

Florida Turbine Technologies, Inc. Testimony of Shirley Brostmeyer, Chief Executive Officer  
Before the Committee on Small Business U.S. House of Representatives June 19, 2013

Prepared Testimony and  
Statement for the Record of  
Shirley Brostmeyer, Chief Executive Officer

On Behalf of

Florida Turbine Technologies, Inc.

Before

The Committee on Small Business

U.S. House of Representatives

Hearing on

Made in the USA: Stories of American Manufacturers

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Good afternoon. Chairman Graves, Ranking Member Velázquez and Members of the Committee. I am Shirley Brostmeyer, Chief Executive Officer of Florida Turbine Technologies, Inc., a leading provider of engineering, development, and testing of turbomachinery for military and commercial aircraft, space propulsion, and industrial power. Florida Turbine Technologies, Inc. began in 1998 in Palm Beach County, Florida, and has grown to supply research and development activity worldwide with over 200 employees. FTT is a leader in innovative turbomachinery improvements. In fact, we lead the nation in patents per employee. Many of FTT's patents are recognized by the Air Force, who actively reviews these patents, as extremely innovative ideas.

Thank you for the privilege of speaking with you today. I would like to encourage the creation of a new Federal Acquisition Regulation for government research and development projects. Currently, whether or not a company has production products is being used as a selection criterion. This should not be allowed.

We at FTT feel that better utilization of small business for government contracts would provide more innovative and affordable solutions –saving money to the taxpayer, and creating exports that will boost our economy. I would like to quote a March, 2010 House Armed Services Committee report regarding the current defense acquisition process, “Small businesses are largely locked out of the process or accorded contracts only on the goodwill of one of the larger firms...(we are) concerned that the end result of this process is the gradual erosion of competition and innovation in the defense industrial base.” [1]

Only 2.5% of Research and Development funds are allocated to Small Business Innovative Research programs (SBIRs). And yet small businesses provide the most innovative and agile workforce available,

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<sup>[1]</sup> House Armed Services Committee Panel on Defense Acquisition Reform Findings and Recommendations, March 23, 2010, pg 7.

without the large overhead costs of large companies. For the other 98% of government R&D acquisitions, government decision makers actively use a selection criterion which puts small business at a significant disadvantage. This criterion is that a company must have at least one active production program to be a serious competitor for R&D funds. This is true because of historical close ties between the government and its large production suppliers. But this is also true because government employees prefer to work with a “proven entity”, albeit expensive and less innovative. They feel comfortable that the technology will be taken to market and not left on a shelf after their investment. But there are many contractual ways to deal with product transition into production. And once a development prototype from a small business has been proven, larger businesses will often compete to license the available technology.

FTT has developed small engines that address future DOD needs for small UAV and missile platforms. We have developed our most recent engine on SBIR funds, and have matched the funds dollar-for-dollar with profits from our commercial business. This small engine would serve as an ideal platform to affordably demonstrate advanced aircraft engine technologies. However, we are discouraged from competing for R&D contracts because our small engine is not currently in production. This issue is certainly not limited to the turbine engine community. The findings in the 2010 House Armed Services Report confirm that this is a pervasive issue.

Thus, I have a recommendation which would increase small business participation in R&D programs: create a Federal Acquisition Regulation that R&D contract decision makers may not use the existence of production programs as a selection criterion. I thank you for your time and I hope that you consider this change to the existing acquisition philosophy.