



Project 6

When you ask someone to name a defense contractor in Colorado, you generally hear names like Lockheed Martin, Raytheon, or United Launch Alliance. For good reasons. As the table below demonstrates, these companies are three of Colorado's top defense contractors. But what about the companies with the names you can't think of? Colorado ranks 16th in the nation with \$9.6 billion dollars spent by the Department of Defense (DoD) in the state including payroll and contracts. There are hundreds of smaller, tier 2, 3 or even 4th level subcontractors performing work for these top ten defense contractors.

Top Defense Contractors in Colorado:

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|---------------------------|-----------------------------------|------------------------|
| 1. United Launch Alliance | 5. Raytheon | 9. Ball |
| 2. ITT | 6. Honeywell International | 10. Berkshire Hathaway |
| 3. Lockheed Martin | 7. Gary-Williams Company | |
| 4. Huntington Ingalls | 8. Intelligent Software Solutions | |

After increasing by more than 60% from FY 2001 to 2011, national defense spending is expected to decline 27% from FY 2011 to 2018 in real terms. To be sure, these cutbacks impact all of Colorado's defense contractors. But to the smaller subcontractors these defense cuts push them to the brink of ruin. These smaller companies can't absorb the defense cutbacks as easily as the larger corporations. This too often results in layoffs, meaning less workers with money to spend in local economies.

This project is targeted towards Colorado small and medium-sized aerospace and defense contractors. The focus of this effort is to help individual companies recognize their core competencies. This allows them to determine their opportunities for efficiency improvements, positioning them to compete in an environment that favors advanced manufacturing and independent from DoD funding. Assistance approaches shall include programs and services to drive operational efficiencies, improve response times, and position the firm to create new market opportunities through innovative and new products or services.

With funding to provide training to only 30 aerospace and defense companies, CAMA will launch a pilot project in Southern Colorado this August to identify and select 15-20 companies that meet one of the criteria from below:

1. The firm must be a prime defense contractor or first, second, third, fourth, or lower tier subcontractor to a prime contractor affected by defense budget reductions resulting from FY 2013, FY 2014, 2015 or 2016 Department of Defense budgets.
2. The firm must experience a loss of, or an imminent threat of a loss of, at least 5% of sales and/or production, or of a major product line (defined as 25% of total sales or production), and in employment;
3. At least 5% of the firm's loss in sales/production must be attributable to defense budget reductions within an identified time frame.

Why Southern Colorado first? El Paso County leads the state as the top location for military spending with \$4.5 billion in DOD activities. However, once the pilot has been successfully proven, FourFront will expand these services to other regions of the state.

FourFront is also looking for a service provider, or a team of service providers to deliver a "high touch" diagnostic assessment for these selected companies. After receiving a diagnostic assessment free of charge, a company will receive an innovation voucher up to \$10,000 for services to meet the needs and gaps identified in the diagnostic assessment. Each region will identify service providers, one-on-one coaches and training organizations that can provide the identified services. If you are a service provider looking to bid on the opportunity to provide diagnostic assessments or would like to be a service provider to these impacted aerospace and defense contractors watch FourFront's web site for applications and the RFP. With the selected service provider, this project will help the selected aerospace and defense contractors with transformational strategies that create market-dominant companies, developing new products and applications that strengthen manufacturing and our local economy.

NEXT STEPS:

- Kick-off Program August 26th 2015
- Solicit applicants from impacted companies
- Solicit service provider for contract services