



## Small-biz Coalition Takes up Insourcing Fight

Group would give small companies a voice to respond to procurement initiatives affecting their business.

By Matthew Weigelt\_ May 07, 2010

A coalition is rising up to protect small businesses from the insourcing actions the Obama administration has taken to pull back government work from the private sector.

Former top civilian acquisition employee, Robert Burton, now a partner at the Venable law firm, today launched the Small Business Coalition for Fair Contracting. The group intends to give small companies an opportunity to respond to procurement actions that could have major consequences for their contracts and business overall.

"Although well intentioned, the federal government's current insourcing initiative threatens to take away work from hundreds of small entrepreneurs," said Burton, former deputy administrator at the Office of Federal Procurement Policy (OFPP).

Burton recently began the coalition after several of his law firm's clients who own small businesses said they were being battered by the administration's insourcing initiative. For example, Burton said one small business lost 20 percent of its workforce to the federal government. He said agency officials often warn contractors' employees they plan to insource their jobs and they could join the federal workforce to keep a job.

As a result of the initiative, small contractors have been forced to dramatically reduce the scope of their operations as their contracts are canceled and their employees are hired into government jobs.

"It threatens the viability of small businesses when they lose a large percentage of employees to the government," he said.

The coalition's mission is to deal with new policies so they don't unintentionally affect small businesses. Burton also said the coalition also wants to make sure the companies get their fair share of federal procurement dollars.

In the last few years, industry has started to do too much work for agencies, administration officials say. Agency employees, especially those in contracting offices, rely on contractors to accomplish the duties. Furthermore, officials say agencies depend on industry's expertise because they have not developed it in their own internal circles. Daniel Gordon, OFPP administrator, said one of his top priorities is to "rebalance" the federal workforce and contractors. In March, he proposed a policy that gives government officials guides for determining what work they should insource.

However, Burton disagrees with Gordon's term "rebalance."

"You're ignoring the fact that it's referred to as an 'insourcing initiative' in the president's budget," he said. Moreover, the Defense Department's fiscal 2011 budget proposes 19,844 new military and

civilian employees, as a high-priority performance goal. Burton said it's a very specific number of jobs to insource, which places heavy pressure on other agencies to also insource jobs.

Entrepreneurs are adapters, said Guy Timberlake, chief visionary officer and chief executive officer of the American Small Business Coalition.

"One man's garbage is another man's gold," he said. Where one industry's businesses may be crunched by insourcing, it opens another field. In this case, he said the information technology industry may get hit because of decreases in IT spending and because the IT systems have become so critical to an agency's infrastructure. Meanwhile, companies in the fields of human resources, professional development of employees and employee training may get a big boost in business.

"It's nature," he said. "You tip the scales one way or the other and someone's going to win and someone's going to lose."

He said companies need to adapt their services to fit the government's demands. Essentially, the customer's demands give perspective on how companies need to fit in the new markets.

However, Burton said small businesses may not have a lot of opportunities because the government is taking their employees working in the field. And companies are losing much of what they have invested in those employees, who are now joining the government.

"I've been surprised by the aggressiveness of the government in hiring contractors' employees," Burton said.

As a result, small businesses have to work together to ensure that they are treated fairly as the government insources work, he said. They shouldn't unjustifiably lose current contracts and future contracting opportunities.



© 1996-2009 1105 Media, Inc. All Rights Reserved.