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SUMMER 2011 Vol. 7, No. 2

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# TYPHOON

- ▶ **Lockheed Martin's Systems Integration Lab**
- ▶ **Small Business Opportunities**  
Expect Growth as the DOD Focuses on Improved Buying Power
- ▶ **State of Affairs: Canada**  
What's Happening in the Canadian Military Aviation Industry?
- ▶ **Maintenance at Sea**  
Designing a New Class of Carrier, with Aircraft Maintenance in Mind

- ▶ **Inside the Worldwide Warehouse Redistribution Services**
- ▶ **C-130 Providers**  
See Who To Turn To First

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**FEATURES**

- 6 Small Business Opportunities Expect Growth as the DOD Focuses on Improved Buying Power**  
By Donna Doleman
- 12 Lockheed Martin's Systems Integration Lab**  
By Donna J. Kelly
- 15 State of Affairs: Canada What's Happening in the Canadian Military Aviation Industry?**  
By Stacey A. Shannon
- 20 Maintenance at Sea Designing a New Class of Carrier, With Aircraft Maintenance in Mind**  
By James Wynbrandt
- 26 Testing Time for the Typhoon**  
By Thomas Withington
- 31 Industry's Leading C-130 Providers Who To Turn To First**  
*The best in the business are profiled here. Your suppliers should be buying from these sources.*
- 38 Inside the Worldwide Warehouse Redistribution Services**  
By Steve Goodman

# AVIATION AFTERMARKET DEFENSE

SUMMER 2011 Vol. 7, No. 2

**DEPARTMENTS**

- II Small Steps**  
Letter From the Publisher
- 2 News Briefs**  
*What You Need to Know, Quickly and Accurately.*  
By Alan Greenwald



**CLASSIFIEDS**

*Firms that specialize in aftermarket aircraft parts distribution, manufacturing & repairs*

- 41 TRANSPORTS**
- 53 FIGHTERS**
- 65 ROTORCRAFT**
- 73 ADVERTISERS' INDEX**

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# SMALL BUSINESS OPPORTUNITIES

## Expect Growth as the DOD Focuses on Improved Buying Power

BY DONNA DOLEMAN

Since World War II, the importance of small businesses to the economic health of the United States and to the readiness of its military services has helped drive legislation designed to ensure small business viability. Efforts to formalize support to small businesses culminated in the Small Business Act of 1953, which created the Small Business Administration (SBA). Through the efforts of this administration, special attention in awarding all federal contracts is given to small, disadvantaged businesses, to businesses owned by women and veterans, and to those located in historically underutilized business zones (HUBZones).

In 2009, over 20 percent - some \$113.4 billion of all Department of Defense (DOD) acquisition funds for goods and services - found its way to small businesses, thanks in large part to its Office of Small Business Programs (OSBP). Of that \$113.4 billion, direct prime contracts accounted for \$63.9 billion, or 56 percent, and

subcontracts from large business prime contractors accounted for \$49.5 billion, or 44 percent.

Other small business opportunities include Small Business Innovation Research (SBIR) awards and Small Business Technology Transfer (STTR) Programs. In addition, the Mentor-Protégé Program encourages

major DOD prime contractors, acting as "mentors," to help develop the technical and business capabilities of small disadvantaged businesses (SDBs) and other eligible "protégés." The Indian Incentive program offers prime contractors rebates for doing business with Native American enterprises.

### PLANS AND SCORECARDS

Each year, the OSBP establishes small business acquisition goals,

lays out a strategy to reach those goals, and measures its performance to plan. For 2009, the SBA graded the OSBP's performance plan a "B" for achieving 93.6 percent of its monetary targets and making progress on all action plans. The 2010 performance ratings should be available soon.

In addition to monitoring the dollar metrics for small business awards to ensure that they are achieving their goals, the OSBP also tracks success in programs such as SBIR, STTR, and the Mentor-Protégé Program. Linda B. Oliver, Acting Director, Office of Small Business Programs (Acquisition, Technology & Logistics), explains, "Once a year, we hold a meeting for mentors and protégés in order to present Nunn Perry awards to those partnerships that represent excellence in overall performance and achievements, where the results exceeded expectations. Through the awards, we also let the companies' employees know how much we value their contribution."

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The winners are those partners who excel by fulfilling certain criteria in terms of the quality of their technical assistance, the return they provide on investment, and the impact of the protégé's development. For example, among the six 2011 Nunn Perry award winners were two Colorado companies, Ball Aerospace & Technologies of Westminster and Colorado Engineering of Colorado Springs. They have formed a team,



Photo Courtesy of U.S. Air Force. Photo by Staff Sgt. Eric Harris

sponsored by the U.S. Air Force, which has been developing a low-cost unmanned aerial vehicle (UAV) radar system that ultimately will be used on Global Hawk UAVs.

Similarly, the Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs incentivize innovation and entrepreneurship at small technology companies to support U.S. military and economic strength. These programs offer over \$1 billion a year in research and development funding to support qualifying small businesses through a competitive process.

A recent SBIR success story is the development of the High

Power Density Electric Generator based on research conducted by Innovative Power Solutions, in Eatontown, New Jersey, and the Aviation Applied Technology Directorate at the U.S. Army Aviation and Missile Command, Fort Eustis, Virginia. Due to the ever-greater demands for new functionalities on Army helicopters, improvements to existing generators are needed in order to handle increased power requirements. To meet that need, this program focuses on upgrading the generators on Boeing AH-64 Apache helicopters.

### **BUDGET CUTS MAY OFFER NEW OPPORTUNITIES**

Ashton Carter, Under Secretary of Defense for Acquisition,

Technology, and Logistics, says that Secretary of Defense Robert Gates has tasked him with improving the Pentagon's buying power through improved efficiencies and enhanced productivity. The goal is to achieve savings of \$100 billion over 5 years in the DOD's purchasing of goods and services. To that end, the Office of the Secretary of Defense (OSD) expects to offer greater opportunities to small businesses over the next few years.

According to Oliver, "Dr. Carter has focused on an 'efficiencies initiative,' which includes many action items. Two of them are directly related to small businesses. The first relates to service contracts. We are ensuring that more small businesses have the opportunity to win contracts. We are participating both in developing the acquisition strategy and in conducting peer reviews. We examine various plans and contracts to ensure the strategies for increasing those small business opportunities are

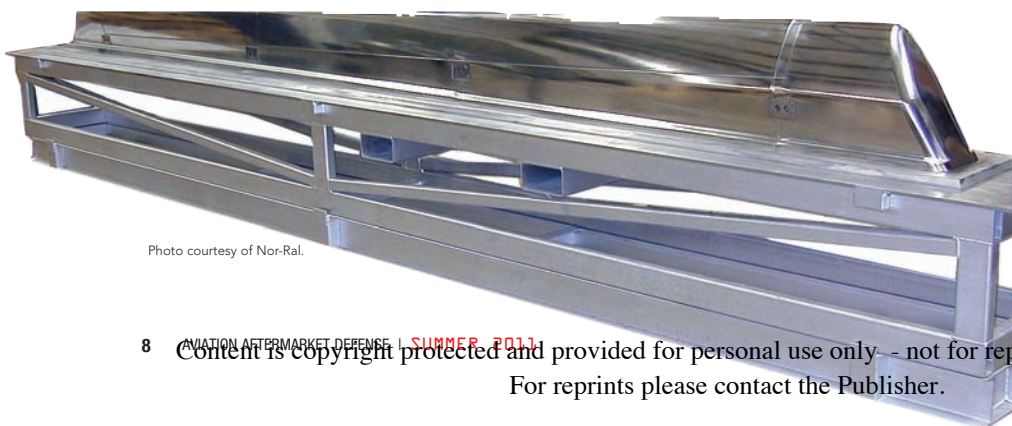


Photo courtesy of Nor-Ral.

A customized metallic layout block used at Nor-Ral.

Nor-Ral is known for its precision machining.

U.S. Airmen with the 380th Expeditionary Aircraft Maintenance Squadron prepare an RQ-4A Global Hawk unmanned aerial vehicle aircraft for takeoff at an undisclosed location in Southwest Asia.

carried out. Last week, for example, I was in Huntsville, Alabama, at a peer review for an Army acquisition that our office originally helped plan. We reviewed the acquisition to make sure that it was clear regarding the goals and expectations.

"The second initiative concerns subcontracting," she continues. "Partly as a result of Dr. Carter's directive, we are working to ensure that all prime contractors have a subcontracting plan for small businesses. We are checking to see that they actually fulfill the promises that were made during the bid and award process. There is a new emphasis on encouraging the use of small businesses, and we want to make especially sure that small businesses are encouraged for service contracts. In short, we're putting the pressure on."

**KEYS TO SUCCESS**

Potential contractors should know that the majority of DOD contracts are decentralized and are awarded by DOD field organizations for each service branch. In some cases, standard products and services may be handled through the General Services Administration.

Following the links in the drop-down menu "for small businesses" at <http://www.acq.osd.mil/osbp/> leads to small business specialists who can help direct a company to such opportunities. In addition, this OSBP Web site contains information to assist small businesses seeking to market their



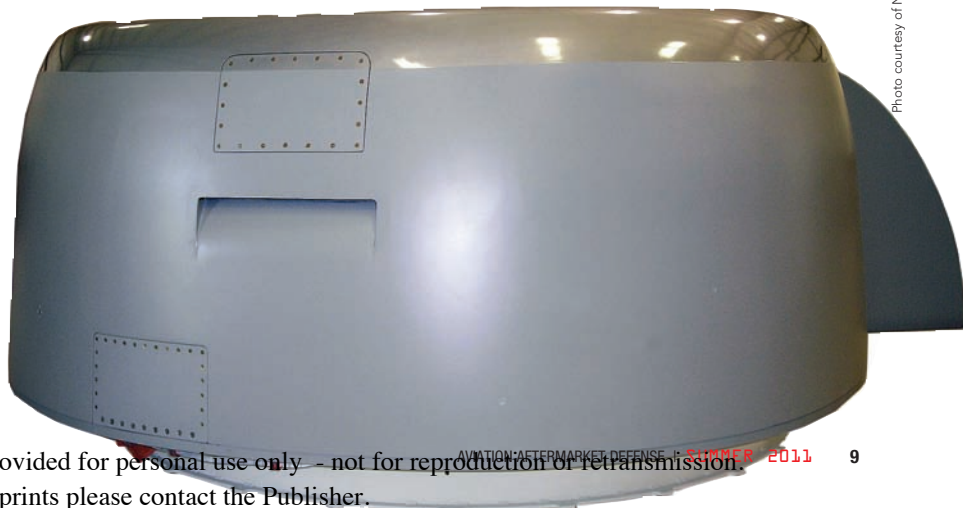
Photo courtesy of Nor-Ral.

capabilities to the DOD, including step-by-step guidelines. If the process seems overwhelming, there also are links to Procurement Technical Assistance Centers that will advise small businesses, for no cost or a nominal fee, on how to best market their products and services.

Even with so many resources available, it takes commitment to manage the opportunities. Jessica

McWhorter is Vice President of Business Development at Nor-Ral, in Canton, Georgia, which specializes in composites and precision machining and has been successful in winning small business awards. McWhorter notes, "It would be nice if we could see all the opportunities out there for part numbers we currently manufacture without having to search, but that is not currently the

Photo courtesy of Nor-Ral.



Tooling and repair are important services Nor-Ral offers its customers.



case. Years ago, we attempted to review all opportunities in a certain product classification, but with the large number of them, a person could spend 24 hours a day, every day, and not be able to keep up. As the years have passed, we have refined our efforts and are much more efficient in our quote processes."

Nine Yards Media, located in Alexandria, Virginia, is a provider of strategic communications services, including Web, video, and print design. Bryan Ashby, President and CEO, explains the difference between marketing a product and a service. "We develop and deploy a broad range of communications and training programs for large government and commercial initiatives, and we face the same challenges in marketing to both sectors. Manufacturers may provide a widget, and everyone knows what that should look like. Satisfaction with our deliverables can be more subjective in terms of whether the

customers believe their goals have been achieved. Furthermore, our capabilities are more elastic, and the market is not so finite.

"An RFQ (request for quote) for a radio part, for example, is specific as to quantity and performance requirements, and

Businesses that navigate through the registration and marketing processes utilize different strategies to effectively locate opportunities that match their capabilities. "Currently, we use a manufacturer's representative to help us look for

"Smaller firms, start-ups, and new entrants provide needed new technology, new faces, and new ideas to the defense industry."

you can more easily locate and market to buyers. But if you are seeking marketing communications opportunities, it can take a lot of work to discover what the customer needs and show them how our capabilities are a match. The sales cycle can be very long, because administrations change and programs that were started may change in scope. Flexibility is important."

opportunities that fit our company's core competencies," McWhorter explains. "Using data available from the government, we have developed a search function for zeroing in on opportunities that fit us."

Ashby notes that they use FedBizOpps, GSA eBuy, and the U.S. Army Single Face to Industry Acquisition Business Web sites to hunt for current opportunities. "Sometimes," he says, "you can

U.S. Navy Aviation Ordnanceman 2nd Class Doug Davis, left, Aviation Ordnanceman Airman James Ballard and Aviation Ordnanceman Airman Dustin Biri perform maintenance on an M-61A1 Vulcan gatling gun system for an F-18 Hornet aircraft aboard the aircraft carrier USS Theodore Roosevelt (CVN 71) while at sea in the Gulf of Oman, while underway conducting operations in the 5th Fleet area of responsibility.

U.S. Army Chief Warrant Officer Sean Wojansinski inspects a French Army Tiger helicopter at Forward Operating Base Morales-Frazier, Kapisa province, Afghanistan, during a joint U.S.-French live-fire helicopter exercise. The exercise consisted of a pre-mission brief, walk-around of aerial assets and live-fire practice on the Blue Max range. Wojansinski is an AH-64 Apache helicopter pilot with Task Force Phoenix, 10th Combat Aviation Brigade, 10th Mountain Division.



Photo courtesy of U.S. Air Force. Photo by Staff Sgt. Kyle Brasier.

Photo courtesy of U.S. Air Force. Photo by Mass Communication Specialist 3rd Class John K. Hamilton.

project future opportunities from news and current events. Eliminating 'Don't Ask Don't Tell' is an example of a probable upcoming policy change that will require extensive training and communications for military personnel."

In this competitive market, performance to quality and delivery standards is an expectation; a supplier offering something extra in the way of special skills or time and/or cost savings may have a competitive edge. In Nor-Ral's case, McWhorter believes that such strategies as staying up to date in current technologies, maintaining product control, and focusing on time and cost efficiency give her company important advantages. "I think that being a small, woman-owned business with the diverse capabilities to perform all the manufacturing requirements in-house helps us have shorter lead times and better quality, because we don't have to out-source the work. We pride ourselves on this ability. We use new materials, new processes, and new methodologies to stay current and cost effective in everything that we do."

On the service side, Ashby agrees that smaller is better. "Our ability to morph with changing customer requirements is pretty

unique in our industry. In communications and in government programs, you really have to move quickly sometimes. Our agility is a differentiator: We can respond rapidly to changing needs. We are also on top of the changing landscape in communications trends and tools. We were one of the first to bring social media to the customer's toolbox, for example."

Ashby also points out that it can be hard for a small firm to achieve notice and be considered for opportunities. Thus, his firm has worked to develop strategic partnerships with some larger companies. He says, "Essentially, we try to create relationships that endure. Often, when people move on to other jobs -- in government or private industry - they remember us and come back for our help."

**ADDING VITALITY**

Under Secretary Carter considers small businesses important to

defense industry base, and he expects them to play a key role in improving the DOD's buying power over the next few years. "Smaller firms, start-ups, and new entrants provide needed new technology, new faces, and new ideas to the defense industry," he has said. "The nation's small businesses add vitality to our base in both prime and subcontractor roles."

For those willing to do the legwork, the government may offer opportunities for small businesses to grow revenues or advance their research. Such opportunities become increasingly important in slow economic times and may be the key to building a better future.

**AAD**