



Testimony of

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before the

**Committee on Small Business Subcommittee on Contracting
and Workforce**

on the subject of

**Learning from History: Ideas to Strengthen and Modernize
the HUBZone Program**

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Chairman Knight, Ranking Member Murphy and members of the Committee on Small Business Subcommittee on Contracting and Workforce, thank you for allowing me the opportunity to testify at the hearing entitled “Learning from History: Ideas to Strengthen and Modernize the HUBZone Program.”

My name is Dr. Mansooreh Mollaghasemi and I am the Founder & President of Atria Technologies which provides professional services in engineering, program management, and technology & system integration. I’m pleased to share my experiences as an entrepreneur and small business owner in the United States, and highlight the critical role of programs such as the HUBZone program in the growth of my business - and many others like mine.

But first I would like to provide some context on the role that small businesses play in the unique innovation of American business. Google, Amazon, and Apple are all household names today with a market cap of \$1.7 Trillion. The common theme among all of them is that growth was achieved primarily in the business-to-business or business-to-consumer space in the US first, with dramatic expansion to worldwide presence shortly thereafter.

Note that these companies did not spring forward from within large corporations. They were all small businesses in their early years, staffed with employees with an unmatched fire for the achievement of an incredible vision. And succeed they did! This is American business at its core. The bottom line is that there is no other country in the world that has shown the same ability to innovate.

But what is missing from this picture? What is missing, is a commensurate infusion of this unparalleled innovation from small business into the requirements of our Federal government. The HUBZone program provides one mechanism to transfer this innovation from a small business to solve the problems faced by our Federal government.

Last year, Federal government spending reached \$1.1 trillion dollars in contracts and grants¹ with approximately 75% of that funding awarded to businesses. The lion’s share of that funding is awarded to large businesses and one key reason lies in the risk aversion of the government. Agencies generally look for three things in

¹ USA Spending. <https://www.usaspending.gov/transparency/Pages/OverviewOfAwards.aspx>. Publication date unavailable. Updated 2017. Accessed February 21, 2017.

selecting contractors: past performance, “back reach”, and financial security/depth. To meet all three criteria, large business is almost always preferred, with “second place” going to those medium and small business that have managed to find a way to gain experience and past performance with federal contracting.

So the “catch 22” here is that the experience with federal contracts that small businesses need to demonstrate successful past performance, depth of staff with federal program track records, and the financial depth from contract wins—that very experience, or rather the lack of it, is the major roadblock to their ability to contribute their innovative capabilities to government efforts.

Finding that mechanism to enable them to gain experience with federal contracting is precisely the value that these small business vehicles like the HUBZone program provide to those small businesses who seek to provide their goods and services to the Federal government. Without these programs, the barriers to entry can be insurmountable.

Why is this? Please allow me to use my own story as an example....

After receiving a Ph.D. in Industrial Engineering, I began my career as an assistant professor at the University of Central Florida. While I greatly enjoyed teaching graduate and undergraduate classes, conducting research, and mentoring and directing graduate students, I often longed for applying my research to more impactful real world problems. To that end, I finally took the leap in 2001 and started a business to focus on using technology to improve the productivity and efficiency of private and public organizations. I am extremely fortunate to have agencies like NASA and US Department of Transportations (USDOT) as well as Lockheed Martin, Disney, and Universal Studios among my clients. But the road to success has not been easy.

There are numerous challenges facing an entrepreneur, the least of which are the long hours, recruiting and retaining quality employees, and the constant pressure to make payroll.

I knew that we had services that would be of value to Federal government agencies. And I remember how naïve I was at the start, thinking that if I could offer a solution to a government agency’s problem, they would, of course, want

to procure my small business services! But the meetings generally went along these lines: I would listen to their particular problem, present what our core competencies were and offer a solution to their problem, and have a brainstorming discussion. Then would come the response... “we like what you do... we think it would be useful to our organization... but there is no mechanism for us to procure your services.”

So I began researching the various mechanisms. I learned about the HUBZone program and the 8a certification and the benefits of each program as well as the difficulty attaining the certifications. At the time, my office was not in a HUBZone location and because I was already committed to a lease, I decided to pursue the 8a certification. The process and its requirements seemed daunting; so I hired an experienced firm and paid over \$4,000 in early 2003 to help me with the application preparation. The process was every bit as time consuming as I had been warned about but luckily paying attention to details and providing the requisite documentation helped me to get 8a certified one year later. It is worth noting that I had no visibility into the application evaluation process and no idea if my application was even moving through the process, and whether it would ultimately be accepted or denied.

While I was able to acquire and retain many high profile commercial clients and won some competitive grants, the 8a program was the key that opened the door to major opportunities for us to serve the needs of our Federal government.

- Through one of our 8a contracts with NASA, my company developed and analyzed the first ever supply chain model of Earth to Mars, arguably the longest supply chain known to mankind.
- In another contract, we built a highly sophisticated optimization tools to help USDOT to pilot solutions for moving freight more efficiently. With additional infusion of internal R&D funds, this tool served as the genesis for the development of a commercial tool.

As we built our past performance and developed intellectual property, additional opportunities came about that spurred our growth further.

Years later, when I decided to start Atria Technologies, I was surprised to experience the same lack of visibility and long lead time in the application process.

In 2013, I founded Atria Technologies to meet the needs of local prime contractors to fulfill HUBZone requirements. I learned that many small businesses have difficulty attaining and/or maintaining their certification. This may be due to redesignation of HUBZone areas, difficulty in meeting the 35% HUBZone employee requirement, or lack of experience in running a business, in general.

Although I already had an existing business, very few of my nearly 30 employees who were engaged in multiyear projects lived in a HUBZone. With Atria Technologies, there was an opportunity to start with a clean slate, pursue and hire full time employees that live a HUBZone, and find and mentor part time HUBZone employees who happen to be students at the university.

I acquired an office in a HUBZone location, hired my first HUBZone employee who was a student at the university and applied for HUBZone certification for Atria Technologies a few months later. While I was pleased to find the application process fully on line, the certification process was not much different from what I had experienced in 2003 while pursuing 8a certification.

During what turned out to be a full 7-month certification process, I made several inquiries into the status of the application. While the email correspondence with the HUBZone helpdesk was extremely cordial and I received a prompt response generally within a day, the helpdesk team was unable to provide a time frame for processing my application.

For any business in the 21st Century, seven months is a long time—as long as the life of many products. Please believe me when I say that for a small business, a seven-month wait for paperwork to be approved is an eternity. It is worth noting that by the time I received certification, I had already spent over \$15,000 without a single contract.

While my other business focuses on developing software tools to put in the hands of end users, Atria Technologies focuses on professional services to serve government agencies and prime contractors. Almost all federal contracts won by

large companies include a small business contracting plan that includes 1 to 3% HUBZone certified small business requirement. This will provide small businesses with the much needed past performance to compete for larger opportunities while contributing to jobs and economic development in distressed areas.

Today, Atria Technologies is a subcontractor to a large Prime contractor on a multi-year Air Force contract in Systems Engineering, has 4 employees with 2 residing in a HUBZone. One of the HUBZone employees is a full time engineer and the other is a student who works 40 hours per month. The ability to hire part time HUBZone employees on a 40 hour basis is one of the regulations that I find beneficial. This not only allows the small business to meet the requirement of the program but most importantly provides an opportunity for the part time employees to gain experience, build their resume, and make additional income.

So what is the takeaway? These SBA programs are critical for enabling small businesses to take their first steps into serving the needs of our Federal government and as a result contribute to growth and economic development. Specifically, the HUBZone program helps the small business program participants earn their track records for “past performance” that enable them to stand up and compete on their own for larger opportunities while infusing further investment and jobs in distressed areas.

But as beneficial as these programs are, there are ways that they can be improved, primarily in the removal of “red tape” and barriers to entry for small business leaders. For example, it would be extremely valuable to provide visibility into the application process. Existing technology can be effectively used to streamline the approval process, and historical data can be mined to predict the time required to process applications based on their complexity. Moreover, once HUBZone certified, small business owners would greatly benefit from having a resource that can provide guidance and answer questions about the program. I have been fortunate to find such a resource at our local SBDC office whom I have contacted on several occasion to clarify rules and seek guidance.

So, in summary I would like to leave you with three thoughts:

- Small business in America is an engine of innovation that is unmatched in any other economy in the world,

- Programs like HUBZone are the essential keys to bringing the benefits of this innovation to the government of the American people through federal contract awards and spurring economic development in distressed areas,
- Opportunities exist to streamline the application and oversight process for these programs to enable their more efficient and effective use.

It is truly an exciting time to be the leader of a small business. We are the envy of the world, and rightly so. The federal programs we are discussing today are vital to enabling the bright light of small business innovation to shine on the services provided by our government agencies.

Thank you for your time today.