

**The original documents are located in Box 8, folder “Contractors (Minority), 1969-1974 (2)” of the Stanley Scott Papers at the Gerald R. Ford Presidential Library.**

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Date 5/31/01 By WHM

**U.S. DEPARTMENT OF COMMERCE**  
**Office of the Secretary**  
Washington, D.C. 20230

January 16, 1970

*file*

MEMORANDUM

TO : Bob Brown  
Special Assistant to President  
The White House

FROM : James A. H. Byrd /B  
OMBE



SUBJECT: Minority Contractors Program

As per our conversation relative to your upcoming meeting with Messrs. Abe Venable and Samuel Simmons. I am enclosing some of the work that has already been done, but not effectuated.

Also, to assist you it might be germane to the subject of your meeting to explore the following questions:

1. What existing legislation can the administration support now to aid minority construction contractors.
2. What Administrative change can be made now to award more federal and/or federally supported contracts to minority groups.
3. What program can be instituted now to generate subcontract opportunities on contract award to those firms participating in "Operation Breakthrough."
4. Can SBA make "lines of credit" open to all regions and institute this as program immediately.
5. What inputs can Labor make to assure success of the program--such as--making training funds available to contractor associations, non-profit development corps, community organizations, etc.
6. What happened to the plan to develop in OMBE to use majority firms as a source for management and technical assistance to minority firms. Why has the meeting set up for this purpose has not been held.
7. What plan is being developed to use the minority contractor associations as a conduit and a mechanism for delivery of the resources, information, and opportunities developed in OMBE at other agencies.

~~CONFIDENTIAL~~

2

8. How are minorities going to fit in "Operation Breakthrough" as owners and operators of the plants. What is being done to bring about this kind of development.

I sincerely hope you are successful in moving this area off dead center. It is one area that has potential for vast economic impact.

I further believe you should look closely at what plans are being made to increase minority participation in now emerging technology such as industrialized housing.



~~CONFIDENTIAL~~



U.S. GOVERNMENT  
SMALL BUSINESS ADMINISTRATION  
WASHINGTON, D.C. 20416

Date: January 29, 1970

Reply to

Attn of: OBD(BSB)

Subject: Triad Chemical Manufacturing Corporation

To: Mr. Robert J. Brown  
Special Assistant to the President  
The White House  
Washington, D. C. 20501

Mr. Dave Moorhead of Triad will be at our office on Friday, January 30, 1970 to discuss procurement opportunities of the 8(a) program. We intend to assist Mr. Moorhead in every way possible to obtain 8(a) contracts through the GSA and other Government agencies. We will keep you advised of our progress.

*Berkley S. Boyd*  
Berkley S. Boyd

Office of Business Development





*Contracts*

January 31, 1970



STATUS REPORT

OF

8(a) CONTRACTS

SMALL BUSINESS ADMINISTRATION (SBA)

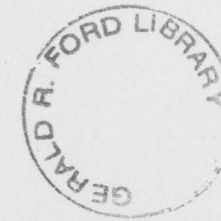
OFFICE OF ASSOCIATE ADMINISTRATOR FOR  
PROCUREMENT AND MANAGEMENT ASSISTANCE (PMA)

OFFICE OF BUSINESS DEVELOPMENT (OBD)

DIVISION OF GOVERNMENT CONTRACTS (GC)

Report Prepared By:  
Contract Management Branch  
Division of Government Contracts  
Telephone No. 382 3368 or 4980

January 31, 1970

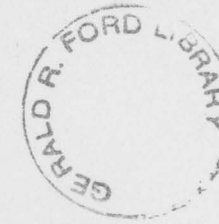


STATUS OF 8(a) CONTRACTS AWARDED  
RECAPITULATION OF SBA CONTRACTS

| <u>Agency</u>     | <u>Number</u>    |                |              | <u>Dollars</u>   |                |              |
|-------------------|------------------|----------------|--------------|------------------|----------------|--------------|
|                   | <u>Completed</u> | <u>Current</u> | <u>Total</u> | <u>Completed</u> | <u>Current</u> | <u>Total</u> |
| Agriculture ..... | 0                | 1              | 1            | - 0 -            | \$ 41,875      | \$ 41,875    |
| Army .....        | 5                | 13             | 18           | \$ 619,467       | 3,366,569      | 3,986,036    |
| Air Force .....   | 8                | 8              | 16           | 3,022,262        | 3,580,059      | 6,602,321    |
| Navy .....        | 4                | 4              | 8            | 181,245          | 1,872,561      | 2,053,806    |
| DSA .....         | 6                | 3              | 9            | 9,533,647        | 629,250        | 10,162,897   |
| GSA .....         | 0                | 9              | 9            | - 0 -            | 660,108        | 660,108      |
| Post Office ..... | 0                | 2              | 2            | - 0 -            | 1,041,960      | 1,041,960    |
|                   | <hr/>            | <hr/>          | <hr/>        | <hr/>            | <hr/>          | <hr/>        |
|                   | 23               | 40             | 63           | \$13,356,621     | \$11,192,382   | \$24,549,003 |

TOTAL SBA SUBCONTRACTS..... 63 (40 active)

TOTAL PRIME CONTRACTS..... 48



January 31, 1970

SUMMARY OF ACTIVE SECTION 8(a) CONTRACTS

| SBA CONTRACTOR<br>AND<br>CONTRACT NUMBER      | VALUE        | AWARD DATE | ITEM                                   | PROCURING<br>AGENCY | PRIME CONTRACT NO.          | STATUS                                             | INDUSTRY<br>SPONSOR |
|-----------------------------------------------|--------------|------------|----------------------------------------|---------------------|-----------------------------|----------------------------------------------------|---------------------|
| Aerospace Services, Inc.<br>Oakland, Calif.   |              |            |                                        |                     |                             |                                                    |                     |
| SBA-0011-8(a)                                 | * \$ 150,000 | 7-19-68    | Repair Generator Sets                  | Air Force           | F04606-68-D-0073            | On Schedule                                        | None                |
| SBA-0036-8(a)                                 | 100,100      | 11-17-69   | Repair Generator Sets                  | Air Force           | F04606-70-D-0035            | On Schedule                                        | None                |
| SBA-0044-8(a)                                 | 434,995      | 8-22-69    | T-33A IRAN                             | Air Force           | F04606-70-C-0135            | Ahead of Schedule                                  | None                |
| Aladdin Heating Corp.<br>San Leandro, Calif.  |              |            |                                        |                     |                             |                                                    |                     |
| SBA-0009-8(a)                                 | * 1,461,281  | 5-27-68    | Containers, Repair and<br>Modification | Air Force           | F42600-68-D-3437            | Terminated for<br>Convenience. TC<br>Not Completed | None                |
| Baltimore Electronics, Inc.<br>Baltimore, Md. |              |            |                                        |                     |                             |                                                    |                     |
| SBA-0023-8(a)                                 | 155,027      | 9-13-68    | Antenna Equipment                      | Army                | DAAAB05-69-C-1303           | Ahead of Schedule                                  | Bendix              |
| SBA-0043-8(a)                                 | 80,372       | 8-7-69     | Bushings                               | Air Force           | F-34601-69-C-4526           | Ahead of Schedule                                  | Bendix              |
| Bertie Industries, Inc.<br>Windsor, N. C.     |              |            |                                        |                     |                             |                                                    |                     |
| SBA-0025-8(a)                                 | 249,000      | 1-17-69    | Shirts                                 | DSA                 | DSA-100-69-F-U774           | Ahead of Schedule                                  | None                |
| SBA-0056-8(a)                                 | 49,076       | 1-30-70    | Bandoleers                             | Army                | DAAA09-70-C-0276            | New Award                                          | None                |
| Central Technology, Inc.<br>Herrin, Ill.      |              |            |                                        |                     |                             |                                                    |                     |
| SBA-0034-8(a)                                 | 620,020      | 5-28-69    | Impulse Cartridge                      | Navy                | N00104-69-C-0271            | On Schedule                                        | None                |
| D&H Industries, Inc.<br>Los Angeles, Calif.   |              |            |                                        |                     |                             |                                                    |                     |
| SBA-0037-8(a)                                 | 66,085       | 5-9-69     | Cable Assembly                         | Air Force           | F04606-69-C-1052            | On Schedule                                        | Del Mfg. Co.        |
| DICO Corporation<br>Washington, D. C.         |              |            |                                        |                     |                             |                                                    |                     |
| SBA-0027-8(a)                                 | 262,650      | 10-24-68   | Wooden Pallets                         | DGSC-DSA            | DSA-400-69-C-1912<br>MA 301 | On Schedule                                        | Martin-Marietta     |
| SBA-0057-8(a)                                 | 117,600      | 1-23-70    | Wooden Pallets                         | DGSC-DSA            | DSA400-70-C-3342            | New Award                                          | Martin-Marietta     |

\* Denotes Requirements Type Contract





January 31, 1970

SUMMARY OF ACTIVE SECTION 8(a) CONTRACTS

| SBA CONTRACTOR<br>AND<br>CONTRACT NUMBER                       | VALUE     | AWARD DATE | ITEM                        | PROCURING<br>AGENCY | PRIME CONTRACT NO.                     | STATUS            | INDUSTRY<br>SPONSOR |
|----------------------------------------------------------------|-----------|------------|-----------------------------|---------------------|----------------------------------------|-------------------|---------------------|
| EG&G Roxbury<br>Roxbury, Mass.                                 |           |            |                             |                     |                                        |                   |                     |
| SBA-0051-8(a)70                                                | \$ 13,616 | 12-15-69   | Tool Boxes                  | GSA                 | GS-00S-82993                           | On Schedule       | EG&G, Inc.          |
| SBA-0059-8(a)70                                                | 14,344    | 1-30-70    | Tool Box Portable           | GSA                 | GS-00S-84050                           | New Award         | EG&G, Inc.          |
| SBA-0060-8(a)70                                                | 153,216   | 1-30-70    | Storage Cabinets            | GSA                 | GS-00S-84106                           | New Award         | EG&G, Inc.          |
| East Side Bakery<br>San Antonio, Texas                         | *         |            |                             |                     |                                        |                   |                     |
| SBA-0033-8(a)                                                  | 122,343   | 4-22-69    | Bakery Products             | Air Force           | F41615-69-R-1270                       | On Schedule       | Martin Bakery       |
| Electro-Cords Co.<br>Los Angeles, Calif.                       | 836,360   | 8-31-68    | Boosters with<br>Detonators | Army                | DAAA09-69-C-0015                       | On Schedule       | None                |
| SBA-0016-8(a)                                                  |           |            |                             |                     |                                        |                   |                     |
| Elegant Garments, Inc.<br>Chicago, Ill.                        |           |            |                             |                     |                                        |                   |                     |
| SBA-0022-8(a)                                                  | 331,500   | 9-13-68    | Bandoleers                  | Army                | DAAA09-69-F-0046                       |                   | None                |
| Mod SB-01                                                      |           |            |                             |                     | DAAA09-70-F-0006                       | On Schedule       |                     |
| SBA-0062-8(a)70                                                | 43,120    | 1-30-70    | Bandoleers                  | Army                | (DAAA09-70-C-0277<br>DAAA09-70-C-0276) | New Award         | None                |
| Fairmicco, Inc.<br>Washington, D. C.                           |           |            |                             |                     |                                        |                   | Fairchild-Hiller    |
| SBA-0024-8(a)                                                  | 155,027   | 9-13-68    | Antenna Equipment           | Army                | DAAAB05-69-C-1303                      | Ahead of Schedule |                     |
| SBA-0038-8(a)                                                  | 124,637   | 6-30-69    | Cable Assembly              | Army                | DAAB05-69-F-3579                       | Ahead of Schedule |                     |
| SBA-0041-8(a)                                                  | 64,842    | 10-31-69   | Cable Assembly              | Army                | DAAB05-70-F-1305                       | On Schedule       |                     |
| Forsyth County Economic<br>Development<br>Winston Salem, N. C. | 49,076    | 1-30-70    | Bandoleers                  | Army                | DAAA09-70-0277                         | New Award         | None                |
| SBA-0064-8(a)70                                                |           |            |                             |                     |                                        |                   |                     |

\* Denotes Requirements Type Contract



January 31, 1970

SUMMARY OF ACTIVE 8(a) CONTRACTS

| SBA CONTRACTOR<br>AND<br>CONTRACT NUMBER                                                                                  | VALUE                       | AWARD DATE                    | ITEM                             | PROCURING<br>AGENCY       | PRIME CONTRACT NO.                               | STATUS                                        | INDUSTRY<br>SPONSOR                                 |
|---------------------------------------------------------------------------------------------------------------------------|-----------------------------|-------------------------------|----------------------------------|---------------------------|--------------------------------------------------|-----------------------------------------------|-----------------------------------------------------|
| Ft. Peck Tribal Ind.<br>Poplar, Montana<br>SBA-0047-8(a)70                                                                | \$ 750,000                  | 10-29-69                      | M-14 Rifle Repair                | Army                      | DAAG05-70-C-0173                                 | On Schedule                                   | Dynalectron                                         |
| Hi-Pro Foods, Inc.<br>Los Angeles, Calif.<br>SBA-0053-8(a)70                                                              | 41,875                      | 12-31-69                      | Elbow Macaroni                   | Agriculture               | GR(P)7066                                        | On Schedule                                   | None                                                |
| Hope Industries, Inc.<br>Paterson, N. J.<br>SBA-0048-8(a)70                                                               | 709,752                     | 10-29-69                      | Power Units, Mobile              | Army                      | DAAK01-70-C-2050                                 | On Schedule                                   | Bogue Electric                                      |
| Iron Nation Corporation, The<br>Sioux Falls, S. D.<br>SBA-0052-8(a)70                                                     | 282,960                     | 11-18-69                      | Canvas Inserts                   | Post Office<br>Department | POD Order No.<br>9-2-01314                       | On Schedule                                   | Raven Industries                                    |
| Logan Heights Industrial<br>Enterprises, Inc.<br>San Diego, Calif.<br>SBA-0046-8(a)<br>SBA-0050-8(a)70<br>SBA-0054-8(a)70 | 238,141<br>60,100<br>59,355 | 9-9-69<br>11-10-69<br>1-14-70 | Wood Boxes<br>Pallets<br>Pallets | Navy<br>GSA<br>GSA        | N00123-70-D-0387<br>GS-00S-82998<br>GS-00S-83824 | On Schedule<br>Ahead of Schedule<br>New Award | General Dynamics<br>G D/Convair<br>General Dynamics |
| Mocho Industries, Inc.<br>West Babylon, N. Y.<br>SBA-0049-8(a)70                                                          | 54,758                      | 11-5-69                       | Liquid Detergent                 | GSA                       | GS-00S-82965                                     | On Schedule                                   | Olin Corporation                                    |
| Nepco, Inc.<br>Louisville, Ky.<br>SBA-0055-8(a)70                                                                         | 49,076                      | 1-30-70                       | Bandoleers                       | Army                      | DAAA09-70-C-0276                                 | New Award                                     | None                                                |
| Patimik Co.<br>San Francisco, Calif.<br>SBA-0015-8(a)                                                                     | 147,187                     | 10-18-68                      | Plywood Boxes                    | GSA                       | GS-00S-78154                                     | Ahead of Schedule                             | None                                                |





January 31, 1970

SUMMARY OF ACTIVE 8(a) CONTRACTS

| SBA CONTRACTOR<br>AND<br>CONTRACT NUMBER                            | VALUE              | AWARD DATE        | ITEM                                   | PROCURING<br>AGENCY | PRIME CONTRACT NO.                 | STATUS                           | INDUSTRY<br>SPONSOR |
|---------------------------------------------------------------------|--------------------|-------------------|----------------------------------------|---------------------|------------------------------------|----------------------------------|---------------------|
| Plastic Store Fixture Co.<br>Washington, D. C.<br>SBA-0065-8(a)70   | \$ 10,345          | 1-30-70           | Directional Signs                      | GSA                 | GS-00S-84-188                      | New Award                        | None                |
| Precise Products, Inc.<br>Browning, Montana<br>SBA-0039-8(a)        | * 250,000          | 6-30-69           | Joiner Doors with<br>Lockset and Latch | Navy                | N00024-69-D-5527                   | On Schedule                      | None                |
| Quality Products<br>San Antonio, Texas<br>SBA-0017-8(a)             | 1,164,883          | 11-19-68          | Engine Parts                           | Air Force           | F41608-69-D-0126                   | On Schedule                      | None                |
| Stan-Den Co.<br>San Francisco, Calif.<br>SBA-0014-8(a)              | 147,187            | 10-23-68          | Plywood Boxes                          | GSA                 | GS-00S-78154                       | Ahead of Schedule                | None                |
| Edil, Inc. (Sala)<br>Hialeah, Florida<br>SBA-0063-8(a)70            | 49,076             | 1-30-70           | Bandoleers                             | Army                | DAAA09-70-C-0277                   | New Award                        | None                |
| Watts Mfg. Co.<br>Compton, Calif.<br>SBA-0040-8(a)<br>SBA-0045-8(a) | 759,000<br>764,400 | 7-21-69<br>9/4/69 | Mail Sacks<br>Container, MK 15 Mod. 1  | Post Office<br>Navy | P.O. 9-2-01314<br>N00104-70-C-A010 | On Schedule<br>Ahead of Schedule | Aerojet General     |



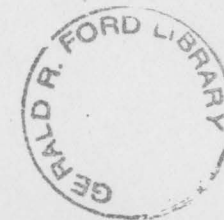
January 31, 1970

SUMMARY OF COMPLETED SECTION 8(a) CONTRACTS

| SBA CONTRACTOR<br>AND<br>CONTRACT NUMBER                       | VALUE       | AWARD DATE | ITEM                            | PROCURING<br>AGENCY | PRIME CONTRACT NO.    | STATUS                                  | INDUSTRY<br>SPONSOR |
|----------------------------------------------------------------|-------------|------------|---------------------------------|---------------------|-----------------------|-----------------------------------------|---------------------|
| Aerospace Services, Inc.<br>Oakland, Calif.<br>SBA-0012-8(a)   | *\$ 883,443 | 7/19/68    | T-33 Aircraft Modifi-<br>cation | Air Force           | F04606-69-C-002       | Completed                               | None                |
| Albina Corp.<br>Portland, Oregon<br>SBA-0021-8(a)              | 26,370      | 8/22/68    | 14' Punts (Boats)               | Navy                | N00024-69-C-0222      | Completed                               | None                |
| American Tent and Canvas<br>LaFollette, Tenn.<br>SBA-0018-8(a) | 871,230     | 8/29/68    | Tents                           | DSA                 | DSA100-69-F-U230      | Completed                               | None                |
| D&H Industries<br>Monterey Park, Calif.<br>SBA-0019-8(a)       | 23,490      | 8/15/68    | J-85 Links                      | Air Force           | F34601-69-C-0224      | Completed                               | Del Mfg.            |
| Del Sol, Inc.<br>Albuquerque, N. M.<br>SBA-0030-8(a)           | 610,354     | 1/7/69     | Plywood Boxes                   | DSA                 | DSA-003-69-C-0040     | Completed                               | None                |
| DeForest Wood Products Co.<br>St. Louis, Mo.<br>SBA-0032-8(a)  | 155,000     | 3/20/69    | Plywood Platform<br>Skids       | Army                | DAAJ01-69-C-0431 (3J) | Completed                               | None                |
| East Side Bakery<br>San Antonio, Texas<br>SBA-0004-8(a)        | * 104,588   | 3/20/69    | Bakery Products                 | Air Force           | F41615-68-C-0301      | Completed                               | Martin Bakery       |
| Elegant Garments, Inc.<br>Chicago, Ill.<br>SBA-0001-8(a)       | 137,500     | 2/27/68    | Cloth Housing                   | Army                | DAAA-09-68-C-0280     | Terminated for<br>Convenience<br>8/7/68 | None                |
| Ellsworth Mfg. Co.<br>Norfolk, Va.<br>SBA-0008-8(a)            | 2,430,868   | 5/13/68    | General Purpose Tents           | DSA                 | DSA-100-68-FV-193     | Completed                               | None                |

\* Denotes Requirements Type Contract

January 31, 1970



## SUMMARY OF COMPLETED SECTION 8(a) CONTRACTS

| SBA CONTRACTOR<br>AND<br>CONTRACT NUMBER                         | VALUE     | AWARD DATE | ITEM                  | PROCURING<br>AGENCY | PRIME CONTRACT NO. | STATUS    | INDUSTRY<br>SPONSOR |
|------------------------------------------------------------------|-----------|------------|-----------------------|---------------------|--------------------|-----------|---------------------|
| Fairmicco, Inc.<br>Washington, D. C.                             |           |            |                       |                     |                    |           | Fairchild-Hiller    |
| SBA-0005-8(a)                                                    | \$ 73,165 | 4/23/68    | Cable Assembly        | Army                | DAAB05-68-C-2349   | Completed |                     |
| SBA-0002-8(a)                                                    | 242,771   | 2/28/68    | Wooden Pallets        | DSA                 | DSA400-68-C-4171   | Completed |                     |
| SBA-0010-8(a)                                                    | 209,000   | 7/17/68    | Wooden Ammo Boxes     | Army                | DAAA09-68-C-0500   | Completed |                     |
| SBA-0042-8(a)                                                    | 44,802    | 8/15/69    | Cable Assembly        | Army                | DAAB05-70-F-1228   | Completed |                     |
| Ft. Peck Tribal Ind.<br>Poplar, Montana<br>SBA-0029-8(a)         | 706,804   | 2/6/69     | M1-M2 Rifle Repair    | Air Force           | F09603-69-C-1971   | Completed | Dynalelectron       |
| Johnston Engr. Co.<br>Venice, Calif.<br>SBA-0020-8(a)            | 3,718     | 8/9/68     | Aircraft Retainer     | Air Force           | F34601-69-C-0224   | Completed | No                  |
| Johnston Engr. Co.<br>Venice, Calif.<br>SBA-0031-8(a)            | 10,479    | 1/10/69    | J 85 Links            | Air Force           | F34601-69-C-1913   | Completed | None                |
| Martin Bakery, Inc.<br>San Antonio, Texas<br>SBA-0003-8(a)       | 924,840   | 3/20/68    | Bakery Products       | Air Force           | F41615-68-C-0301   | Completed | None                |
| New Cal Technology, Inc.<br>Los Angeles, Calif.<br>SBA-0035-8(a) | 8,600     | 3/24/69    | Cable Assembly        | Navy                | N00123-69-C-1417   | Completed | None                |
| Patimik Co.<br>San Francisco, Calif.<br>SBA-0028-8(a)            | 18,300    | 11/19/68   | Reconditioning Chairs | Navy                | N00228-69-C-1015   | Completed | None                |
| Sonicraft, Inc.<br>Chicago, Ill.<br>SBA-0013-8(a)                | * 127,975 | 8/9/69     | Sound Equipment       | Navy                | N00126-69-C-0024   | Completed | None                |

\*Denotes Requirements Type Contract



January 31, 1970

SUMMARY OF COMPLETED SECTION 8(a) CONTRACTS

| SBA CONTRACTOR<br>AND<br>CONTRACT NUMBER                           | VALUE        | AWARD DATE | ITEM                            | PROCURING<br>AGENCY | PRIME CONTRACT NO. | STATUS    | INDUSTRY<br>SPONSOR |
|--------------------------------------------------------------------|--------------|------------|---------------------------------|---------------------|--------------------|-----------|---------------------|
| State Industries, Inc.<br>Huntington Park, Calif.<br>SBA-0007-8(a) | \$ 2,430,868 | 5/20/68    | General Purpose Tents           | DSA                 | DSA-100-68-FV-193  | Completed | None                |
| Watts Mfg. Co.<br>Compton, Calif.<br>SBA-0006-8(a)                 | 2,947,556    | 5/7/68     | General Purpose Tents           | DSA                 | DSA-100-68-F-V-193 | Completed | Aerojet General     |
| SBA-0026-8(a)                                                      | 364,900      | 11/25/68   | Repair and Modify<br>Containers | Air Force           | F42600-69-D-2310   | Completed |                     |

\*Denotes Requirements Type Contract



CONTRACT COMPLIANCE OFFICERS  
FEBRUARY 1970

Agency for International Development

Mrs. Nira H. Long  
Director of Equal Opportunity  
Agency for International Development  
New State Building, Room 5758  
Washington, D. C. 20523 (STOP 100)  
101-29312 (632-9312)

Agriculture, Department of

Mr. William W. Layton  
Department Contract Compliance  
Officer  
Department of Agriculture  
Room 227E, Administration Building  
14th St. & Independence Ave., S. W.  
Washington, D. C. 20250 (STOP 209)  
111-5355 (338-5355)

Atomic Energy Commission

Mr. Harry S. Traynor  
Assistant to the General Manager  
Atomic Energy Commission  
Washington, D. C. 20545 (STOP 4)  
119-3137 (973-3137)

Commerce, Department of

Honorable Larry A. Jobe  
Assistant Secretary for Administration  
Department of Commerce - Room 5830  
Washington, D. C. 20230 (STOP 206)  
189-4951 (967-4951)

Mr. Luther C. Steward, Jr.  
Special Assistant for Equal Opportunity  
Department of Commerce - Room 5120  
Washington, D. C. 20230 (STOP 206)  
189-3940 (967-3940)

Defense, Department of

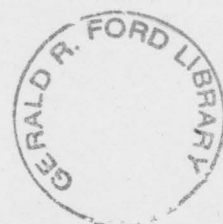
Honorable Roger T. Kelley  
Assistant Secretary of Defense  
(Manpower and Reserve Affairs)  
Room 3-E-966, The Pentagon  
Washington, D. C. 20301  
11-52334 (OX 5-2334)

Lt. Gen. Earl C. Hedlund  
Director, Defense Supply Agency  
and Deputy Contract Compliance  
Officer for the Department of Defense  
Cameron Station  
Alexandria, Virginia 22314  
11-81111 (698-1111)

General Services Administration

Mr. John W. Chapman, Jr.  
Deputy Administrator and Contracts  
Compliance Officer  
General Services Administration  
Washington, D. C. 20405 (STOP 29)  
183-4373 (343-4373)

Mr. John J. Brosnahan  
Deputy Director (Compliance)  
Office of Audits and Compliance  
General Services Administration  
Washington, D. C. 20415 (STOP 29)  
183-4310 (343-4310)



Health, Education & Welfare, Dept. of

Mr. Leon E. Panetta, Director  
Office for Civil Rights  
Dept. of Health, Education & Welfare  
Room 3012, Regional Office Building  
Washington, D. C. 20201 (STOP 367)  
13-35047 (963-5047)

Mr. Owen P. Kiely, Director  
Contract Compliance Division  
Office for Civil Rights  
Dept. of Health, Education & Welfare  
Room 3622, Regional Office Building #3  
Washington, D. C. 20201 (STOP 367)  
13-20368/69 (962-0368)

Housing & Urban Development, Dept. of

Honorable Samuel J. Simmons  
Assistant Secretary for Equal Opportunity  
Dept. of Housing & Urban Development  
451 7th Street, S. W.  
Washington, D. C. 20410 (STOP 98)  
138-57252 (755-7252)

Mr. William A. Ross  
Acting Director  
Office of Contract Compliance  
and Employment Opportunity  
Dept. of Housing & Urban Development  
451 Seventh Street, S. W.  
Washington, D. C. 20410 (STOP 98)  
138-56113 (755-6113)

Mr. Thomas O. Jenkins, Director  
Contract Compliance Division  
Dept. of Housing & Urban Development  
451 Seventh Street, S. W.  
Washington, D. C. 20410 (STOP 98)  
138-56121 (755-6121)

Interior, Department of the

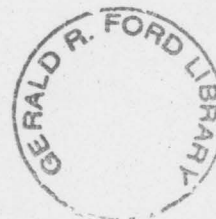
Mr. Harry Shooshan  
Deputy Under Secretary for Programs  
Department of the Interior  
Washington, D. C. 20240 (STOP 43)  
183-33101 (343-3101)

Mr. Edward Shelton, Director  
Office for Equal Opportunity  
Department of the Interior  
Room 1345  
Washington, D. C. 20240 (STOP 43)  
183-2591 (343-2591)

National Aeronautics and Space Admin.

Mr. George J. Vecchietti  
Director of Procurement  
Contracts Compliance Officer  
National Aeronautics and Space  
Administration  
Rm. 101, Federal Office Bldg. #10B  
Washington, D. C. 20546 (STOP 85)  
13-20697 (962-0697)

Mr. Joseph M. Hogan  
Deputy Contracts Compliance Officer  
Contract Administration Division  
National Aeronautics & Space  
Administration  
Rm. A-1-B, Federal Office Bldg. #10B  
Washington, D. C. 20546 (STOP 85)  
13-20561 (962-0561)



Post Office Department

Honorable David A. Nelson  
General Counsel and Contracts  
Compliance Officer  
Post Office Department - Rm. 3226  
Washington, D. C. 20260 (STOP 201)  
117-8261 (961-8261)

Mr. Clarence H. Featherson  
Deputy Contract Compliance Officer  
Office of the General Counsel  
Post Office Department - Rm. 2230  
12th & Pennsylvania Ave., N. W.  
Washington, D. C. 20260 (STOP 201)  
177-8407 (961-8407)

Tennessee Valley Authority

Mr. James L. Williams, Jr.  
Director of Purchasing  
Tennessee Valley Authority  
112 Lupton Building  
Chatanooga, Tennessee 37401  
Area Code 615, 755-2624

Mr. Julien W. Campbell  
Contract Compliance Officer  
Tennessee Valley Authority  
116 Lupton Building  
Chattanooga, Tennessee 37401  
Area Code 615, 755-2617

Transportation, Department of

Mr. Richard F. Lally  
Director of Civil Rights  
Department of Transportation  
Washington, D. C. 20590 (STOP 330)  
13-28377 (962-8377)

Treasury, Department of the

Mr. Paul W. Eggers  
General Counsel  
Department of the Treasury  
Room 3000, Main Treasury Building  
Washington, D. C. 20220  
184-2093 (964-2093)

Mr. David A. Sawyer, Director  
Equal Opportunity Program  
Department of the Treasury  
Room 613, 1406 "G" Street, N. W.  
Washington, D. C. 20220  
184-2995 (964-2995)

Veterans Administration

Mr. George L. Holland, Director  
Contract Compliance Service  
Veterans Administration - Room 580  
Washington, D. C. 20420 (STOP 73)  
148-2904 (389-2904)







U.S. DEPARTMENT OF COMMERCE  
Office of the Secretary  
Washington, D.C. 20230

FEB 3 1970

MEMORANDUM FOR Mr. Leonard Garment  
Special Consultant to the President  
The White House

FROM : Gary P. Baden, Director  
Public Sector, Office of Minority Business Enterprise

SUBJECT: Memorandum from Secretary Laird to the President -  
Federal Procurement and Minority Business Enterprise

A. DoD Position

The attached memorandum from Secretary Laird has significant implications for the success of the 8(a) procurement program for minority business. Mr. Laird makes two points:

1. Since most 8(a) contracts have not resulted in companies that can "make it" in the open market, and DoD is reluctant to cause a company to fail by discontinuing support, DoD feels that it is locked into continuous support for noncompetitive enterprises.
2. DoD is paying premium or differential prices on these contracts, has established a 33 1/3 percent ceiling, is now being asked to go higher, but has already experienced strong Congressional opposition and intends to informally put the entire issue to the Armed Services and Appropriations Committees as soon as possible so as to get policy direction on future participation.

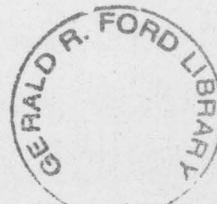
B. Current 8(a) Program Situation

1. Robert Kunzig, Chairman of the Task Force on Procurement for Minority Business, has issued a memorandum to agency heads outlining program goals and desired procedures (copy attached). This followed four months of deliberation by the Task Force.





2. These procedures have been designed to foster the development of profit-making, competitive businesses; this is stated in the objective of the program and will be implemented by provisions calling for a three-year limitation (with a one-year extension possible) on the participation of any company in the 8(a) program, with contract dollars in the third year to be lower than in the second year.
3. To be consistent with the program objective statement and the intent of procedures, the Task Force has supported premium payments necessary to promote the development of minority business, but not excessive price differentials which mitigate against the possibility that a company can become competitive in the open market during or after participation in the 8(a) program. No formal statements concerning premium payments or price differentials have been issued because the Task Force is convinced that the contract negotiation process must be used to keep premium payments as low as possible, and because the issue of determining the level of such payments is complicated by the fact that changing market prices make it difficult to precisely define the price base for establishing the premium on any individual product.
4. Although the 8(a) program is just beginning to move ahead and experience is limited, the average premium or differential is now 11 percent. Individual cases have indeed been higher. DoD is participating without a Congressional prohibition (\$22 million in contracts) thus far.
5. The President signed a memorandum on December 5, 1969, requesting cooperation and approved a large staff increase for SBA to handle the expanded 8(a) program. In addition, OEO is conducting an inventory of minority business capabilities in 51 cities for use in the development of the program.
6. Press accounts of the development of an expanded 8(a) program have indicated that our major problem will be DoD cooperation.



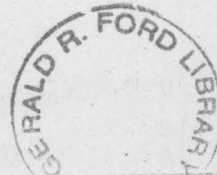
C. Possible Impact of DoD Position

My feeling is that DoD discussions with these Congressional Committees to obtain policy direction on 8(a) participation will be a severe blow to the minority business program of this Administration.

1. It will open up the lingering issue of DoD cooperation and cast doubt as to the commitment of the Administration, especially since the Presidential memorandum of December 5, 1969.
2. It will slow or retard an accelerating program pace by halting further DoD involvement (currently a high percentage of all contract) until policy is decided and might also open the question of premium percentages (with the problems involved in establishing market prices and differentials) with the non-defense buying agencies.
3. It will place policy initiatives in the hands of Congressional Committees which are not hospitable to the cause of minority business.
4. It will probably result in a prohibition against DoD involvement in any premium payments.

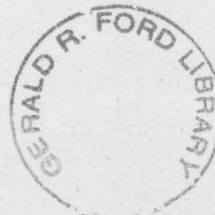
D. Recommendations

1. Discuss this matter with the appropriate DoD staff to determine the issues as they see them, and to determine the exact nature and significance of their conversations to date on the Hill; I would hope we could ask them not to proceed further on Congressional discussion until we have a chance to consider the case further.
2. Based on these discussions, the following options are likely:
  - (a) Let the conversations proceed. This will preclude DoD involvement until a decision is made and (as stated



above) may hinder the involvement of other agencies, but it will crystalize the situation, put the decision up to Congress, and require the Administration to draft new legislation if it is not possible for DoD to participate; such legislation could cover the premium price buying of: (1) DoD, or (2) all buying agencies, or (3) make it possible for SBA itself to receive appropriations to cover such costs. This will take a lot of time.

- (b) Ask DoD not to take the initiative in discussing this matter with Congress and try the new procedures and premium payments to see how they work out. DoD would be ready to respond in support of the program if Congress brought it up. If Congress said no, we would have to submit new legislation as indicated above.
  - (c) Submit new legislation specifically to cover DoD appropriations authorizing 8(a) involvement and state that the Administration's procurement program would proceed without DoD until the Congress has approved; this should be considered in terms of the possibility that it might lead to the need for similar legislation for the non-defense agencies.
  - (d) Submit a new bill giving cost differential funds to SBA for all 8(a) contracting: this will have to be drafted so that it does not have the effect of halting all progress until such a bill is passed.
3. I hope that we can accept option B, and support the individual 8(a) procurement appropriation requests of each agency (including DoD) if it becomes necessary. If DoD or another agency required a new authorization to participate in the program, we would take up that issue. In this way, treating each agency by itself, the Administration's program could continue while the participation of any individual agency is being resolved and we have not taken any initiatives which might jeopardize the development of the program: let the Congress take that role.







28 JAN 1970

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Federal Procurement and Minority Business Enterprise

The Department of Defense is continuing to be responsive to your memorandum of December 5, 1969 by involving minority businesses in defense procurement opportunities.

The vehicle that we employ to assist in the establishment and growth of minority-owned businesses is to noncompetitively contract with the Small Business Administration under a procedure authorized by Section 8(a) of the Small Business Act. Performance on these contracts is accomplished by minority-owned, or operated subcontractors selected by the Small Business Administration.

Policies and procedures have been developed which we thought would provide the Department with a reasonable assurance that any recipient of a Section 8(a) contract would become a self-sustaining competitive firm at some discernible time. We believed that this policy, in conjunction with acceptable business plans of minority firms developed by the Small Business Administration would minimize potential risks of supporting the minority business enterprises.

The statutory authority to award contracts to Small Business Administration for this program has been used since January 1963 and Defense has awarded contracts totalling \$22 million. We have experienced problems as the majority of the Section 8(a) contract awards, to our knowledge, have not provided these firms with the ability to become competitive or to successfully enter the commercial market within the period of the performance of the contracts. For these reasons, once we place a contract, we find it difficult to discontinue our contract support without causing the companies to fail. Thus we are placed in a position of continually providing contract support. The prices paid for the initial and subsequent contracts are greater than those paid in our normal competitive procurement procedures. While we have established a 33-1/3% ceiling on premium payments, we are now facing situations where the price differentials requested are becoming even more substantial, placing further limitations on the goods and services we are purchasing with our reduced appropriations.

Relating existing businesses } Who failed?  
Who succeeded?

no financial standard  
3-5 yrs

Key  
(Cooperation)

(What contracts are not being let competitively? how much)

What technical assistance was provided to minority companies that failed?

What about existing businesses?



In the past year I have discussed the policy of premium payments up to 33-1/3% with key members on both sides of the aisle. Opposition is very strong to using defense appropriated dollars for this purpose. Therefore, recognizing the historical sensitivity of the Congress to noncompetitive practices, most particularly the House and Senate Armed Services Committees and the Appropriations Committees, we plan to have further informal discussions with these Committees on procedures we are using and the extent of our participation. This could provide us with the current thinking of the Committees and perhaps gain their support in our use of Section 8(a) procedures to assist in achieving the results commensurate with the high priority of this program. Should the Committees elect not to support this method, we will then try to find alternative courses of action. We feel these discussions should take place in the immediate future.

As in the past, you may be assured that the Department of Defense recognizes the importance of involving minority small business enterprises in our defense procurement process and will continue to emphasize our efforts to support this program.

Signed  
MELVIN R. LAIRD



UNITED STATES OF AMERICA  
GENERAL SERVICES ADMINISTRATION  
WASHINGTON, D.C. 20405



JAN 21 1970

Honorable Maurice H. Stans  
Secretary of Commerce  
Washington, D.C. 20230

Dear Mr. Secretary:

President Nixon issued a memorandum on December 5, 1969, (Attachment A) urging all Federal agencies to cooperate with, and support, the procurement program for minority enterprise established by the Office of Minority Business Enterprise. I have been designated Chairman of the Task Force on Procurement for Minority Businessmen established principally to develop the potential of the SBA 8(a) procurement program which permits SBA to contract with Federal agencies for procurement items which can then be subcontracted to minority businesses.

The SBA 8(a) procurement approach has top priority in this program. Fiscal year goals have been established by SBA for 8(a) procurement. These goals have been established as the Administration's planning target:

| <u>Period</u> | <u>Procurement Support Totals</u><br>(\$million) |
|---------------|--------------------------------------------------|
| FY 1970       | \$ 42                                            |
| FY 1971       | \$100                                            |

To meet these goals, SBA will need procurement support from all Federal Government purchasing agencies. In this regard, it is assumed that support for these goals by the appropriate agencies will signify their commitment to respond affirmatively to SBA requests which are made in accordance with the approved inter-agency procedure on minority enterprise procurement (Attachment B) up to the total dollar amount involved (as listed in Attachment C). Obviously, it is our hope that the agencies will be willing and able to exceed these commitments.

So that this procurement program can proceed quickly, ~~please provide your official response by February 9, 1970.~~ It is critical to move ahead rapidly on this program. GSA has already committed \$10 million, Post Office has committed \$3.5 million and the Department of Transportation has committed \$4.2 million to this program in FY 1970.

Sincerely,

*Robert L. Kunzig*

Robert L. Kunzig  
Administrator



104687

3 Attachments

Keep Freedom in Your Future With U.S. Savings Bonds

THE WHITE HOUSE  
WASHINGTON

December 5, 1969

## MEMORANDUM TO HEADS OF DEPARTMENTS AND AGENCIES

SUBJECT: Federal Procurement and Minority Business Enterprise

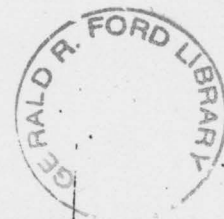
Minority business enterprise is a major concern of this Administration. For that reason, on March 5, 1969, I established by Executive Order the Office of Minority Business Enterprise in the Department of Commerce to coordinate the efforts and resources of Federal departments and agencies and private enterprise in this field.

One of the most important ways to promote this effort is to develop a program which will increase the involvement of minority group contractors in the multi-billion dollar Federal procurement program. The Office of Minority Business Enterprise, the Small Business Administration, and a Federal Task Force on Procurement -- under the leadership of Robert L. Kunzig, Administrator of General Services -- are working closely with members of my staff to develop such a program.

Leonard Garment, my Special Consultant, and Robert J. Brown, my Special Assistant, will assist in the development of that program, keep me informed of progress, and make such recommendations as they feel are necessary.

I request that during the period of program development, all departments and agencies provide to the Office of Minority Business Enterprise and the Small Business Administration full support in the following ways:

- Provide procurement opportunities.
- Supply management and technical experts.
- Help to set goals to measure progress of the efforts being made.

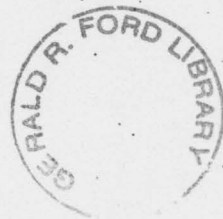




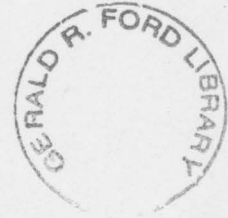
-- Name a representative of your department or agency to pursue these efforts.

This program has high priority on this Administration's agenda. I trust that all of you will give it your best attention and effort.

*Richard Nixon*



Inter-Agency Procedure Regarding Procurement for  
Minority Businessmen under Section 8(a) of the  
Small Business Administration Act



I. OBJECTIVE

- A. It is the objective of this program to use Federal procurement for the purpose of stimulating the development and growth of minority businesses which can compete successfully in the open market as viable, tax-paying enterprises.

II. ASSUMPTIONS

- A. All agencies have agreed to the inter-agency procedure, have specified fiscal year procurement support, and have appointed Minority Business Procurement 8(a) Policy Managers.
- B. The 8(a) procurement program participation of individual firms will be limited to three years, with only a one-year extension possible: third and/or fourth year participation will be at a lower total procurement dollar level than the second year.
- C. Program policy will be coordinated by an Inter-Agency Committee on Minority Business Procurement Policy to be chaired by OMBE, with SBA as Vice Chairman and all agencies represented by the 8(a) policy managers.
- D. 8(a) operations will be coordinated by SBA, with the cooperation of the federal agencies.

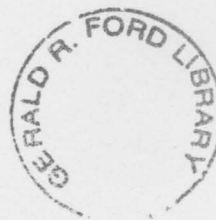
III. PROCEDURES

- A. Information regarding minority firms, including their capabilities and possible procurement item identification, will be collected and generated by SBA.\* SBA will require a formal application for a firm to officially be considered for procurement in this program.
- B. SBA evaluates, screens, and distributes the list of firms approved to participate in the program, along with relevant data on the firm, to the 8(a) policy managers of the participating agencies: this data provides the initial capability definition required by the agencies in determining contract award possibilities. SBA will complete this process on an individual firm no later than 45 days from the receipt of the formal application.

\*To build up a backlog of information on applicable minority firms, OMBE has arranged for OEO to fund a survey of such firms in 50 cities. The data will be distributed directly to SBA.

### III. PROCEDURES (cont.)

- C. Each agency develops a shopping list of items it would most likely be able to purchase from the SBA-listed firms. This list will indicate the appropriate contracting officer in the agency regarding each item and include complete specifics on this procurement; procurement leadtime should be at least 90 days.
- D. The agency provides this shopping list to SBA no later than 30 days from receipt of the list of firms from SBA.
- E. SBA determines the items for contract negotiation and informs the buying agency within 15 days.
- F. Before contract award, SBA will determine that the minority firm has the financial, technical, and management capability required to perform on the specific contract, or that the necessary assistance for these purposes will be made available: preference will be for management and technical assistance to be arranged or provided by the minority company or other local groups (with maximum possible assistance from the buying agency).
- G. Before contract award, SBA and the buying agency reach agreement on administrative responsibilities for the contract; preference will be for the buying agency to handle as much of the administration of the contract as possible.
- H. A contract is awarded to SBA and subcontracted by SBA to the minority firm.

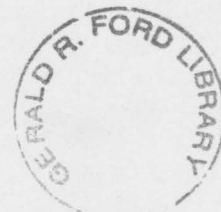




MAJOR PROCUREMENT AGENCY SUPPORT FOR SEA 8(a)  
MINORITY BUSINESS ENTERPRISE PROGRAM

| <u>Agency</u> | <u>FY 1970 Goal (\$000)</u> | <u>FY 1971 Goal (\$000)</u> |
|---------------|-----------------------------|-----------------------------|
| DOD           | \$16.5                      | \$48.0                      |
| GSA           | 10.0                        | 25.0                        |
| NASA          | 2.5                         | 4.0                         |
| DOT           | 4.2                         | 5.0                         |
| VA            | 1.5                         | 3.5                         |
| HEW           | 1.5                         | 4.5                         |
| PO            | 3.5                         | 4.0                         |
| Others*       | <u>2.3</u>                  | <u>6.0</u>                  |
| Total         | \$42.0                      | \$100.0                     |

\*Federal agencies and departments not included in the above list of major purchasers are requested to submit individual statements of their commitments. Although it has been anticipated that the total expected from this group will be as indicated, all such agencies and departments are urged to make the maximum commitment possible.





SMALL BUSINESS ADMINISTRATION  
WASHINGTON, D.C. 20416

February 2, 1970: VIA SPECIAL MESSENGER

Mr. Gary Baden, Director  
Public Sector  
Office of Minority Business Enterprise  
Room 3806-Department of Commerce  
Washington, D. C.

Dear Gary:

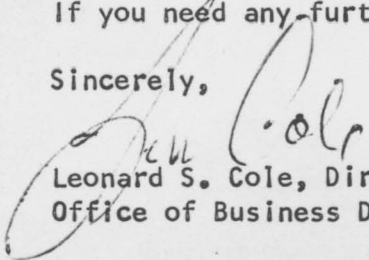
As of January 31, 1970, SBA has taken 48 prime contracts under the 8(a) program, totaling in dollar volume \$24,489,648. Forty of these prime contracts were negotiated with the Department of Defense procurement installations. This amount totaled \$22,805,060.

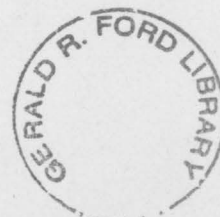
It is difficult to quote a precise figure reflecting the price differential paid on these contracts. Price differential refers, as you know, to that amount paid over and above the current market price at which the items in these contracts could have been purchased. Since market price cannot actually be determined without open competitive bidding, we can only estimate from previous prices paid by procuring agencies what the price differential is. According to our estimates, the average differential has amounted to approximately 11%, which results in about a \$2.7 million premium accrued to date. Please understand, Gary, that in regard to individual contracts the differential has varied from a price that is apparently competitive to an estimated differential amounting to a price differential as high as 72% (the DICO case which DOD refers to). This is the only instance we know of in which a price differential of this amount has been paid.

Incidentally, Gary, in testimony to the House Small Business Committee on December 4, 1969, I responded to a question concerning the price differential paid on these contracts in the same vein as above, that is, that the price differential as of that date had approximated somewhere between 10 and 11%.

If you need any further information on this, please let me know.

Sincerely,

  
Leonard S. Cole, Director  
Office of Business Development





SMALL BUSINESS ADMINISTRATION  
WASHINGTON, D.C. 20416

Contract

February 4, 1970

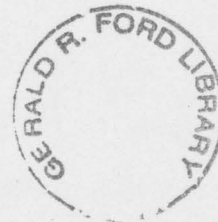
MEMORANDUM FOR RECORD

Subject: Concertina Wire, 8(a)

Immediate requirement is for 200,000 coils of concertina wire. 8(a) firm identified to produce this wire is a black-owned and operated firm out of Columbus, Ohio, named Futon, Inc. SBA agreed to contract with this firm if a going wire concern would assist in management of the operation. Lift Parts Manufacturing Co., with a wire plant in West Memphis, Tennessee, agreed to assist Futon in setting up their operation, acquiring materials and equipment to produce, hiring competent personnel, and training them in wire production, plus assisting and coordinating this production. For these services Lift Parts is to receive \$.50 per coil if production costs do not exceed \$11.98 per coil. If costs exceed \$11.98 per coil, Lift Parts receives nothing. Further, Lift Parts is providing \$150,000 interest-free capital and is, essentially, guaranteeing Futon they will achieve a "competitive position" on wire on this one contract.

Prior history of wire production ranges, by formally advertised procedures, from \$8.25985 per coil to \$9.11461 per coil depending upon point of production and final destination. Accordingly, a prior competitive price approximating \$9.00 per coil was used to establish the "reasonableness of the spread from a current to a new producer." Since past recent procurements were formally advertised, a cost breakdown is not available. However, in January 1966 a new firm, Agri-Tec of Columbus, Ohio, entered wire production. Comparisons of Agri-Tec costs to produce at that time with current Futon estimate, as prepared by Lift Parts, is as follows:

|                    | <u>Futon</u>     | <u>Agri-Tec</u> |
|--------------------|------------------|-----------------|
| Material           | \$ 6.29          | \$ 6.27         |
| Direct Labor       | 2.20             | 2.40            |
| Overhead and G&A   | <u>1.66</u>      | <u>1.01</u>     |
| Sub-Total          | \$10.15          | \$ 9.68         |
| Lift Parts Fee     | .50              | ---             |
| Sub-Total          | 10.65            | 9.68            |
| Profit             | <u>1.33</u>      | <u>.97</u>      |
| Price (Production) | 11.98            | 10.65           |
| Start-up Costs     | <u>1.2232</u>    | ---             |
| <u>T o t a l</u>   | <u>\$13.2032</u> | <u>\$10.65</u>  |





The above is the negotiated price between SBA, DCSC, and Futon per coil for 200,000 coils for "pure" production costs and start-up costs.

Start-up costs connected with setting up a plant not in existence, training of personnel (production and management), and rehabilitation of Government-furnished equipment plus applicable G&A and overhead in this interim period prior to production are as follows:

Start-up Costs

|                                     |               |           |
|-------------------------------------|---------------|-----------|
| Installation Labor<br>for Equipment | \$13,440      |           |
| Equipment Additional<br>to GFE      | 23,700        |           |
| Plant layout (Labor)                | 30,000        |           |
| Overhead and G&A                    | <u>22,848</u> |           |
|                                     |               | \$ 89,988 |

Training (over a 28-week period)  
(Build-up to 75 employees)

|                  |               |           |
|------------------|---------------|-----------|
| Direct Labor     | \$93,940      |           |
| Overhead and G&A | <u>20,712</u> |           |
|                  |               | \$114,652 |

Rehabilitation of GFE

|               |        |               |
|---------------|--------|---------------|
| Material only | 40,000 | <u>40,000</u> |
|---------------|--------|---------------|

|                  |  |           |
|------------------|--|-----------|
| <u>T o t a l</u> |  | \$244,640 |
|------------------|--|-----------|



Summary

In summation, a total price of \$2,396,000 for pure production (\$11.98 times 200,000 coils) compares with today's "coils formally advertised and highly competitive price of \$1,800,000" (\$9.00 times 200,000 coils). Due to starting a new company at the top of the "learning curve" this is considered fair and reasonable. Also, in order to commence production certain start-up costs, training, rehabilitation of GFE, etc., is necessary at a total price (no profit included) of 244,640. This produces a total "one shot" contract price of \$2,640,640, or, \$840,640 above current competitive prices for plants in operation for many years. The increase per centage is approximately 46%.

Leonard S. Cole, Director  
Office of Business Development

4 Feb 1970

FUTON CORP.  
Columbus, Ohio

Allocation of costs to Government agencies required to support a proposed plan to expand Futon participation in the free enterprise market. Proposed DoD contract for 200,000 coils of Concertina Wire. Estimated total contract price \$2,296,000.

| <u>DoD Cost</u>           |                   | <u>Other Gov't Cost</u>    |                |
|---------------------------|-------------------|----------------------------|----------------|
| <u>Est. per unit cost</u> |                   |                            |                |
| Material                  | \$ 6.29           | Management fee             | \$ 100,000     |
| Labor                     | 2.20              | Training                   | 114,652        |
| C&A & O/H                 | 1.66              | Start up cost              | <u>129,988</u> |
|                           | <u>10.15</u>      |                            |                |
| Profit                    | 1.33              |                            |                |
|                           | <u>11.48</u>      |                            |                |
| Fair Market value         | - 9.00            |                            |                |
| Premium                   | \$ 2.48 (27-1/2%) |                            |                |
|                           |                   | Total Other Gov't Agencies | \$ 344,640     |
| Total DoD Premium         |                   |                            | <u>496,000</u> |
|                           |                   | TOTAL GOV'T PREMIUM        | \$ 840,640     |
|                           |                   | EXCLUDING ADVANCE PAYMENT  |                |
|                           |                   | \$11,208 per man year.     |                |

Advance payment or additional cost of 50¢ or \$100,000



START UP COST

|            |                                            |
|------------|--------------------------------------------|
| \$ 13,440  | Install Government Production Machinery    |
| 23,700     | Install Commercial Production Machinery    |
| 30,000     | Modification Existing Facility             |
| 40,000     | Rehabilitation of Government Machinery     |
| 22,844     | Heat, Light and Travel Prior to Production |
| <hr/>      |                                            |
| \$ 129,984 |                                            |





# Memorandum

TO : Rosemary

DATE: February 4, 1970

In reply refer to:

FROM : Joyce

SUBJECT: FUTON Meeting, February 4, 1970, 3:30 p.m.

The following people will be attending the above meeting:

Gary P. Baden, Director  
Public Sector, OMBE

David M. F. Lambert  
Director, Small Business & Economic Utilization  
Defense

Dale Babione  
Deputy Director, Procurement for  
Defense Supply Agency  
Defense

Edward Aguirre  
Deputy Associate Manpower Administrator  
U.S. Training and Employment Service  
Labor

Robert McConnon  
Director, Office of National Projects  
Labor

Leonard S. Cole  
Director, Office of Business Development  
SBA

Abraham S. Venable, Director  
Office of Minority Business Enterprise



# *The National Association of Minority Consultants and Urbanologists*

1631 - 14th STREET, N. W.

WASHINGTON, D. C. 20005

**NAMCU**

February 5, 1970

The Honorable George Shultz  
Secretary  
U.S. Department of Labor  
14th Street and Constitution Avenue  
Washington, D.C. 20210

Dear Mr. Secretary:

On June 26, 1969, the National Association of Minority Consultants and Urbanologists, via a press release, charged that:

A petrified pattern of black discrimination, collusion and white favoritism controls the awarding of contracts by Federal agencies to private consulting firms. There is a prima facie case of blatant favoritism in the awarding of Federal contracts to pre-selected white firms and a callous contempt for black consulting firms.

To remedy this situation, we suggested that the Federal government could take affirmative action in three areas to implement a policy of equal achievement in the consulting industry:

1. Enforcement of the equal opportunity programs of Federal agencies by reviewing all contracts awarded and determining whether a pattern of favoritism exists for certain pre-selected white firms.
2. Maximization of small business participation in government procurments through section 8-A of the Small Business Act.
3. An investigation by the Department of Justice to determine violations



The Honorable George Shultz  
Page Two  
February 5, 1970

of anti-trust regulations in the awarding of consulting contracts, and to determine the extent of collusion of certain segments of industry with officials in the Federal government.

Our concern, at this point, is related to what we consider to be only token motions on the part of the various departments to act affirmatively on this matter. Midway through the fiscal year, there has been no change in practices which will materially affect the process of selecting contractors. If anything, the situation is complicated by the entry of the Defense contracting "giants" into the humanics field. These firms are typically well-financed, able, and connected with an abundance of facilities and personnel from which to choose.

Our competitive potential is severely diminished, in the eyes of many contracting officers, by our general lack of capital resources to finance government contracts. In many instances, contracting officers are not willing to give "untried minority-owned firms" an opportunity. The awarding of these contracts poses as great a financial burden upon many of the giants as it does upon smaller firms. Therefore, they don't necessarily provide the government with greater insights at the lowest possible price. Each time a contract is awarded to one of these firms, our chances of ever moving into a better financial position are delayed that much longer.

The fact that another generation of white experts on black problems continues to be produced, at a time when self-help is the watchword, is even more disheartening.

The community's response to this situation is both predictable and understandable. Many people in minority communities around the country are not responding to queries from white firms; and in some cases, white study teams are not "allowed" in the communities. In spite of this basic reaction, the contracting procedure continues to favor white firms to study and advise on what are essentially minority group problems.

We hope that steps can be taken to correct this practice within the Department of Labor. To this end, we



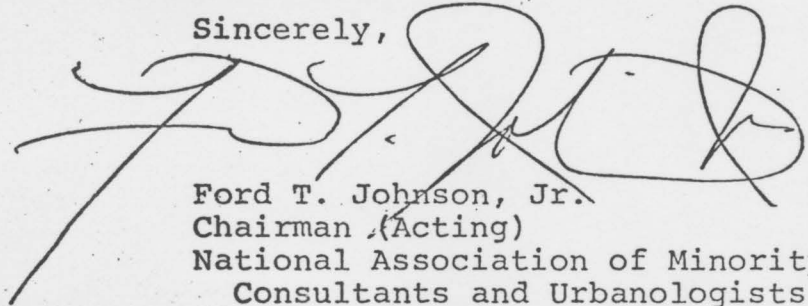


The Honorable George Shultz  
Page Three  
February 5, 1970

would like to meet with you to discuss our grievances  
and to develop a framework for amelioration.

May we please hear from you shortly on this matter.

Sincerely,

A large, stylized handwritten signature in dark ink, likely belonging to Ford T. Johnson, Jr. The signature is fluid and cursive, with a prominent loop at the end.

Ford T. Johnson, Jr.  
Chairman (Acting)  
National Association of Minority  
Consultants and Urbanologists

cc: Mr. Robert Brown



①

Send to Shirley  
Downes sent 2/19/70

74L Confidential



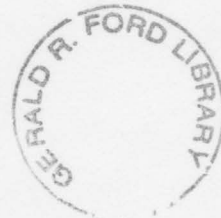
U.S. GOVERNMENT  
SMALL BUSINESS ADMINISTRATION  
WASHINGTON, D.C. 20416

Date: **February 12, 1970**  
Reply to  
Attn of: **William Murfin**  
**Associate Administrator/PMA**  
Subject: **Barrett Intercommunication Products Corporation**  
**369 St. Marks Avenue,**  
**Brooklyn, N. Y. 11238**  
To: **Mr. Robert J. Brown**  
**Special Assistant to the President**  
**The White House**  
**Washington, D. C. 20500**

As indicated by the attached correspondence, the Small Business Administration has approved the issuance of a certificate of competency to the above mentioned company. This action had been awaiting final reviews by the Department of Defense. The actual award of the contract in question is now dependent on action by the Department of Defense. We appreciate your interest in our programs.

William Murfin  
Associate Administrator  
Procurement and Management Assistance

Attachment







Mr. Dick Temkin-OB

U.S. GOVERNMENT  
SMALL BUSINESS ADMINISTRATION  
WASHINGTON, D.C. 20416

OFFICE OF THE ADMINISTRATOR

FEB 12 1970

VIA CERTIFIED MAIL  
Return Receipt Requested

U. S. Army Electronics Command  
225 South 18th Street  
Philadelphia, Pennsylvania 19103

Attention: Mr. Thomas J. Hanney  
Contracting Officer

RE: Barrett Intercommunication Products Corporation  
369 St. Marks Avenue  
Brooklyn, New York 11238  
COC-NYA-855  
IFB-DAAB05-69-B-0682 (Including increase option)

Gentlemen:

Pursuant to Section 8(b)(7) of the Small Business Act, as amended, the Small Business Administration hereby certifies that the subject small business firm is competent as to capacity and credit to perform the proposed procurement covered by the above referenced solicitation.

If the contract for which this Certificate of Competency has been issued is not awarded within 60 days hereof, it is our understanding that the Small Business Administration will be given the opportunity to revalidate or withdraw the Certificate of Competency, based upon the firm's capacity and credit status as of that date.

Sincerely,

William Murfin  
Associate Administrator  
Procurement and Management Assistance





U.S. DEPARTMENT OF COMMERCE

February 9, 1970

To : ~~Theodore Ware~~

From: Jim Sexton *J*

As per our telephone conversation.

This working paper summarizes progress thus far.

*— Bob Brown*  
*— Bruce Rabb*



Abraham S. Venable

January 8, 1970

James Sexton

Status of the Committee of Minority Professional  
Consulting Services

On November 21, 1969, the newly organized Minority Professional Consulting Service Working Group was chaired by you (list of attendees attached). It was decided at this meeting to appoint a task force within this working group to develop a program. The appointed task force met on December 15, 1969. Attendees were:

Albert Carter, Jr., SBA  
William Ross, HUD  
Samuel Harris, NAMCU

Jim Sexton, OMBE  
Gary Baden, OMBE

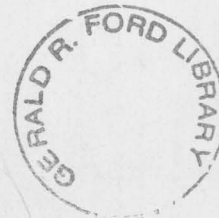
Invited but unable to attend:

George Gentry, HEW  
Joseph Daniel, GSA

Kitty James, OEO

Problem

OMBE and HUD have identified 217 minority firms that expressed interest in Federal contracts for professional services. OMBE has self-evaluation forms on 33 of these firms; HUD has self-evaluation on 25. While almost everyone has an opinion on the capability of these minority firms, no one has facts based on objective analysis and evaluation.



Action Recommended

The Procurement Task Force should write a justification for a capability study.

The General Services Administration (or other Federal agencies) should contract with an organization to conduct capability evaluation of minority consultant firms. There are minority consultant firms available for this project.)

Agency representatives should establish an affirmative program to acquaint program officers of each agency with both the capability of minority firms and the officials of such firms.

Contracting officers in each Federal agency should develop affirmative action plans to assure maximum opportunities for minority consulting firms. (This can be done at the same time the capability evaluation is taking place.)

In letting contracts to majority firms to do work in the minority community, contracting officers should encourage subletting to minority firms.

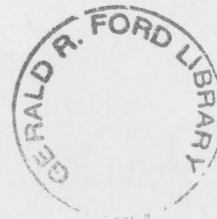
The Committee should receive lists of majority and minority firms and send minority lists to majority firms.

The agency representative should insure that his action plan provides a process whereby minority firms have the opportunities to familiarize themselves with the informal, as well as the formal, aspects of the professional service procurement system. For example, agency procedures and practices for qualifying for an unsolicited proposal.

Each agency should establish an accountability system with monthly reports to OMBE. The first report, due February 16, 1970, will include the following:

(a) professional service contracts awarded in FY 1969: number of contracts and total dollars;

(b) professional service contracts awarded to minority firms: number of contracts and total dollars. (If unknown, it should be so stated.)





(c) on or before the 15th of each succeeding month, the agency representative should submit the following:

- (1) number of contracts let \_\_\_\_\_ dollars \_\_\_\_\_;
- (2) minority contracts let \_\_\_\_\_ dollars \_\_\_\_\_, and
- (3) specific activity under the affirmative plan to include greater participation of minority professional firms.

#### Conclusion

The rationale for this action program is that minority firms will increasingly participate in professional service contracts when

- (1) contracting officers and program officers have knowledge of the capability of minority consultant units and the people operating these firms;
- (2) minority firms learn the people and processes of the system in greater detail, and
- (3) when agencies initiate affirmative action plans to include minority firms, both as prime contractors and subcontractor, with other firms doing work in the minority group community.

#### Attachment

cc Reading, Record, Johnson  
OMBE:CO:JWJohnson:1pm  
1/8/70



**Members of the Minority Professional Consulting  
Service Working Group**

**Department of Commerce**

**Abraham S. Venable, Director  
Office of Minority Business Enterprise**

**Department of Defense**

**David L.M. Lambert  
Director of Small Business and  
Utilization Policy**

**Department of Labor**

**Herbert J. Cohen  
Special Assistant to the Deputy  
Manpower Administrator for  
Employment Security**

**Department of Commerce**

**Larry A. Jobe  
Assistant Secretary for Administration**

**Veterans Administration**

**John J. Shea  
Chief, Purchasing and Contracting  
Division**

**NASA General Services  
Administration**

**Patrick A. Gavin  
Chief, Personnel Management Branch**

**Department of Housing and  
Urban Development**

**William A. Ross  
Acting Director, Office of Contract  
Compliance and Employment  
Opportunity**

**General Services  
Administration**

**Joseph W. Daniels  
Executive Director, Equal Employ-  
ment Opportunity Office**

**Federal Aviation Authority**

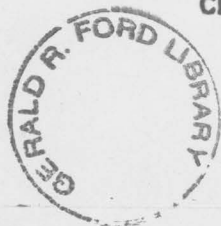
**Owen Birnbaum  
Associate General Counsel for  
Procurement, Legal Division**

**Bureau of the Budget**

**Adrian Dove  
Program Analyst**

**Office of Economic  
Opportunity**

**George W. Boxall  
Chief of Policy and Support Branch**



-2-

**Members of the Minority Professional Consulting Service  
Working Group (cont'd)**

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*Procurement*  
**Small Business Administration**

**Joseph Kernan  
Director of Minority Industries  
Relations**

**Department of Commerce**

**James Sexton  
Office of Minority Business  
Enterprise**

**Department of Commerce**

**Terrence M. Scanlon  
Office of Minority Business  
Enterprise**

*Liberty*



MINORITY CONSULTANT AND URBANOLOGIST FIRMS

THE STATE OF THE INDUSTRY

Following are the essential facts concerning the minority consultant and urbanologist firms in the United States:

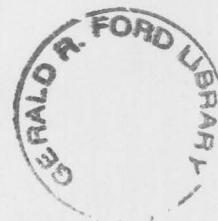
Item            There are over 200 professional minority consultant and urbanologist firms in the United States. OMBE has been able to identify 103 of these firms and has on file capability statements of 33 with new ones coming in each week.

HUD has compiled a list of 114 minority consultant and urbanologist firms and has 25 capability statements on file.

Item            There are two national minority consultant associations:

1. National Association of Black Consultants and Urbanologists (40 members; established December, 1968), 1660 L Street, N. W., Suite 707, Washington, D. C. 20036.

Contact: Sam Harris, President Pro Tem  
(202) 833-8035





2. American Association of Minority Consultants  
(<sup>60</sup>25 members; established August, 1969)

475 Fifth Avenue, New York, New York 10017

Contact: D. Parke Gibson, President

(212) 889-5557

Item

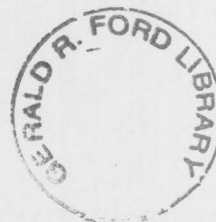
Minority consultant firms offer the full spectrum of services as white firms, i.e., from computerized feasibility studies through conducting public hearings for the President's Commission on Income Maintenance Programs. One of these firms conducted an open meeting dealing with Chapter 13 of the Report of the President's National Advisory Commission Civil Disorder. Another's individual staff members have published 15 publications in various areas.

Item

There is a plethora of minority expertise working for these firms. Most have Bachelor's and higher degrees in their respective fields.

Item

Many of these firms are multi-ethnic, multilingual and multi-disciplinary. Some



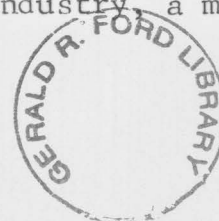
firms run Mexican and Puerto-Rican workshops at major colleges and universities.

Item Some of these firms actually carry out part of the implementation of contracts awarded to white firms by Federal agencies. Many have been in business for as long as 15 years and could only survive as sub-contractors to white prime contractors.

Item Many, because of past experience, do not look to the Federal Government for business; they rely mainly on state, city and private sector contracts.

#### Problem

The National Association of Black Consultants and Urbanologists (NABCU) stated in June, 1969 that "There is a prima facie case of blatant favoritism in the awarding of Federal contracts to pre-selected white firms and a callous contempt for black consulting firms." The Association's spokesman went on to say that "\$500,000,000 in Federal funds for consulting services will be expended during FY 1970. Of the approximately 400 firms in the consulting industry, a mere 20 firms



or five percent will receive 60% of the expenditures. On the other hand, the 80 black-owned firms which comprise 20% of the total number of firms, will receive less than one percent of these same Federal expenditures." NABCU member firms claim that they have over \$10 million worth of pending proposals with various Federal agencies.

The Association stated that "Contract officers will usually offer objective reasons for not considering bids from black firms. The basic reasons are: (1) You do not have a track record, (2) You do not have the financial capacity to support the project until you receive your initial reimbursements." They maintain that this criteria is unrealistic and is just another way of excluding black firms.

Item NABCU suggested that the Federal Government could take affirmative action in three areas to implement a policy of equal achievement in the consulting industry:

(1) Enforcement of the equal opportunity programs of Federal agencies by reviewing all contracts awarded and determining whether a pattern of favoritism exists for certain pre-selected white firms.



(2) Maximization of small business participation in Government procurements through Section 8-A of the Small Business Act.

(3) An investigation by the Department of Justice to determine violations of anti-trust regulations in the awarding of consulting contracts and to determine the extent of collusion of certain segments of industry with officials in the Federal Government.

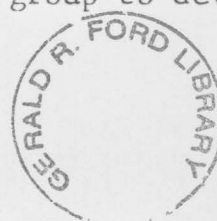
NABCU said it was currently in the process of securing meetings with Administration leaders and agency heads to present documentation of their charges and to demand an immediate end to this pattern of discrimination and bias in the awarding of Government contracts.

Current Situation.

Item

On November 21, 1969, the newly-organized Minority Professional Consulting Service Working Group was chaired by Abe Venable, Director of OMBE. (List of attendees attached)

It was decided at this meeting to appoint a task force within this working group to develop a program.





The appointed task force met on December 15, 1969.

Attendees were:

Albert Carter, Jr., SBA

William Ross, HUD

Samuel Hams, NAMCU

Jim Sexton, OMBE

Gary Baden, OMBE

Invited but unable to attend:

George Gentry, HEW

Joseph Daniel, GSA

Kitty James, OEO



Action Taken

Item

Identification of the problems and action to be taken on these problems (see page 1).

While almost everyone has an opinion on the capability of minority consultant firms, no one has facts based on objective analysis and evaluation.

Action Recommended

Item Step 1

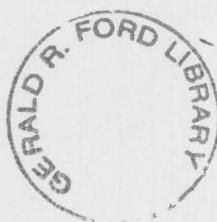
The Procurement Task Force should write a justification for a capability study.

Step 2 The General Services Administration (or other Federal agencies) should contract with an organization to conduct capability evaluation of minority consultant firms. (There are minority consultant firms available for this project.)

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Step 4 Contracting officers in each Federal agency should develop affirmative action plans to assure maximum opportunities for minority consulting firms. (This can be done at the same time the capability evaluation is taking place.)

Step 5 In letting contracts to majority firms to do work in the minority community, contracting officers should encourage subletting to minority firms.



Step 6 The Committee should receive lists of majority and minority firms and send minority lists to majority firms.

Step 7 The agency representative should insure that his action plan provides a process whereby minority firms have the opportunities to familiarize themselves with the informal, as well as the formal, aspects of the professional service procurement system. For example, agency procedures and practices for qualifying for an unsolicited proposal.

Step 8 Each agency should establish an accountability system with monthly reports to OMBE. The first report, due February 16, 1970, will include the following:

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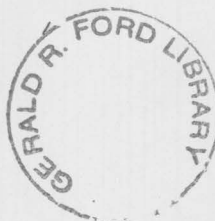
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- (3) specific activity under the affirmative plan to include greater participation of minority professional firms.

Conclusion

The rationale for this action program is that minority firms will increasingly participate in professional service contracts when

- (1) contracting officers and program officers have knowledge of the capability of minority consultant units and the people operating these firms;
- (2) minority firms learn the people and processes of the system in greater detail, and
- (3) when agencies initiate affirmative action plans to include minority firms, both as prime contractors and subcontractors, with other firms doing work in the minority group community.





Members of the Minority Professional Consulting  
Service Working Group

|                                                |                                                                                                          |
|------------------------------------------------|----------------------------------------------------------------------------------------------------------|
| Department of Commerce                         | Abraham S. Venable, Director<br>Office of Minority Business Enterprise                                   |
| Department of Defense                          | David L.M. Lambert<br>Director of Small Business and<br>Utilization Policy                               |
| Department of Labor                            | Herbert J. Cohen<br>Special Assistant to the Deputy<br>Manpower Administrator for<br>Employment Security |
| Department of Commerce                         | Larry A. Jobs<br>Assistant Secretary for Administration                                                  |
| Veterans Administration                        | John J. Shea<br>Chief, Purchasing and Contracting<br>Division                                            |
| NASA                                           | Patrick A. Gavin<br>Chief, Personnel Management Branch                                                   |
| Department of Housing and<br>Urban Development | William A. Ross<br>Acting Director, Office of Contract<br>Compliance and Employment<br>Opportunity       |
| General Services<br>Administration             | Joseph W. Daniels<br>Executive Director, Equal Employ-<br>ment Opportunity Office                        |
| Federal Aviation Authority                     | Owen Birnbaum<br>Associate General Counsel for<br>Procurement, Legal Division                            |
| Bureau of the Budget                           | Adrian Dove<br>Program Analyst                                                                           |
| Office of Economic<br>Opportunity              | George W. Boxall<br>Chief of Policy and Support Branch                                                   |



-2-

Members of the Minority Professional Consulting Service  
Working Group (cont'd)

---

Small Business Administration    Joseph Kernan  
Director of Minority Industries  
Relations

Department of Commerce        James Sexton  
Office of Minority Business  
Enterprise

Department of Commerce        Terrence H. Scanlon  
Office of Minority Business  
Enterprise

