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Summit saw its revenue dip 10 percent in its first year out of the 8(a) program, said CEO Albert Lee.



JOANNE S. LAWTON / STAFF

## PEAKED?

Summit faces head on the inevitable descent post 8(a) program graduation

D.C.-based Summit has experienced both the helping hand of the federal government's small business set-aside program and the harsh realities that face those who come out the other end of it.

Summit, a government contractor that specializes in econometric analysis – founded by Ph.D. econometrician Albert Lee in 2003 – grew significantly under the 8(a) program that affords small, disadvantaged businesses special sole-source awards. From 2003 to 2014, company revenue grew from \$3.9 million to \$19.2 million.

"It really helped us to cut through a lot of procurement red tape, and it gives us the speed that we need in order to do business with a lot of federal agencies," Lee said.

But in March 2014, Summit graduated from the program and was cut off from those benefits. Revenue fell to \$17.2 million last year. As Lee told me, "Every party has an end."

Summit has had to shift focus. It's worked toward bigger projects to temper the inevitable sting of graduation. This has required, among other efforts, Lee said, to be more proactive in forging client relationships. "Sometimes we have to create our own opportunities," Lee said. "Let clients know that this is something

that we do, understand what the client needs – maybe even before they do, propose a solution to them before they ask for one and then just basically let the process grow."

As an econometrics shop, Summit primarily does data analysis. It integrates data and formulates equations to help customers make forecasts. That role has expanded, as federal clients have been interested in not just harvesting figures, but also in understanding the formulations and computations behind those numbers.

When Lee founded the company, it almost exclusively served the U.S. Department of Housing and Urban Development – comprising 95 percent of revenue. Since then, the contract mix has expanded to the Federal Housing Finance Authority, the Department of Labor, the Treasury Department, the Department of Agriculture, the Department of Transportation, the Department of Energy and the Environmental Protection Agency. Of its clients, 77 percent are from the federal government and 23 percent are com-

mercial. Before 2013, the company had no commercial contracts.

Despite all of this growth and diversification, Summit has, since 2014, been required to confront a much different contracting environment. The sole-source awards have become full-and-open competitions. Contracts are no longer awarded in four months, but 14 months, as these competitions require a much more rigorous and time-consuming review process on the part of contracting officers than set-aside work did.

"It's a change of mindset," Lee said. "We have to completely change the way that we plan."

And that's perhaps the biggest challenge facing Summit. While Lee said there are certainly jobs the company is no longer eligible to bid on with the company's graduation from the program – it's lost about \$1 million and change from statistical support it provided to the Internal Revenue Service, for instance – it's the change in timelines that are particularly difficult. As the U.S. Small Business Administration points out, most small companies experience declining revenue after graduating from the 10-year 8(a) program. And, as Summit pointed out, many of those end up failing.

That makes Summit's relatively flat pullback in revenue a welcome development – especially at a time when the company is looking to firm up its non-8(a) pipeline and manage a change in the company's culture.

### WHAT IN THE WORLD IS ECONOMETRICS?

The application of statistical and mathematical theories to economics to test hypotheses and forecast future trends. Econometrics takes economic models and tests them through statistical trials. The results are then compared and contrasted against real-life examples. (Thanks, Investopedia!)