College: **Oklahoma State University at Okmulgee**

Location: **Okmulgee, Oklahoma**

Practice: **Computer Assisted Technology Transfer**

Enabling small manufacturers to compete for government contracts

Year Started	*1995*
Budget	*$500,000*
Program Participants	*350 small to medium manufacturers*
College FTE	*2,300*
Target Sector	*Manufacturing*
Staff Size	*12 FT*
Structure	*Statewide consortium of industry, education, and government, housed at OSU Okmulgee*
Key Outcomes	*Smaller rural manufacturers have expanded their skills and clientele* *Provides government with cheaper domestic source of parts*

Introduction

To small manufacturers, contracts with the U.S. Department of Defense represent both a blessing and a curse. On one hand, the contracts are coveted for their size and stability. On the other, they require dealing with a massive bureaucracy and exacting military standards. The Computer Assisted Technology Transfer Program (CATT) at Oklahoma State University-Okmulgee helps small manufacturers qualify for and obtain defense contracts. At the same time, it helps the defense department improve its supply chain by adding qualified vendors that can meet its need for small quantities of specialized parts.

Community Background

Northeast Oklahoma contains vast rural areas connected by small cities such as Okmulgee, and Tulsa—the state's second largest city. Within the region are pockets of prosperity as well as pockets of poverty.

Historically, the region's economy depended upon farming, ranching, and oil. That, however, is changing as the manufacturing sector has increased. Indeed, Oklahoma has bucked national trends in manufacturing employment, with the state adding nearly 10 percent to its manufacturing jobs during the 1990s, when most other regions lost manufacturing employment. Much of this increase has come from small- to mid-sized firms in both urban and rural parts of the state.

Program focus	Sector specific	Economic condition	Economic base			Target populations
			Mfg	Agr	Svc	
Technology diffusion and transfer	*No*	*Stable*	*19*	*4.8*	*33*	*Small firms*

Service Area	*Okmulgee and Tulsa Counties*
Total Population	*574,000*
Median Household Income	*$26,000*
% Below Poverty Level	*21.1*
% Unemployment Rate	*5.9*
% Minority Population	*17.7*
% Rural	*7.3*
% High School Graduates	*74.0*
% College Graduates	*16.3*

Another stalwart of Oklahoma's economy—military facilities—represents a large potential market for those manufacturers. Indeed, the state's largest employer is the massive Tinker Air Force Base, home of one of the military's largest service facilities and a major purchaser of manufactured goods. Linking the military's need for manufactured goods with the state's manufacturing sector is appealing from an economic development standpoint as well as from a military logistics perspective.

Program Description

Oklahoma State University-Okmulgee (OSU-O) is a technical college that attracts students from all over the state. Some 2,300 students (FTE) enroll at OSU-O annually. The college offers several areas of concentration, such as automotive technologies, engineering technologies, construction, small business occupations, as well as courses in general education. OSU-O's technical operations were boosted recently with the completion of an $8 million technology center. Among the units within the new center is the college's Economic Development and Training Center (EDTC), the main conduit through which customized services to business and industry are delivered.

In addition to the technical/academic course offerings, OSU-O contributes to the region's economy in other ways. In 1993, the college formed (in cooperation with its EDTC unit) the Northeast Oklahoma Manufacturers' Council (NEOMC)—a network of small- to mid-sized manufacturers seeking to cooperate with one another to gain greater competitiveness. The NEOMC currently includes approximate 80 members throughout northeast Oklahoma. Consequently, in 1995, when the opportunity arose to create a specialized program focusing on defense procurement, OSU-O and the NEOMC were natural places to start.

The origins of the CATT program lie in the downsizing and consolidation of the defense contracting industry. As the largest defense contractors shrank, the military began to rely to a greater extent on small firms for critical components. However, the rigors of government contracting make it tough for those small firms to get defense contracts.

In addition, there have been changes to weapons systems. Weapons systems are now expected to have longer life spans than they had in the past, leading to a need for ongoing supplies of highly specialized replacement parts. Many of these and other parts are destined for Oklahoma City's Tinker Air Force Base, which receives thousands of shipments each year. However, nearly all of the manufacturers of those parts are located outside of the state, even though small, local suppliers are a logical source of supply when the parts are specialized and needed in relatively small quantities. In fact, only 3 percent of the base's contracts are with Oklahoma firms.

Faced with this situation, the Defense Logistics Agency (DLA) and the U.S. Air Force teamed up with Oklahoma State University to create a program whereby small Oklahoma manufacturers are assisted in gaining such government contracts: the CATT program.

The CATT program plays two roles—technical assistance provider and broker. As assistance provider, it helps small- and medium-sized manufacturing firms gain the capacity and certification needed to contract with the Defense Department. Specifically, it helps firms

- Obtain the capacity to deal with the computerized world of defense contracting
- Establish quality assurance programs
- Deal with engineering requirements and specifications, including quality tests
- Develop business, finance, and marketing plans
- Obtain the registrations necessary to sell to the federal government
- Become "selected" or "preferred" vendors able to bid on defense contracts

In its role as broker, the CATT helps connect seller to buyer. The process works like this. The DLA provides the CATT with the parts it wants reengineered and produced. CATT then turns to its database of manufacturers and identifies firms that can produce the parts. The firms—sometimes working individually, sometimes in teams—produce a prototype of the part and test it for quality at CATT's testing lab. If it passes, the part is then submitted to the DLA. At that point, CATT exits the process and leaves it up to the firm (or team of firms) and DLA to strike a deal. CATT also maintains an electronic network that provides links to participating firms, sources of assistance, bid announcements, and other information sources.

The total annual budget for the CATT program is $400,000 ($250,000 comes from the Department of Defense and $150,000 from the Oklahoma Department of Commerce).

Outcomes

The CATT started, in 1995, working with six companies. Today, it is helping 54 firms—12 in rural areas. Thirteen are now bidding on government contracts. As a result, 20 percent of the manufacturing contracts at Tinker Air Force Base now go to Oklahoma vendors—up from three percent when the program started. CATT Program Coordinator Bob Goodloe estimates that in its nearly six years of existence, the program has helped firms land nearly $9 million in contracts, generate almost 100 jobs, and make $1.5 million in capital investments.

The Defense Department has also benefited. CATT's efforts have led to a more efficient procurement process by introducing new companies to the supply base and increasing competition. As a result, the department has realized some impressive savings. For structural parts procured from CATT suppliers, the program claims the department enjoyed a reduction in administrative and production lead times from 141-273 days (before CATT) to 33-97 days and cost savings of 15 to 85 percent.

Strengths, Challenges, and Replicability

The strengths of the program at OSU-O are the existence of the manufacturers' council and the fact that OSU-O presents DLA with an actual manufactured and tested prototype. The first allows the CATT to bring together various manufacturers in teams to produce a complete product. This key factor means that the Defense Department can avoid contracting with, for example, one firm to build a part, another firm to coat it, and a third to combine it with other parts in an assembly operation. Instead, the department can contract with one firm, that in turn contracts with the other firms. The second means that the DLA can see firsthand a company's capacity to produce the needed product.

As for replicability, the CATT program has been so successful that Congress has authorized its expansion to other bases in other states. OSU-O has been asked to help in the expansion by evaluating other states' efforts to see if, and how, they might be incorporated into the CATT program. OSU-O will also write a "how-to" manual to guide replication in other states. As a CATT staff member puts it, "The problems addressed by OSU-Okmulgee are not isolated to this geographic area. The elements of the program are highly repeatable in other areas and with non-aviation industry." Indeed, the ability to build quality parts to specifications in a cost-effective manner has the potential for non-military, commercial applications as well.

For more information, contact:

Bob Goodloe, CATT Program Coordinator
Economic Development and Training Center
918-293-5144 – phone
918-293-4633 – fax
bgood91860@aol.com