



## OFFICE OF SMALL BUSINESS PROGRAMS

*@BusinessDefense*

# NDIA Small Business Survey Response (COVID-19)

## #1

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Respondents expect the COVID-19 crisis to have the biggest impact on their revenue expectations, followed closely by their ability to perform on a contract and access to capital.

Respondents expect availability and cost of materials to be least impacted by the COVID-19 crisis.

- When asked how the COVID-19 crisis has impacted operations, respondents ranked the areas in order of most impacted to least impacted. (weighted averages used for ranking)
  - Revenue expectations
  - Ability to perform on contract
  - Access to capital
  - Ability to access secure work facilities
  - Availability of workforce
  - Clarity of information from the DOD
  - Access to contracting officer
  - Confidence in supply chain partners
  - Availability of materials
  - Cost of materials

**Status Update:** The Department has taken several actions to mitigate the impacts to small business during the COVID-19 crisis. DPC has issued several policy letters that provide increased cash flow, promote workplace flexibility, recognizes Essential Critical Infrastructure Workforce personnel and emphasizes contracting officer flexibility in managing COVID-19 disruptions of contractor performance. In addition, the CARES Act has provided SBA more latitude on their different loan programs.

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## #2

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62% of small businesses have experienced a disruption in cash flow as a result of the COVID-19 crisis.

- Most commonly reported causes are cuts to billable hours, delayed payments from primes contractors and government customers due to shut down or telework, and lack of telework options or schedule flexibility in contracts.

30% of respondents expect to experience overruns in their fixed price contracts as a result of the COVID-19 crisis.

- Most of those that expect cost overruns expect a 10-20% overrun

54% of small businesses have experienced a disruption in their ability to perform on a contract as a result of a shelter-in-place order related to the COVID-19 outbreak.

**Status Update:** The Department has taken several actions to mitigate the impacts to small business during the COVID-19 crisis. DPC has issued several policy letters that provide increased cash flow, promote workplace flexibility, recognizes Essential Critical Infrastructure Workforce personnel and emphasizes contracting officer flexibility in managing COVID-19 disruptions of contractor performance. The Department continues existing small business contracting assistance preference programs and support to small business prime and subcontractor payment issues. In addition, the CARES Act has provided SBA more latitude on their different loan programs that provide infusions of immediate and longer-term cash flow and provide for debt forgiveness.

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## #3

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When asked what response would be most helpful in mitigating the negative impacts of the COVID-19 crisis, flexibility being granted on the performance of your contract(s) is rated the “most helpful” by respondents (relative to the following in descending order)

- Accelerated payments from the DOD and/or prime contractors
- Short-term loans being made available to your business
- Additional guidance being provided on the performance of your contract(s)

**Status Update:** The Department has taken several actions to mitigate the impacts to small business during COVID-19. DPC has issued several policy letters that give contracting officer more flexibility during the COVID-19 crisis. In addition, the CARES Act has provided SBA more latitude on their different loan programs.

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## #4

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69% of respondents do not expect to experience overruns on fixed price contracts as a result of disruptions caused by COVID-19

Qualitative Responses (select responses pulled from open-ended questions)

- What long term impacts to your business do you expect as a result of COVID-19?
  - *“Possible loss of my cleared workforce”*

**Status Update:** Defense Critical Infrastructure Workforce Memo address this impact to small business in addition to the CARES Act that was passed. Based on discussions with industry, the Office of Small Business Programs also provided a template for a best practice document to facilitate transit of Critical Infrastructure Workforce personnel . Defense Pricing and Contracting issued guidance encouraging contracting officers to offer telework and other flexibilities to contractor workforces.

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## #5

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*“We are particularly unsure about how long this will last and, the longer it lasts, the less confident we are that we will be able to recoup the revenue; impacting our ability to provide full time pay and meet our regular expenses. Additionally, with the uncertainty, several of our employees have decided to review non-DoD options. As a technology company, there are many remote opportunities that our employees could qualify for. While the rates are different, they are close enough that the ability to continue working in times like this, ability to work anywhere, and elimination of commute may be enough to balance the rate discrepancy.”*

**Status Update:** Defense Critical Infrastructure Workforce Memo addresses this impact to small business. In addition to the CARES Act provisions for the Paycheck Protection Program and Economic Impact Disaster Loans, the Department has issued memoranda to increase cashflow by increasing the rate of progress payments to small business to 95% and to large business to 90% to enable the payment of small business subcontractors.

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## **What success stories have you experienced in result of the COVID-19 crisis?**

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*“The letter issued by Under-secretary Ellen Lord is a very good step in helping to counter-act the potential future "shelter in place" executive orders that might be issued by the Governor.”*

*“Some of our CO/COR worked some deals with Primes that have SCIF to allow other companies to work on their SCIF. They did all the work. I was very impressed with that.”*

*“We are seeing all these new ways agencies are putting together these virtual events. Some of these events are far from the place where we live. So, making those virtual helped us to attend that event from our home office. If it was live, we would have not register for those because it was far, and it is only an hour long.”*

*“Amazing that the DIA and NGA have allowed for working flexible shifts and work at alternate location, ensuring little to no loss of billable hours.”*

*“Our DoD customers have been communicative and creative on how to restructure several projects to still meet deadlines. Very pleased with communications on all fronts”.*