direct) awards to us.

In our experience, contracting officers use this tool to get a competitive price and are ensured that their individual agency requirements will be met. It also saves agencies both time and money by eliminating a lengthy RFP process and allows small businesses the opportunity to interface with agencies, gain experience and develop past performance. Today, three years later, we are able to successfully compete on multi-million dollar indefinite delivery indefinite quantity (IDIQ) contracts.

I feel compelled to speak today on improving contracting opportunities for women because in 2011, my company won the first construction contract that was set aside for EDWOSB firms through the Women-Owned Small Business (WOSB) Federal Contract Program (Procurement Program). This was the result of hard work of many individuals over the last two decades. We are proud to be a part of history, and thankful to those who helped put this program in place.

My story is one of success—and one that can be replicated by other women entrepreneurs. For this to happen, though, Congress should improve the WOSB Procurement Program and remove barriers to the procurement market for women business owners nationwide. Providing sole source authority to the WOSB Procurement Program and accelerating the disparity study on which the program is based are the necessary policy changes to strengthen the women’s contracting environment.

### The State of the WOSB Procurement Program

Women business advocates across the nation fought for more than a decade to implement the WOSB Procurement Program. They envisioned this program as a critical tool for women business owners to access federal contracts. Unfortunately, delays in implementation prevented the government from fulfilling its obligation to contract with women-owned small businesses (WOSBs).

This failure comes at a tremendous cost. The lost decade, between Congress approving the program in 2000 and the Small Business Administration (SBA) rulemaking in 2011, translated to \$94 billion in missed contracting opportunities for WOSBs.<sup>1</sup>

And while the percentage of prime contracts awarded to WOSBs increased following the program’s final implementation in 2011, the federal government is still yet to meet its 5% goal. A goal that, in my view, and one shared by Congress and the Administration is a floor – not a ceiling.

Most recently, in FY2012, the government achieved 4% in contracts awarded to WOSBs—a one percent shortfall equal to \$4 billion in lost opportunities.<sup>2</sup> Although \$57 billion has been awarded to women-owned small businesses since 2011, less than one percent—in fact only 1/100<sup>th</sup> of 1 percent—of federal spending went through the WOSB Procurement Program, which is what we are focused on improving.<sup>3</sup> The limited use of the WOSB Procurement Program stems directly from restrictions placed on the program making it unwieldy for both the buyer and the seller. With this Committee’s help, the restriction on awards to \$6.5 million was eliminated in 2013.

While I have been fortunate in accessing federal opportunities through the 8(a) program, changing the story of the WOSB Procurement Program for all women business owners begins with changes in statute.

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<sup>1</sup> The federal government contracted \$4.23 trillion from 2000-2010. Reaching 5% each year would have equaled \$211 billion, however, WOSBs were only awarded \$117 billion, a difference of \$94 billion. Data accumulated from FPDS-NG via Bloomberg Government Contracting Intelligence Tool. Accessed July 16, 2014.

<sup>2</sup> Government Wide Performance: FY 2012 Small Business Procurement Scorecard, The Small Business Administration, (2012). [http://www.sba.gov/sites/default/files/files/FY12\\_Final\\_Scorecard\\_Government-Wide\\_2013-06-20.pdf](http://www.sba.gov/sites/default/files/files/FY12_Final_Scorecard_Government-Wide_2013-06-20.pdf).

<sup>3</sup> The federal government has awarded \$1.741 trillion in contracts since 2011, of which only \$237 million was awarded the WOSB Procurement Program, or 0.01%. Data accumulated from FPDS-NG via Bloomberg Government Contracting Intelligence Tool. Accessed July 16, 2014.

## Improving Access to Federal Contracts through the WOSB Procurement Program

The WOSB Procurement Program was created to increase access to federal contracts for women-owned business. But doing so requires two changes to the program: 1) provide sole source authority and 2) expand the program to more industries.

### *Sole Source Authority*

Contracting officers are currently unable to award sole-source contracts through the WOSB Procurement Program. Instead, women-owned small businesses, despite offering innovative and unique services and products, must find other women-owned small businesses to respond to federal government solicitations before the WOSB Procurement Program can be utilized. This effectively creates a barrier for women business owners entering the federal contracting marketplace. Let me make clear—we are not opposed to the Rule of Two, we just think sole source authority should be added to this program to increase utilization by contracting officers.

In my role as CEO, and as a beneficiary of sole source authority through the 8(a) program, I can tell you firsthand of its value. Five million dollars of our revenue is generated through contracts with the federal government and a full 60% of our federal contracts in FY 2014 were awarded through the government's utilization of sole source authority through our 8(a) certification. Most of these awards were sole sourced because the projects were mission critical. Contracting officers are able to reach out to us and negotiate directly to achieve fair and reasonable pricing for services as well as being assured we are capable of doing the work. In turn, these contracts allow my company to grow and expand while strengthening our portfolio and past performance so that we are able to successfully compete in the open market. Our exemplary ability to complete projects has led to contract renewals and new customers at other agencies.

My business would not have experienced growth without sole source contracts. Since our 8(a) certification, we have created dozens of jobs through our direct engagement of other woman-owned small businesses as teaming partners. We are a successful business today because we were given a sole source opportunity with the Centers for Disease Control in Atlanta that blossomed into several awards totaling over \$2 million due to our ability to perform. Without that chance, my business would have joined thousands of other women-owned businesses that fail each year. A simple tenet of fairness would make this tool—already a part of other SBA contracting programs—available to all WOSBs.

Removing that barrier by allowing contracting officers to award sole-source contracts up to \$6.5 million for manufacturing contracts and \$4 million would fix this inequity. These limits are consistent with other small business contracting programs, such as 8(a), HUBZone, or SDVOSB. This change was included in the recently House-passed FY15 National Defense Authorization Act (H.R. 4435).<sup>4</sup>

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<sup>4</sup> National Defense Authorization Act for Fiscal Year 2015, H.R. 4435, Section 827, 113<sup>th</sup> Cong., (2014).  
<https://beta.congress.gov/bill/113th-congress/house-bill/4435>.

The Women's Small Business Procurement Parity Act (S. 2481), introduced by Senator Jeanne Shaheen and co-sponsored by Chair Cantwell, Senators Gillibrand, Murray, Cardin, and Markey, also makes this change.<sup>5</sup> Senators, thank you for your work on this front. WIPP members have been actively engaged in urging their Senators to co-sponsor this bill.

### *Accelerated Disparity Study*

Both H.R. 4435 and S. 2481 accelerate the completion of the disparity study required to include additional industries in the WOSB Procurement Program. The original study (often referred to as the RAND study) was completed in 2007 and identified industries where WOSBs are under-represented and are eligible for the WOSB Procurement Program. That determination allows only 83 industries, approximately one-third of the total procurement industries, to participate in the program. All of the data from that study is out of date, failing to represent the current contracting environment. Today, for example, agencies are awarding contracts via large acquisition vehicles while federal strategic sourcing efforts are limiting the ability of small businesses to compete.

Congress recognized the need for a new study, and in the FY13 NDAA required the SBA to conduct the study within five years. Instead of waiting until 2018—when the current study will be more than a decade old—S. 2481 would require the study be completed in two years. This is a necessary step to ensure the program is open to all the women-owned businesses it was designed to support.

### Conclusion

I came today to talk about fairness that is missing in federal contracting. Paired together, these changes address that fairness, while also allowing the WOSB Procurement Program to function more efficiently and effectively.

Access to the federal market fosters significant business growth for companies like mine. The Small Business Act describes this growth well, noting that the country's "well-being cannot be realized unless the actual and potential capacity of small business is encouraged and developed." Moreover, Congress and the Administration concur on the importance of a diverse industrial base for procurement—including women-owned businesses.

Encouraging and developing women-owned businesses in federal procurement is at the heart of the WOSB program. Ensuring participation through sole-source contract awards and accelerating the disparity study will allow these businesses to compete for government contracts.

I urge Members of this Committee, and all Senators, to show the leadership Senators Shaheen and Cantwell have demonstrated by supporting these changes and the legislation. This Committee is also working on legislation that would address this issue as part of a

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<sup>5</sup> Women's Small Business Procurement Parity Act, S. 2481, 113th Cong., (2014).  
<https://beta.congress.gov/bill/113th-congress/house-bill/4435>.

larger women's business ownership bill. We are encouraged by the active efforts of leading women in the Senate to support this change. For my part, I will continue advocating on this issue and bringing my services to government customers. WIPP is actively improving the environment for women in contracting as well. Through their ChallengeHER campaign and Give Me 5 programming, WIPP educates women across the country about procurement.

Again, thank you to the Committee for holding this hearing today and for your efforts to make the business environment better for women-owned businesses. It is my hope that my story and WIPP's recommendations are helpful as you continue your work. I am happy to answer any questions.