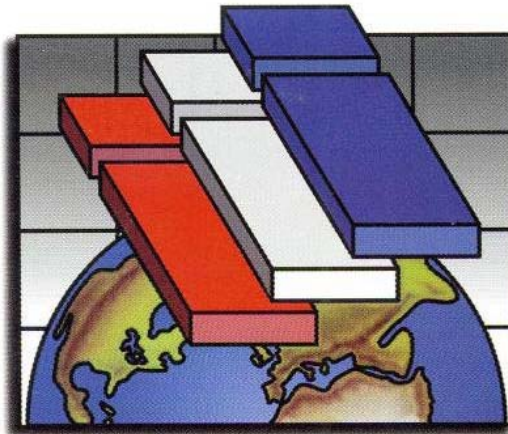


# 1999 ACQUISITION RESEARCH SYMPOSIUM



## P R O C E E D I N G S

***"Acquisition Reform —  
A Revolution in Business Affairs"***  
*(Special Focus on Civil/Military Integration)*

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## Applying Best Government Practices To Industry?

Edward J. Rinkavage, Jr.

### **ABSTRACT**

The Acquisition Reform revolution began when Vice President Gore initiated his reinventing government project in 1993. Federal agencies initiated their own unique answer to Acquisition Reform by incorporating a combination of methods, including traditional acquisitions, business process reengineering, best practices, benchmarking, and team building. As a result of these significant and extremely successful endeavors, many Federal acquisition processes are now the benchmark.

*Applying Best Government Practices to Industry* examines Federal Acquisition Reform successes based on personal and other experiences. This presentation will highlight various processes and procedures developed by Federal agencies that are now benchmarks or best practices. What was once a very cumbersome, over-regulated, stovepiped, Federally-mandated process is now flexible, fast, efficient, and cost-effective standard.

Some of the more noteworthy examples of best practices include the development of performance-based specifications and the use of empowered teams, oral presentations, project agreements/statements of need, and electronic commerce. Even though these examples are not in and of themselves unique, the way they are applied is unique.

### **INTRODUCTION**

Has anyone not heard about the National Performance Review (NPR), Acquisition Reform (AR), or Business Process Reengineering (BPR)? Many of these government initiatives are based upon industry standards and benchmarking in an attempt by the Federal government to operate more efficiently .....and they have been *successful!* So successful in fact, that the tide has turned in AR and industry is no longer the benchmark or standard.

### **ACQUISITION REFORM SUCCESSES**

There are many federally-regulated initiatives to knockdown barriers to acquisition reform. The Government Performance and Results Act of 1993 (GPRA) requires agencies to map budgeted dollars to their strategic planning goals. Spring boarding off of the Federal Acquisition Streamlining Act of 1994 (FASA), Federal procurement organizations began changing the way they obtain their goods and services. The Clinger-Cohen Act of 1996 provided the framework required for Chief Information Officers to justify information technology capitol expenditures to a Return on Investment (ROI). Armed with the punch necessary to begin acquisition reform, agencies began streamlining their operations, impacting nearly every organization within that agency,

Since then, the Federal government has implemented numerous acquisition reform initiatives. Some of these are not new initiatives, they are merely a broader interpretation of existing FAR, legal, and regulatory requirements that have taken on a new role.

- ☞ *Performance Based Contracting* — A method of acquisition in which all aspects of the acquisition are structured around the purpose of the work to be performed rather than the manner by which it is to be performed.<sup>1</sup>
- ☞ *Oral Presentations* - A presentation given by an offerer during source selection, usually in lieu of submission of written technical proposals, to demonstrate performance capability on a proposed contract. An offerer's proposed contract staff, including the program manager and key corporate and technical personnel, should make the presentation. They are often video taped for the record.
- ☞ *Competitive IDIQ Task Orders* -The award of a requirement for services that

was competed against contractors possessing a contract characterized by unspecified delivery dates and quantities (Indefinite Delivery, Indefinite Quantity).

☞ *Expanded Use of BPAs* - The use of Blanket Purchase Agreements (BPAs) under the Federal Supply Schedule Program is not new. However, now BPAs can be used to fulfill recurring needs with unlimited ceilings, serve as a tool for further price reductions, extensive ordering flexibility, and encourage contractor teaming arrangements.

☞ *Establishment of GWACs* - Government-Wide Agency Contracts (GWAC), also referred to as IDIQ contracts, are contracts for information technology resources owned by one Federal agency, but other specified agencies can use. Generally, the maximum value of the contract is the value of the host agency's requirement this is an additional 20% for other agencies. Additionally, there is a limitation on how much of the total contract value one agency can use. This amount varies from contract to contract and is determined by the host agency. Each contract's host agency normally adds a small administrative fee. Because of savings attributable to an agency not having to incur major procurement costs when using GWAC, GSA strongly supports these contracts.<sup>ii</sup>

☞ *Expanded Award of FSS Contracts* -The GSA Federal Supply Schedule (FSS) program offers a suite of existing contracts with more than 6,000 vendors providing more than four million products. FSS contracts provide program/project managers simplified ordering vehicles to acquire commercial products and services. GSA negotiated these contracts with volume-pricing discounts. GSA also recognized that IT pricing changes on an almost daily basis and instituted procedures allowing the

ordering activity to request "spot market" and additional quantity discount pricing."<sup>iii</sup>

☞ *Past Performance Criteria* — A proposal evaluation factor that explores an offerer's past performance, usually based on work experience and qualitative assessment of the breadth, depth and relevance of work experience.

☞ *GSA Advantage* - An electronic on-line catalog intended to maximize item visibility, facilitate customer learning about available products, and simplify the ordering process.<sup>iv</sup>

☞ *Best Value* - The expected outcome of an acquisition that, in the government's estimation, provides the greatest overall benefit in response to the requirement.<sup>v</sup>

☞ *Alternative Disputes Resolution (ADR)* - Any procedure or combination of procedures voluntarily used, in lieu of litigation, to resolve issues in controversy, including but not limited to settlement, negotiations, conciliation, facilitation, mediation, fact finding, mini-trials, and arbitration.<sup>vi</sup>

☞ *Commercial Items* - Items available in the commercial marketplace sold to the government that are used by the government substantially the same as the commercial marketplace.

☞ *Benchmarking* - Benchmarking is both a process and a tool for continuous improvement. Former Xerox CEO David Kearns defined benchmarking as "the continuous process of measuring products, services, and practices against the toughest competitors or those companies recognized as industry leaders."<sup>vii</sup>

☞ *Teaming* - Government and/or contractors forming a partnership under a specified acquisition program.

☞ *Electronic Commerce* - Conducting business electronically through the exploitation of IT to improve commerce. Electronic commerce is actually the use of many core technology tools - the Internet, electronic data interchange, electronic mail, electronic funds transfer, electronic benefits transfer, electronic catalogs, credit cards, smart cards, and other techniques - to deliver citizen services and conduct government business. The growing availability of sophisticated technology and easy-to-use web tools is helping EC flourish throughout government. Implementation need not be expensive; agencies are holding down costs by following standard business practices and using commercial off-the-shelf products. Agencies are using electronic commerce to eliminate, re-engineer, and automate business practices.

☞ *Best Practices* - A best practice is defined as a superior method or innovative practice that contributes to improved process performance. The practice must demonstrate that it is "better, faster, cheaper."<sup>viii</sup>

☞ *Empowered Teams* - Teams become empowered when they are given the freedom to act and make decisions as a team and are held accountable for the results. Empowerment includes sharing information, creating autonomy through boundaries, and replacing the hierarchy with self-directed teams.<sup>ix</sup>

The secret to acquisition reform is not through the singular implementation of any one of these initiatives, but through a combination of these initiatives. Successful acquisition reform comes from applying good business judgment and emphasizing fulfilling customer needs in an increasingly demanding environment for acquisition professionals.

At The LEADS Corporation, we developed our streamlined process of implementing acquisition reform in partnership with our Federal

customers. This process can result in a contract award, including the development of specifications, within 60 days.

Teaming with our government contracting officers, program managers, engineers, technical personnel, and customers, the LEADS streamlined acquisition approach called Rapid Acquisition Management Process (RAMP™) was adopted from a similar process incorporated by the Department of Commerce, US Patent and Trademark Office. We had a great opportunity to work with the pilot teams executing one of the best acquisition streamlining initiatives within the Federal government. We took this same process, incorporated a few more acquisition reform initiatives, and adopted the program internally for LEADS' Federal customers. Further use of the process has produced some excellent feedback from industry and allows us to constantly refine the way we conduct our acquisitions.

I presented a paper at the 1997 Acquisition Research Symposium entitled, "Managing Change in Acquisition Streamlining." The concept is based upon implementing a life-cycle and team approach that incorporates key factors in traditional acquisitions, AR, best industry practices, and BPR. Many Federal agencies have executed similar approaches with exceptional results. At LEADS Corporation, our method of supporting our Federal customer's acquisitions is highlighted by efficiency, flexibility, and speed. Best of all, our approach is performance-based. Using the collective expertise of the team, the streamlined process designs a solution based upon goals and objectives within 60 days. Ultimately, vendors propose a solution based upon these goals and objectives.

Our RAMP™ model (Figure 1) is a team-driven, performance-based approach that is highly adaptable to an agency's acquisition environment, as well as to on-going changes in Federal procurement policy.

The following summarizes our process:

**Step.1: Issue Project Agreement** - Initial announcement of project objectives is made

through release of the Project Agreement. The Project Agreement identifies, among other things, the ground rules for the acquisition, which state that capable sources are invited to submit proposed approaches and capabilities for consideration. Included in the ground rules is the provision that the government customer may down-select among the sources who respond to the Project Agreement, and that only the sources remaining after down-selection will be considered further for award of a contract. The ground rules may require that limited pricing information, such as catalog or market prices of major system components, labor rates, and past cost control performance be considered as part of the down-selection process.

**Step 2: Receive Capabilities and Approaches** - Discussions and demonstrations may occur after release of the Project Agreement. The government will down-select based on the technical capabilities and approaches submitted, as well as past performance measures. Overall price/cost considerations may also be considered.

**Step 3: Down-Select** - This is the process of narrowing the number of contractors able to bid on a requirement. The objective of down-selection is to get the best available contractor on board as early in the process as possible, then to work closely with the contractor throughout the project. The project team, and particularly end-users, will work with the contractor to define user needs, analyze alternatives, perform tradeoff analyses, and to reassess project

direction and success.

**Step 4: Issue Statement of Need** - Once responses to the Project Agreement have been received and evaluated, those sources remaining under consideration will submit additional proposal information and engage in further discussions with the customer. The request will take the form of a Statement of Need (SON) rather than a traditional Statement of Work (SOW). The SON is a higher level document that addresses objectives to be accomplished and provides the framework for negotiations and selection for award. It does not state how the work will be accomplished.

**Step 5: Receive Oral and Written Proposals** - The emphasis is on selecting the source most qualified to meet the government's objectives rather than determining exactly what form the work products will take. Accordingly, at this step it is not necessary to receive and evaluate a detailed technical proposal describing the product to be delivered. The product will be designed as a joint project between the contractor and the customer. Many of the planning and requirements details will be left to be resolved on a post-award basis when the contractor and the users will jointly chart the course and plan each increment of work.

**Step 6: Conduct Capability Demonstration** - As part of the down-select process, vendors presented their technical qualifications. Now, they must present their solution to the requirement. An example is for the down-selected offerers to perform a capability

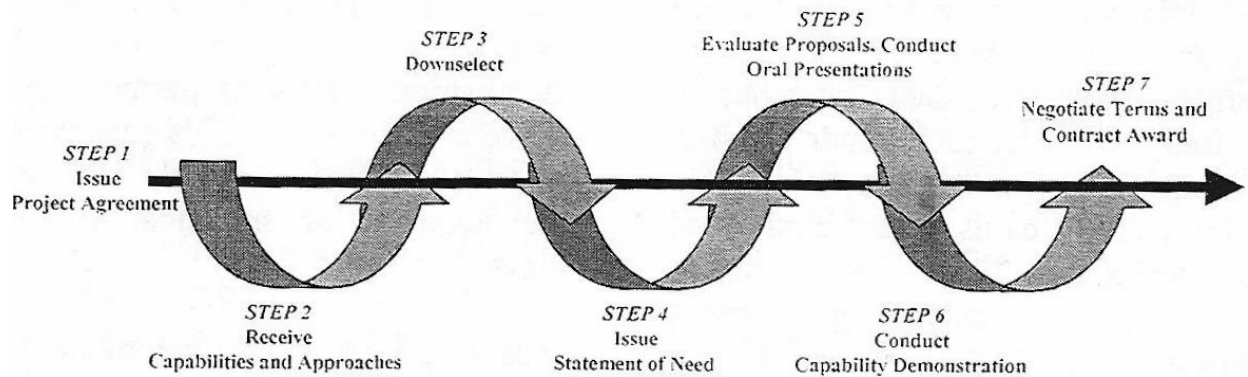


Figure 1

demonstration such as a technical test or a response to several technical inquiries. The offerer's team should include the proposed Project Manager and staff, limited to six or eight members. This process allows the project team the opportunity for face-to-face interaction and provides important feedback on the offerer's management approach.

***Step 7: Negotiate Terms and Contract Award*** - Upon evaluation of proposals, the project team or a sub-team should finalize contract terms such as labor rates, type of contract, and task order procedures. This is the opportunity to negotiate provisions for either party to terminate the business arrangement without the need for difficult and protracted settlement negotiations. Take into account the government's interest in being able to continue the project without the contractor or by utilizing another contractor. Therefore, arrangements should be made so that, in the event either party elects to discontinue the contract at one of the pre-established off-ramp points, each party's interest in technical data will be protected. The government should retain sufficient data rights to facilitate the continuation of performance utilizing another contractor, if it elects to do so.

Utilization of the RAMP™ process throughout the Federal government has been very successful. Partnering with our customers to obtain the exact detail and level of support, especially in an unknown environment, has resulted in a far more responsive system for obtaining goods and services. If the acquisition results in a government order in lieu of a commercial subcontract, the process can be easily tailored to meet those needs.

### ***BARRIERS TO ACQUISITION REFORM***

Unfortunately, many Federal agencies have been premature in declaring their victory over red tape. Some agencies are so enthusiastic about changing their processes they forget a key element of change management: to be successful, processes must be designed to allow for change. This includes **implementing a process of continually seeking and implementing improvements to all business**

**practices.**<sup>x</sup> However, successful change management should also include the following eight steps<sup>xi</sup>:

- ☞ *Establish a sense of urgency.* An complacent organization won't be able to muster the effort and commitment needed to successfully make change happen.
- ☞ *Create the guiding coalition.* Change requires a coalition of people who, through position, expertise, reputation, and relationships, have the power to make change happen.
- ☞ *Develop a vision and strategy.* Without vision, change efforts dissolve into a list of confusing, incompatible, and time-consuming projects going in different directions - or nowhere at all.
- ☞ *Communicate the change vision.* Major change often requires people to make short-term sacrifices. People won't make those sacrifices unless they understand why they are required.
- ☞ *Empower broad-based action.* Major change demands action from a large number of people. Many initiatives fail because obstacles are placed in the path of these people. Two common obstacles are the bureaucracy of the agency, and an influential saboteur.
- ☞ *Generate short-term wins.* Complex efforts to change strategies or restructure businesses lose momentum if there are no short-term goals to meet and celebrate. Without short-term wins, people give-up - or join the resistance.
- ☞ *Consolidate gains and produce more change.* After working hard on a change program, people can be tempted to declare victory with the first major performance improvement. Then their concentration and commitment lag and the agency regresses to the ways of the past; and

- ☞ *Institutionalize new approaches in the culture.* Change sticks when it becomes "the way we do things around here." If change isn't ingrained in the culture, it won't survive in the long run.

Another factor hindering agency success in acquisition reform is **failure to adequately implement a team environment**. Subject matter expertise is indispensable, however, participants in a successful project must also know how to work as a team, plan, conduct good meetings, manage logistics and detail, gather useful data, analyze the data, communicate the results and implement the changes."<sup>xii</sup> The "Team Performance Curve" in Figure 2 illustrates that how well any small group of people performs depends on the basic approach it takes and how effectively it implements that approach."<sup>11</sup> Unlike teams, working groups rely on the sum of individual bests for their performance. They pursue no collective work products requiring joint effort. By choosing the team path instead of the working group path, people commit to take the risks of conflict, joint work-products, and collective action necessary to build a common-purpose set of goals, approach, and mutual accountability. People who call themselves teams but take no such risks are at best pseudo-teams.

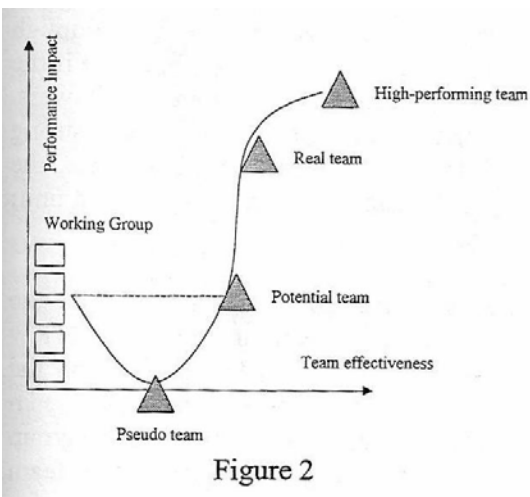


Figure 2

While leading or being a member of a team,

remember these simple guidelines<sup>xiv</sup>:

- ☞ *Push for high quality communication.* Communication breathes the first spark of life into teamwork, and communication keeps teamwork alive. Nothing else is so crucial to coordination of effort. No other factor plays such a precious role in building and preserving trust among teammates.
- ☞ *Bring talent to the team.* Be good at what you do. A team needs talent. The more of it you bring to the group, the more you can contribute. Build your skills, and in a very real sense, you are building the team.
- ☞ *Play your position.* Dig up all the details on your assignment. Nail every bit of it down so you will remember it. It's tough to achieve a coordinated team effort when people leave their stations....stray into someone else's area....or just get sloppy and let things slip through the cracks.
- ☞ *Turn diversity to the team's advantage.* You have to question the wisdom of putting together a "cookie-cutter team" made up of look-alikes, think-alikes, and act-alikes. Diversity adds depth, creates strength, broadens the group, and brings balance to the team.
- ☞ *Back up others who need help.* The best way to put a safety net under the team's performance is to back each other up. Anybody can make a mistake, get overloaded, or just need a helping hand. The question is, will you be in a position to cover for your teammate?
- ☞ *Practice.* Practice makes perfect. Drill. Rehearse. Run through the plays time after time, watching the people perform as a team and pushing for better performance.
- ☞ *Be prepared to sacrifice for the team.* The struggle of "me versus we" is no

stranger to team members. Expect occasional conflict between your selfish interests and what's best for the team. Personal sacrifice is part of the price you pay for membership in the group.....for team support when you need it.....and, most importantly, for the trust of your teammates.

- ☞ *Help new teammates make entry.* People come, and people go. The make-up of the team changes. Turnover can be hard on teamwork. Do your part to help bring new teammates up to speed. Take them under your wing. Get to know them and get them to know the team.
- ☞ *Play down yourself and build up others.* You'll never build the team by acting like a big shot - you do it by building your teammates. Only the admiration and respect you earn from others can make you a hero.
- ☞ *Spend time with your teammates.* A team needs togetherness in order to gel. Set aside some time to spend with your teammates. Give yourself enough time to really get to know one another. You'll see the people close ranks and you'll enjoy a camaraderie that glues the team together.
- ☞ *Help drive discipline into the group.* Team members show superb self-discipline. Individuals hold themselves, and each other, accountable for topnotch results. Discipline sets the stage for reliability and dependability as team members come to know what they can expect from one another.
- ☞ *Make sure you make a difference.* People who make up the team are supposed to make a difference. Making a difference takes more than just showing up, doing only enough to get by, or merely going through the motions. You need to do what counts. Make enough of a difference that the team would miss you if you weren't

there.

- ☞ *Give attention to group process.* Pay attention to what is going on inside your team and you'll see problems that need fixing. Even if everyone in your group is competent, committed, and hardworking, you can't ignore internal problems and still succeed as a team.
- ☞ *Help create a climate of trust.* The growing season for trust is when people are being tested - in matters big or small. Only then do you get a chance to really prove anything. Everyone on the team should protect and nurture the trust level. Even little violations can fracture a team member's trust in each other.
- ☞ *Strengthen the leader through good followership.* No leader is good enough to take a team to high performance if the team members are lousy followers. Even if the leader is weak, strong followership often can overcome the problem and create a high-powered unit; and
- ☞ *Be a good sport.* Good sports grease the wheels of group interaction. They promote harmony. Poor sports, on the other hand, put a strain on team relationships. And if people in the group have trouble getting along, the team can't come close to achieving its true potential. Start with a sense of fair play, show respect for others, and show humility. The good sport can also take criticism without taking it personally.

Finally, and possibly the most important reason for the failure of acquisition reform is the **inability of the organization to adequately prepare the organization for the change at hand.** Agencies need to organize themselves for learning, so that they can adapt, constantly, to their changing environments. Developing the organization fosters a sense of community among individuals.<sup>xv</sup>

These challenges are mentioned not to overshadow acquisition reform success, but to

inform agencies considering acquisition reform not to fall into the same trap. Use this as a checklist to ensure all aspects of AR are addressed.

## **CONCLUSION**

So why is the government now the leader in benchmarking and best practices for the acquisition process? Believe it or not, it's a combination of several reasons.

First, the industrial base comprised of major Federal contractors is dependent on the Federal government for their major programs. Because of this dependency, contractors rely on the Federal acquisition process to obtain their goods and services. So where is the Federal contractor's acquisition process for obtaining major program requirements? Well, there usually isn't one or their process is very dependent on the Federal program manager's acquisition process, including approval of subcontractors.

Second, the Federal government has been forced to downsize, reduce budgets, and become more efficient in their operations and maintenance, yet continue to maintain the defense and management of our nation. Additionally, the Federal government has reengineered their processes under the microscope of Congress and the citizens of our nation. As a result, each step

in acquisition reform had to be carefully orchestrated to continue to preserve our budgets, support the mission, answer to Congress and the People, and maintain the industrial base without devastating the economy. Responsibility and challenge of such magnitude is unmatched by any privatized reorganization.

Third, the RAMP™ process is based upon a joint partnership between the Federal government and LEADS Corporation in response to a need by the Federal government to procure goods and services faster, better, and with best value. Now, when was the last time you heard of a private corporation requesting assistance from the Federal government in their reengineering initiatives? The RAMP™ process described herein has received positive feedback from our Federal customers, contractors and subcontractors. However, when we receive other feedback, we consider this and incorporate the feedback back into the process — a continually evolving process.

In summary, the Federal government has established new standards for performing their acquisitions. Don't settle on acquisition reform that is merely a broader interpretation of existing FAR, legal, and regulatory guidance. Take a risk and form a team. Use their creativity to support your programs and your customers - on time, every time!

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<sup>i</sup> Nash, Ralph C. Jr. "The Government Contracts Reference Book," The George Washington University, 1998.

<sup>ii</sup> General Services Administration White Paper, "Acquisition Sources and Alternatives," August 1998.

<sup>iii</sup> Ibid

<sup>iv</sup> Ibid

<sup>v</sup> Ibid

<sup>vi</sup> Ibid,

<sup>vii</sup> US Army, Logistics Readiness Center, "Benchmarking", April 1998

<sup>viii</sup> Ibid

<sup>ix</sup> Blanchard, Ken, "Empowerment Takes More than a Minute," Berrett-Koehler Publishers, 1996

<sup>x</sup> Crouch, J. Michael. "An Ounce of Application is Worth a Ton of Abstraction," Pfeiffer and Company, 1992.

<sup>xi</sup> Kotter, John P. "Leading Change," Harvard Business Scholl Press, 1996

<sup>xii</sup> Scholtes, Peter R., "The Team handbook," Joiner Associates Inc, 1988

<sup>xiii</sup> Katzenbach, Jon R., "The Wisdom of Teams," Harper Business, 1994

<sup>xiv</sup> Pritchett, Price, "Teamwork, The Team Member Handbook," Pntchett and Associates, Inc, 1992

<sup>xv</sup> Gouillart, Francis J. "Transforming the Organization," McGraw-Hill, Inc., 1995