

Soaring – Tribal Enterprise take off with the help of big business mentors

Mandaree Enterprises performs subcontract work on the B-2 stealth bomber for mentor company Northrop Grumman, a principal subcontractor to Boeing

By Randi Hicks Rowe

February 2003 – In 1989, TWO TRIBAL LEADERS FROM the Mandan, Hidatsa, and Arikara Nation approached Northrop Grumman executives asking if their tribally owned business, Mandaree Enterprises, could be a part of Northrop Grumman's mentor-protégé program. The tribal leaders had heard about an informal relationship between Northrop and Kildeer Mountain Manufacturing, a non-Native company, and wanted to see if a similar relationship could work for them. Northrop accepted, even though Northrop did not officially begin the Department of Defense's mentor-protégé program until a few years later.

That initial contact was the beginning of a relationship that is still going strong, even though Mandaree Enterprises – a provider of cable/harness assemblies, panel assemblies and printed circuit boards – has long since graduated from the mentor-protégé program.

This collaboration is one of several between large technology companies and American Indian- or Alaskan Native-owned companies. Such partnerships bring to these tribal- or Indian-owned businesses benefits such as technical training and a chance to be a part of larger contracts. They bring diversification and quality to supplier networks – an “in” to some federal agency contracts – and community relations benefits to the corporations.

“As a mentor we assist in technical issues and training from beginning to end,” said Terry Wilber, plant manager for the Northrop facility in New Town, N.D. “The ultimate goal is to help set up a viable business.”

Northrop also provided Mandaree with surplus equipment and helped set up the business' infrastructure. Mandaree, which started with only a handful of employees, now has 50. In the past nine years its revenues have increased from \$100,000 to close to \$4million.

Much of the company's growth can be attributed to the mentor-protégé relationship, say Northrop and Mandaree executives.

“When Mandaree started, we were basically a job shopper,” said Clarence O’Berry, Mandaree CEO. “Northrop Grumman was a key. There is a little industry near where we are and we didn't have a pool of experienced people. We leaned on Northrop to help us train people.”

Wilber attributes much of the growth, as well as much of the credit for the success of the relationship, to O’Berry.

“... We had different understandings of what was expected of each of us in the mentor-protégé relationship,” said Wilber. “When O’Berry became Mandaree CEO nine years ago, he established the ground rules: ‘We are going to run a business here and we will take Northrop Grumman's help and make it.’” Wilbur recalls O’Berry saying.

O’Berry also credits the support of both the tribe and Northrop Grumman's corporate office. Other supporting factors have been ensuring that the collaboration meets the goals and objectives of both partners, and the flexibility of the agreement, which has allowed the relationship to extend beyond just acquiring one contract.

“Northrop made the commitment to us. It was not just pegged to one contract,” says O’Berry, adding that Mandaree has worked for several divisions of Northrop Grumman, including the New Town plant, which is part of the company's Integrated Systems Sector. Since 1992, Mandaree has performed subcontract work on the Joint STARS Surveillance and battle management system, the B-2 stealth bomber and portion of the F/A-18 Hornet strike fighter that Northrop Grumman produces as principal subcontractor to the Boeing Company.

O'Berry, who often makes presentations to other companies on how to form successful cooperative agreements, also points out that doing due diligence before forming the partnership is important to its overall success.

"Pick the right partner – somebody with the same interests and who is willing to make the commitment."

O'Berry and Wilber understand each other's challenges and goals.

"Terry has corporate politics. I have tribal politics," he said.

As Mandaree has grown, it has improved its ability to gain contracts on its own. In some cases, Mandaree actually competes with Wilbur's division of Northrop Grumman for the same contract. O'Berry says this hasn't caused any problems because "nine times out of 20, we are sharing the work." In fact, the two companies have open purchase orders so that anytime one needs the support or capabilities of the other, O'Berry or Wilbur just picks up the phone.

Mandaree has moved into data processes and has acquired a \$100 million indefinite deliver/indefinite quantity, sole-source contract for information technology services with government agencies. That means that agencies that don't have the several months required to bid out a contract can award it to Mandaree, and Mandaree, which does not have the bureaucracy that larger firms have, can be up and running on the contract within a month.

"We'll go out and sell this [capability] to the agencies. It's up to us to utilize this and fill up this vehicle," O'Berry said.

O'Berry believes that even with its phenomenal growth, Mandaree has only scratched the surface of what it is able to do. Although Mandaree does not anticipate ever being a large business like Northrop Grumman, the company is positioning itself and the tribe to establish other enterprises – some complementary and some very different.

Mandaree also collaborates with other non-Native firms, some through formal relationships, others informally.

"We'll continue to have relationships with other companies," O'Berry said. "I'm not interested in having one whole pie because another day, that might be gone. I'd rather have one piece in 50 different pies."

He feels the same way about mentor-protégé programs because Mandaree's 8(a) status, mentioning that many firms make the mistake of depending on the contracts that come from this status. By diversifying, Mandaree will not be negatively affected by the contract's end.

O'Berry stresses to potential partners that his firm can help "check off more boxes," referring to government forms that allow prime contractors to improve their odds of gaining a contract by subcontracting to Native-owned, 8(a) or women-owned businesses. Mandaree has partnered with a woman-owned business to help gain a large government contract, demonstrating that the need for partnering to improve capabilities and odds of gaining a contract is the same for American Indian firms as for non-Native firms.

The Defense of Department has given the Mandaree-Northrop Grumman mentor-protégé team the Nunn-Perry Award for its achievements in cost efficiency and in improving the technological ability and defense contracting capabilities of Mandaree. Mandaree also received the Tribal Enterprise of the Year Award at the Reservation Economic Summit in Phoenix. Northrop Grumman's Integrated Systems and Aerostructures Sector has also received the First American Enterprise Award, presented by the National Center for American Indian Enterprise Development, for its support of Native-owned businesses, including Mandaree.

Like Northrop, Lockheed Martin also works actively to ensure American Indian- and Alaska Native-owned corporations are on its bid list and provides training through a variety of venues. Much of the credit for Lockheed's passion for working with American Indian small businesses comes from Anthony DeLuca. DeLuca, former head of the U.S. Air Force's Office of Small Disadvantaged Business Utilization, said that once you partner with Indian Country you're never the same again.

"We're all affected by how hard [American Indians] are working to do things right," said Ken Hildebrandt, of Lockheed Aeronautics in Marietta, Ga., on promoting supplier diversity. Hildebrandt and colleague Gerry Cartwright, of Lockheed Aeronautics' Fort Worth office, visited several reservations in 1997 and 1998 at the Air Force's request. During the trip they provided training, which sparked their interest in doing more with American Indians. Since then they've provided training on other reservations, at first focusing on tribes in Texas, Oklahoma, Florida, Washington and California, and now on the rest of the country. In 2000 Lockheed Corp. was the lead sponsor and provided three hours of training at the Res 2000 conference, the largest American Indian trade show in the United States. Next year, the aeronautics group will be one of the show's sponsors.

Lockheed Aeronautics also is a sponsor of the United Indian Development Association (UIDA) Consulting Group Inc. and provides in-kind contributions, such as office space at its Marietta site.

"They help us source activities when we need to," said Hildebrandt, who is of Cherokee heritage. The UIDA sponsorship helps East Coast tribes know that Lockheed is eager to partner with them, adds Hildebrandt.

UIDA Consulting brings prime contractors and qualified American Indian-owned suppliers together, said George Williams, one of UIDA's procurement counselors. UIDA centers, which also provide technical assistance to the small businesses, are funded primarily by the Department of Defense.

"We have our own client base," said Williams. "We use them to help us with corporate and aeronautics requirements." He said requests come from both prime contractors, who are seeking qualified American Indian subcontractors, and from American Indian businesses who want to gain subcontracts.

Lockheed does not have set-asides but rather tries to ensure American Indians gain a fair share of contacts through an American Indian initiative, which started in 1997. In 1999, as part of the initiative, Lockheed Martin signed a memorandum of agreement with the Air Force to provide developmental assistance to these businesses. Lockheed has agreed to try to solicit at least one Native American-owned business one every competitive procurement. To help meet this goal, advocates such as Hildebrandt and Cartwright represent Lockheed Aeronautics with tribes, tribal colleges and Indian small business groups.

"We help American Indian businesses find contracting opportunities," said Cartwright. "We try to meet Native American firms and support them with our presence." At Lockheed, "we are encouraging all the time to be sure Native American companies are put on the bid list."

Lockheed Martin also participates in the Department of Defense's mentor-protégé program. Enginetics Corp., of Huber Heights, Ohio, is one of its protégés. The two companies signed a mentor-protégé agreement in 1996, and Lockheed worked with them for 18 months. Enginetics still is a supplier in the C-130J Hercules program. Warner Aircraft Engineering in California, another of Lockheed's protégés, is a supplier in the FIA/22 program. Warner won the Small Business Association's National Subcontractor of the Year Award in 2002.

Lockheed has benefited from working with American Indian companies, Hildebrandt said. In addition to UIDA, groups such as the National Indian Business Association and the Native American Business Center have steered high-quality suppliers in Lockheed's direction.

The smaller firms benefit by becoming Lockheed suppliers. If they enter a program, such as the C-130, and remain competitive, they will get business for a long time. Suppliers also receive training in manufacturing methods and in developing their businesses. And once a firm does business with one prime contractor, such as Lockheed, it becomes more attractive to other prime contractors.

Lockheed Aeronautics' programs seem to be reaching their goals of helping Indian businesses gain opportunities. Lockheed has doubled the dollars contracted to Native American firms since 2000 and now uses 46 Native American suppliers, Hildebrandt said.

Rockwell Collins, another prime contractor, also has worked with American Indian-owned firms as part of its corporate policy to promote supplier diversity and to enlarge the pool to gain high-quality suppliers. It lists four firms on its supplier list: Printed Feather Precision in Minneapolis/St. Paul; Krisdee & Associates in Elgin, Ill.; Riverside Manufacturing in Elk River, Minn.; and Frontier Electric Systems in Stillwater, Okla.

Rockwell participates in another Department of Defense program, in which 5 percent of the money prime contractors have paid to American Indian-owned subcontractors on Defense contracts is returned.

Rockwell Collins is currently working with an American Indian firm on a bid for a Defense contract, said Dan Schneider, manager of Rockwell's small business programs. Rockwell Collins has tried working with other American Indian firms on other government contracts, but so far, has not won one yet. He said Rockwell continues to seek American Indian partnerships, using Pronet on the Small Business Administration's Web site as a resource.

"If a small business is registered in Pronet and has gotten a contract with other prime contractors, it gives them legitimacy with us," Schneider said.

Like Northrop Grumman and Lockheed, Rockwell Collins participates in the DOD's mentor-protégé program, but has yet to team with American Indian firm as part of this program. It does provide some mentorship to American Indian suppliers/subcontractors in helping them fix small deficiencies. The firms, like all Rockwell Collins subcontractors, can access information online that tells them whether they are meeting performance expectations. Upon request, Rockwell will dispatch consultants to help bring performance up to code. Rockwell also makes presentations at conferences to educate suppliers, and rewards its best ones at an annual banquet.

Prime contractor Qwest Communications International and TKC Communications, an Alaska Native Corporation (ANC), have recently been jointly awarded a multi-year contract to build a high-speed network for secure communications through NASA facilities nationwide. The two companies will build a network that will provide a range of very-high bandwidth services – with some connections capable of simultaneously sending more than 600,000 e-mails per second. The project will be completed in phases with the initial phase connecting Marshall Space Flight Center in Huntsville, Ala; Glenn Research Center in Cleveland, Ohio; Johnson Space Center in Houston; and Ames Research Center in Moffett Field, Calif. Specifically, TKC will do the billing and program management and Qwest will do the circuitry work, according to Tony Bardo, senior director of business development at Qwest.

TKC and Qwest have an informal mentor-protégé relationship that is modeled after the government program.

"We are very excited to provide best-of-breed solutions to NASA with our partners at Qwest," said Steven L. Giana, president of TKC. "We couldn't ask for a better mentor-protégé relationship." TKC has recently been granted a federal Communications Commission International Common Carrier 2124 license.

"This has been a great relationship for both of us," said Bardo. "We have the ability to work with this firm to show its employees how to do billing and program management work when working with the government." The relationship provides benefits to both Qwest and TKC.

"They have a contracting utility that helps us," Bardo said, referring to something that makes this arrangement different from other mentor-protégé relationships. The work was gained through TKC's relationship with the U.S. government rather than Qwest's. TKC, which has an 8(a) designation as well as an ANC designation, has a GSA contract and a good record of supplying to several government agencies. This award gives TKC experience with a larger contract. In the future, Qwest might use one of its contract vehicles to gain another joint contract with TKC.

"They have nice contract vehicles and we have nice contract vehicles." The flexibility allows the team to use whatever will work best with each customer.

Qwest has worked with TKC for about a year, and the two companies have had some smaller successes in gaining contracts with other agencies. The relationship was formed because one of Qwest's executives knew one of TKC's principals. "Several of their principals are former government employees," Bardo said.

This is the first time Qwest has tried a mentor-protégé program with a Native firm. Despite its success, Bardo does not believe that more programs will yield more success.

"I'd rather find the right partner than have a roster full of them and not be able to manage them," he said.

He does want to continue to develop the relationship with TKC. "It's terrific situation There is more business out there for all of us."

In an interesting twist on larger technology firms working with smaller, disadvantaged American Indian/Native Alaska firms, Arrow Strategies LLC – an American Indian-owned, Minority Business Enterprise (MBE) – certified firm specializing in information technology staffing and consulting services – is growing by acquiring non-Native firms.

Arrow Strategies, owned by Jeff Styers, who is a member of the Six Nations of the Grand River, opened April 15. Over the next six months, Arrow acquired three firms – Resource Group, Web Group, and Quantum Computer Group – that provided the same services as Arrow Strategies. It also moved its headquarters from Livonia, Mich., to Southfield, Mich. The acquisitions enabled Styers, who started Arrow Strategies with only himself and no employees, to acquire employees and client lists. So, less than one year after it's founding, the Michigan company has 70 employees and revenues of \$7 million. Styers said he is currently negotiating with one more firm, but, after that, likely will continue his company's growth organically rather than through additional acquisitions.

He believes giving back to his reservation in Branford, Ontario, is important. One of his dreams is to develop a call center there, and he is currently in talks with one client about this possibility.

"It would hopefully be a great economic boost for the reservation."

Styers, who was vice president of a larger firm in the same industry before starting Arrow, said his original goal was to acquire firms until he reached \$3 million to \$4 million in revenue, which is the "critical mass" needed to be able to grow. He found, however, a lot of once strong companies in the industry that are now struggling to survive and discovered he was able to make good buys. The firms he acquires are generally happy to be acquired.

Quantum, which had been in the business since 1989, had a solo owner who was 65 years old and knew he couldn't grow the company anymore. Joseph Salzman, the owner, wanted his employees taken care of and believed the state of Michigan minority certification that Arrow Strategies had would help open doors for contracts that otherwise wouldn't be obtained. The acquisition offer was well received.

"By selling to Arrow Strategies, they will be able to bring in their resources and expertise to grow the company farther than I was ever able to," Salzman said at the time of the acquisition in October.

Styers realizes that the minority certification is beneficial, but relies on it only to open doors. Good service and performance are needed for the company to remain competitive in the long term, he said.

"Some of our minority companies in Michigan have little to offer besides being minorities," Styers said. "when clients meet with us, they are surprised at how well we're doing and the processes we have. We are competitive with other firms: minority or non-minority. The main thing is that we must deliver."

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