

SUBCONTRACT PLAN

**LITTON ELECTRO-OPTICAL SYSTEMS
3414 Herrmann Drive
GARLAND, TX 75041**

Prepared by:

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Submission Date: June 17, 2002

Reference: RFP# DAAE20-00-R-0253

M35 Periscope and Daylight Assemblies

Litton Electro-Optical Systems (EOS) has established a program incorporate small business, veteran-owned small business, service disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns are provided the opportunities for subcontracting within the intent and requirements of FAR 52.219-9. EOS uses this uniform program in the performance of contracts with agencies of the United States Government in implementing the provisions.

Jim Boersen, Materials Group Small Business Liaison, will administer this subcontract plan. He will be responsible for carrying out all aspects of the direct subcontract plan. He is authorized to answer all questions and make commitments relative to this plan. Jim Boersen can be reached at 972-840-7697.

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1.0 INTRODUCTION

Litton Electro-Optical Systems (EOS) is located in Garland, Texas and Tempe, Arizona.

Litton Electro-Optical Systems develops and manufactures precision optics, optical coatings, image intensifier tubes, high voltage power supplies, micro channelplates, and night vision systems for programs administered by the United States Government and for the identification and growth of new business opportunities derived from spin-offs of this high technology.

Litton Electro-Optical Systems personnel are skilled, experienced, and talented professionals dedicated to maintaining our position of leadership in our field. Their abilities are coupled to job orientated skills in engineering, mathematics, physics, and other disciplines required for conceptualistic design, prototype development, and production.

The EOS procurement organization in its entirety is committed to an orderly and progressive program to meet the requirements and intent of FAR 52.219-9 and this uniform program.

Small business, service-disabled veteran-owned small business, small disadvantaged business, women-owned small business, HUBZone small business, and veteran-owned small business concerns (SB, SDVOSB, SDB, WOSB, HUBZ SB, VOSB) have been extended the opportunity, to the maximum practicable extent, to participate in the effective performance of contracts awarded to EOS.

2.0 PLANNED GOALS

The following planned (percentage) goals were developed based on total sales of \$1,000,716 for the production of 22 each M35 periscope and 52 each daylight assemblies. Foreign subcontract content has been excluded, only domestic subcontract dollars are considered in this plan.

2.1 DISTRIBUTION OF SUBCONTRACTS

BASIC YEAR

	<u>Percentage Goal</u>	<u>Amount</u>
Value of all Subcontracts	100%	405,310.32
Value of all Subcontracts:		
Small Business	90%	364,781.65
Large Business	2.0%	8,114.82
Woman-owned Small Business	1.6%	6,820.37
Small Disadvantaged Business	6.4%	25,593.48
HUBZone Small Business	0.0%	0
Veteran owned Small Business	0.0%	0
Service-disabled Veteran-Owned Small Business	0.0%	0

The planned goals are the percentage goals set forth above. Performance against goals shall be measured by computing the percentage of actual subcontracted dollars against goal percentages stated above. Presently, there are no HUBZone, service-disabled veteran-owned or veteran owned small businesses

available to provide the products and services desired under this industry product line. EOS has recently produced comparable daylight assemblies, however, we have not produced the M35 periscope in over 20 years for this proposal. The daylight assemblies have similar performance parameters to our current U.S. armed forces contracts. We have a proven supplier base that has been selected and worked with for the past years. Based on our present suppliers' quality, capacity, and on-time delivery, we anticipate minimal changes as quality, price, and second source strategies require. Forced changes could cause possible delivery delays and increase pricing due to start-up facility and special tooling capitalization costs. However, we are in the process of implementing a second source strategy to insure deliverability and risk reduction. EOS will continue to seek out these small businesses, in particular HUBZ SB, SDVOSB and VOSB, in order to provide opportunities to participate in our joint ventures on government contracts. Upon discovery of these businesses, EOS will modify its small business plan accordingly. Indirect expenses will be allocated proportionately to the percentage of direct contract dollars against total percentage of direct dollars of Department of Defense contracts.

2.2 DIRECTIONAL PLAN

Small Business Planned Subcontracts

This category includes the majority of the items in the bills-of-material. These items will be primarily glass, machined parts, rubber components, and plastic parts. Litton will continue to pursue and develop new SDB, SDVOSB, WOSB, HUBZ SB, and VOSB businesses for consideration. This guidance will also apply to option years, if the government should choose to exercise its rights.

Large Business Planned Subcontracts (where there is no small)

This category represents requirements for glass/optics and ceramics required to produce the image tubes, optics, and electronic components. At present, through the market research in which was conducted, there are no small businesses available that can provide the quality of items necessary to successfully complete the proposed contract.

Woman-owned Small Business Planned Subcontracts

Items in this category will include a variety of purchased items such as a case assembly. Women-owned small businesses will be solicited for machine parts where existing tooling may not exist.

Small Disadvantaged Planned Subcontracts

A sample of items in this category will include cases, electronic components, and plastic machined parts used to encapsulate the image tube assembly.

HUBZ SB Planned Subcontracts

There are presently no known HUBZ SB that specialize in providing the products or services required under the proposed contract.

Veteran owned Small Business Planned Subcontracts

There are presently no known VOSBs that specialize in providing the services or equipment required under the proposed contract.

Service-Disabled Veteran owned Small Business Planned Subcontracts

There are presently no known SDVOSBs that specialize in providing the services or equipment required under the proposed contract.

3.0 GOAL DEVELOPMENT

The goals set forth in Section 2 were developed through historical source and pricing information. Every effort was made to insure SB, HUBZ SB, SDVOSB, WOSB, SDB, and VOSB participation where sources are known to exist. EOS will continue to pursue and develop new SB, SDB, SDVOSB, WOSB, HUBZ SB, and VOSB businesses for consideration. Developing new SDB, WOSB, HUBZ SB, SDVOSB and VOSB businesses will be part of the second source strategy.

4.0 METHODS USED TO IDENTIFY POTENTIAL SOURCES OF SUPPLY

All procurements made under Government contracts are screened by the Small Business Liaison Officer (SBLO) to break out segments identifiable as opportunities for contract participation by qualified SB, SDVOSB, WOSB, SDB, HUBZ SB, and VOSB. This practice is followed consistent with the efficient performance of the prime contract.

As the work of the project progresses and adequate procurement definitions are completed for each of the contemplated items, potential sources are identified and solicited in accordance with FAR 52.219-9 requirements. Strong emphasis is placed on obtaining SB, HUBZ SB, WOSB, SDB, SDVOSB and VOSB participation.

The SBLO shall maintain records that substantiate EOS' efforts to develop and locate small business concerns and award contracts to them. Source lists are maintained for purchasing reference identifying previously approved sources of supply and their corresponding SBA status. Additionally, the following list of libraries and directories are available for screening:

- The Small Business Administration Procurement Automated Search Systems (Pro Net)
- The Dallas Regional Minority Purchasing Council
- The National Minority Business Directory (TRY US)
- Litton Electro-Optical Systems Approved Supplier List
- The Small Business Sources Directory, Government Data Publications

5.0 APPLICATION OF INDIRECT EXPENSES

Indirect costs have been included in establishing our subcontracting goals. Indirect expenses will be allocated proportionally to the percentage of direct contract dollars against total percentage of direct dollars of Department of Defense contracts. All indirect expenses are reported on the SF295.

6.0 ASSURANCE OF SMALL BUSINESS AND SMALL DISADVANTAGED BUSINESS PARTICIPATION

Litton Electro-Optical System's policy is distributed to the procurement organization and all staff members as appropriate and specified:

"It is the policy of EOS to encourage the participation of small, woman owned, small

disadvantaged, service-disabled veteran-owned, HUBZone and veteran owned small business concerns in our programs and to subcontract to these entities the maximum amount of business consistent with the efficient performance of primary contracts. Special efforts will be taken to increase involvement of these enterprises in our programs by:

Facilitating the placement of SB, WOSB, SDVOSB, HUBZ SB SDB, and VOSB businesses on source lists to assure that they are appropriately solicited.

Counseling appropriate individuals and firms with respect to procurement policies and procedures and business opportunities so as to enhance their potential participation.

Informing such individuals and firms concerning subcontracting opportunities, including identification of other programs that might offer opportunity for participation."

This policy reflects the determination that the national interest requires increased involvement of SB, HUBZ SB, SDVOSB, SDB, WOSB, and VOSB businesses. When price, quality, delivery, reliability and other factors are evaluated as equal in competition, the order should be awarded to SB, WOSB, SDB, SDVOSB, HUBZ SB, and VOSB businesses.

The following action oriented programs will provide a balance between developing and maintaining the interests of EOS while conforming to the intent of FAR 52.219-9.

- The finding of new and utilization of small business, woman-owned, small disadvantaged business, veteran-owned small business, service-disabled veteran-owned and HUBZone small business subcontractors and suppliers while complying with all assigned procurement responsibilities.
- Retain on-site information containing directories and sources of information to facilitate locating new small business, women owned small business, small disadvantaged business, HUBZone small business, service-disabled veteran-owned, and veteran owned small business subcontractors and suppliers.
- Accomplishing small business subcontracting and suppliers visits for facility evaluation and determination of potential or actual feasibility of establishment of a business relationship.
- Playing a membership role in small business activities in the Dallas, Texas and Tempe, Arizona.

In the event that a large business were to receive a subcontract in excess of \$500,000, a subcontracting plan will be negotiated that reflects the same high goals as presented in EOS' plan for subcontracting to small business, women owned small business, service-disabled veteran-owned small business, small disadvantaged business, HUBZone small business and veteran owned small business concerns.

EOS shall flow down to all large business subcontractors in its Standard Procurement Terms and Conditions the substance of FAR 52.219-8 and FAR 52.219-9. In addition, EOS will ensure that our large and small business subcontractors comply with regular reporting on SF 294 and SF 295, where applicable.

7.0 AUDITS, RECORDS, AND REPORTS

The SBLO audits proposals, major subcontracts, and other acquisition actions on a continual basis to measure strength and direction of the program effort.

Semi annual reports are furnished to the Small Business Administration and to the DCM Dallas organization.

Statistics are sent to the General Manager for review and evaluation. These statistics indicate the total dollars spent with SB, WOSB, SDB, SDVOSB, HUBZ SB or VOSB.

EOS' purchase orders are coded to indicate whether the vendor is large, small, small disadvantaged, women-owned small, veteran-owned small, service-disabled veteran-owned, and HUBZone small businesses.

Computerized summations of subcontract statistics and source lists are available at any time.

Any subcontract over \$100,000 will contain the following information on file:

- Whether or not SB, WOSB, SDB, SDVOSB, HUBZ SB or VOSB were solicited.
- The reasons why SB, WOSB, SDB, SDVOSB, HUBZ SB or VOSB did not receive the award.
- Any outreach efforts associated with the subcontract, such as, contacts made with associations, conferences, trade fairs, etc. specifically for small and/or small disadvantaged businesses.

In addition, regular reporting on SF294 and SF295, where applicable, is part of our normal operating procedures.

EOS will cooperate in any studies or surveys as may be required to determine the extent of compliance under this SB, WOSB, SDB, SDVOSB, HUBZ SB, and VOSB plan.

Records shall be maintained on each subcontract award amounting to \$100,000 or more that indicate if small business concerns were solicited and if not, why not; if small disadvantaged concerns were solicited and if not, why not; and if applicable, the reason(s) award was not made to a SB, WOSB, SDB, HUBZ SB, SDVOSB or VOSB.

Records shall be maintained of any outreach efforts to contact trade associations, business development organizations, conferences, and trade fairs to locate SB, WOSB, SDB, SDVOSB, HUBZ SB or VOSB sources.

Records of internal guidance and encouragement are provided to buyers through workshops, seminars, training, etc. and by monitoring performance to evaluate compliance with the program's requirements.

On a contract-by-contract basis, records to support award data submitted by the offeror to the Government, including the name, address, and business size of each subcontractor. Contractors having company or division-wide annual plans need not comply with this requirement.

Coordination with all interested agencies within the Federal Acquisition community with primary emphasis on the Defense Department is accomplished, as appropriate, for a continuing exchange of source and potential source data. A primary interface for EOS is through DCM-Dallas Small Business Representatives.

The SBLO shall maintain records that substantiate EOS' efforts to develop and locate small/ woman-owned small and small disadvantaged business concerns and award contracts to them. Source lists are maintained for purchasing reference identifying previously approved sources of supply and their corresponding SBA status. Additionally, the following list of libraries and directories are available and used for screening:

The Small Business Administration Procurement Automated Search Systems (Pro Net)
The Dallas Regional Minority Purchasing Council
The National Minority Business Directory (TRY US)
Litton Electro-Optical Systems Approved Supplier List
The Small Business Sources Directory, Government Data Publications

8.0 RESPONSIBILITIES FOR IMPLEMENTING THE PLAN

Litton Electro-Optical Systems has assigned Jim Boersen as our Small Business Liaison Officer (SBLO) who has primary responsibility for the SB, WOSB, SDB, SDVOSB, HUBZ SB or VOSB Enterprises Development Program.

The SBLO will be responsible for the preparation and implementation of supplemental procedures in the EOS Procedure Manual. The duties of the SBLO are:

- Maintain a program designed to coordinate inquiries and locate capable SB, WOSB, SDB, SDVOSB, HUBZ SB or VOSB area business sources for current and future acquisition, through SBA or other sources.
- When SB, WOSB, SDB, SDVOSB, HUBZ SB or VOSB concerns cannot be given an opportunity to compete because adequate specifications or drawings are not available, unless there are sufficient and valid reasons to the contrary, initiate action, with appropriate technical and contracting personnel to ensure that necessary specifications, as appropriate, are available.
- Review acquisition programs for possible break out of items suitable for acquisition from SB, WOSB, SDB, SDVOSB, HUBZ SB or VOSB concerns.
- Participate in the evaluation of a subcontractor's SB, WOSB, SDB, SDVOSB, HUBZ SB or VOSB subcontracting plans when meeting FAR 52.219-9.
- Assure that participation of SB, WOSB, SDB, SDVOSB, HUBZ SB or VOSB concerns is accurately solicited when so requested. When a bid has been rejected for non-responsiveness or non-responsibility, upon request, aid, counsel and assist that firm in understanding requirements for responsiveness and responsibility so that the firm may be able to qualify for future awards.
- Advise potential suppliers how they can obtain information about business opportunities at EOS and brief the General Manager concerning the state of the SB, WOSB, SDB, SDVOSB, HUBZ SB or VOSB utilization programs in relation to goals and objectives established.
- Assure that the organization maintains a list of products and services that have been placed with SB, WOSB, SDB, SDVOSB, HUBZ SB or VOSB concerns.
- Be responsible for establishing education and training programs for personnel whose duties and functions affect the activities of SB, WOSB, SDB, SDVOSB, HUBZ SB or VOSB firms.

- Advise and assist the General Manager and Contracts Department in discharging their responsibilities by monitoring and reviewing proposals to determine compliance with SB, WOSB, SDB, SDVOSB, HUBZ SB or VOSB subcontracting plans.
- Develop and maintain records and reports that reflect compliance and/or noncompliance with all SB, WOSB, SDB, SDVOSB, HUBZ SB or VOSB firms.

Active membership by the SBLO in the Dallas-Forth Worth Council for Small Business Opportunities organizations help in the development and growth of the SB, WOSB, SDB, SDVOSB, HUBZ SB or VOSB business community.

9.0 STATEMENT OF POLICY ON SMALL BUSINESS, WOMEN OWNED SMALL BUSINESS, AND SMALL DISADVANTAGED BUSINESS

It is the policy of EOS that small business, small disadvantaged business, and women-owned small subcontracting be carried out by its division and subsidiaries in a manner that will enable these businesses to be considered fairly as subcontractors and suppliers in conformance with our contractual requirements, the principles of Public Law 95-507, Public Law 99-661, and Federal Acquisition Regulations. Policy directs that all EOS business practices and procedures conform to these Federal Laws and Regulations.

While it is recognized that the Corporation has a fundamental responsibility for maximizing profit and that this responsibility can best be accomplished in a competitive marketplace, it is also recognized that profitability may, in some cases, be measured best in the long term and in a more general sense that has been traditional. To this end, EOS will join with the Government and others to create new opportunities for small businesses, small disadvantaged businesses, and women owned small businesses that permit the attainment of mutually beneficial, social, and economic objectives.

Based upon this policy direction, it is the intent of EOS to accomplish the following:

- To utilize, where practical, SB, WOSB, SDB, or SDVOSB, HUBZ SB, VOSB in order to provide additional jobs for these subcontractors and suppliers while obtaining useful goods and services at competitive prices.
- To encourage the establishment and growth of SB, WOSB, SDB, SDVOSB, HUBZ SB or VOSB through both technological and managerial assistance by the placement, where practical, of appropriate business with these subcontractors and suppliers.
- To encourage the procurement organization, while carrying out its responsibilities, to go beyond normal business practices to assist current SB, WOSB, SDB, SDVOSB, HUBZ SB or VOSB and to encourage the establishment of new subcontractors and suppliers which may be capable of supplying useful goods and services at competitive prices.

While it is the policy to encourage business relationships with SB, WOSB, SDB, SDVOSB, HUBZ SB, or VOSB none of the provisions of this policy are to be construed as diminishing, in any way, Purchasing's prime responsibilities of the Company for providing a quality product on a timely basis at a reasonable cost.