PANEL F:

Preparing for the Future

Changes to Government Acquisition Procedures / Policies

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“Innovative solutions today for tomorrow’s success”
Overview

- Performance-Based Services Contracting
- Service Acquisition Reform Act
- DFARS 237.1
- SBA Size Standards
Performance-based contracting means—

• Structuring all aspects of an acquisition around the purpose of the work to be performed

• Contract requirements are set forth in clear, specific, objective terms with measurable outcomes
Federal Government Policy on PBSC

- Government Performance and Results Act of 1993 (GPRA)
- Final FAR rule implementing OFPP Policy Letter 91-2 (August 1997)
- OMB Memorandum M-01-15 setting PBSC goals for FY2002 and FY2005
Key Steps and Products In Performance-Based Acquisition

Steps

1. Develop a work breakdown structure (WBS)
2. Develop task statements and objectives
3. Develop critical performance standards

Products

Performance work statement (PWS)

Critical performance summary

Market Research
Keys Steps and Products in Performance-Based Acquisition (continued)

4. Determine government inspection method

5. Develop financial incentives and remedies

5. Performance assessment plan

6. Incentive plan
Statement of Objectives (SOO)

Provides offerors with the government's top-level objectives for the acquisition

- Used in lieu of a government-written work statement
- Gives offerors flexibility to propose solutions that meet requirements but are tailored to their optimal technical/business approach
- Promotes a “what we need” rather than a “do it this way” mentality
SARA

- Enacted as title 14 of the Fiscal Year 2004 National Defense Authorization Act
- May be cited as the “Services Acquisition Reform Act of 2003”
- Signed November 14, 2003 (P.L. 108-136)
FAR /DFARS RULES

• 2004-004: Sec. 1431 and 1433. Incentives for use of performance-based contracting for services
• Interim rule to FAR Secretariat (2/20/04)
• DFARS 237.1 impact
• SBA Size Standards
Summary

• PBSC is a change in business processes
  – Objective is to achieve end result by change of focus from “how” to “what”
  – Mandated for all federal agencies
  – Resulting in dollar savings and efficiencies
  – A win-win for both parties

SARA includes several key changes
DFARS 237.1 change and impact
Conclusion
Federal Technology Service

Presentation to
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PERFORMANCE-BASED SERVICES CONTRACTING

– SOO vs. SOW vs. PWS - what’s appropriate when?

– Establishing a robust acquisition team

– Establishing meaningful performance metrics

– The QASP – quality control vs. quality surveillance

– Incentives – they can be negative as well as positive

– Managing the culture shock
BUNDLING

– Bundling vs. consolidation

– Why the Government may decide to consolidate

– How the government affords fair opportunity to small businesses on large consolidated requirements contracts
PROPOSED DFARS CHANGES

– Section 801 – new procedures/authorizations required for DoD to use non-PBSCs or outside contracting shops

– Section 803 – originally written to encourage fair opportunity; revised version requires GSA client support centers to pass DoD IG audit prior to starting work

– Section 812 – establishes a total period of performance limit of 5 years on contracts and task orders

– Section 815 – DoD cannot use an outside agency’s vehicle if the agency charges a fee that exceeds 1% of the contract amount
8(a) STARS GWAC Contract

- Streamlined Technology Acquisition Resources for Services replaces FAST program

  - Fully competed MAID/IQ set aside exclusively for 8(a) certified businesses awarded on 6/1/04 to 400+ industry partners

  - 3 year base with 2 2-year options for a total of 7 years

  - $15 Billion program ceiling with no individual contract ceiling

  - Direct orders up to $3M; fair opportunity provided for orders over $3M

  - FFP, T&M, and labor hour task types

  - 8 functional areas with over 100 skill levels

- Replenish portfolio with many new 8(a)s during open season
HUBZone GWAC Contract

- Historically Underutilized Business Zone

  - Fully competed MAID/IQ set aside exclusively for SBA-certified HUBZone certified businesses awarded to 36 industry partners
  - 2 year base with 3 1-year options for a total of 5 years
  - $2.5 Billion program ceiling with no individual contract ceiling
  - Direct orders up to $3M; fair opportunity provided for orders over $3M
  - FFP, T&M, and labor hour task types
  - 7 functional areas with a maximum of 10 awards in each area (total of 68 awards)
Points of Contact

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www.gsa.gov/hubzone
Conclusion
PBSA Industry Perspective

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Creating Desired Results Together!
PBSA

Small Business
PBSA WIN-WIN-WIN

Taxpayer/User

Government Agency

Industry Contractor
Key Challenges/Opportunities

Win the Contract
Make a Profit
Understand the Work to be Done

• Ensure your Proposal Communicates Your Understanding
  – Include the “right” key personnel
  – Describe the work “process” in your solution
  – Provide project work breakdown schedule
  – Include a “concept of operations”
  – Include compliance matrix referencing requirements

• Validate solution with trusted 3rd party early in proposal process
Propose an Innovative Solution

- Gather Current Process/Performance Information
- Identify Opportunities for Improvement
  - Cost Reductions
  - Increased Capacity
  - Higher Satisfaction
- Propose an Innovative Solution
  - Process Focus – Utilize Best Practice
  - Technology Enabled
- Develop a Business Case – ROI
Managing The PBSA Environment

• Maximize Rewards in PBSA Environment
• Manage and Report Performance
  – Define Performance Objectives
  – Identify Key Performance Indicators
  – Set Performance Standards
  – Measure and Report KPI Metrics
  – Develop Supporting Hierarchy of Metrics
• Establish a Continuous Improvement Plan
• Align Performance Standards to Award Fee Plan
Supporting Metrics Hierarchy

Key Performance Indicators (KPI)
- Align with Organizational Vision
- Are Easily Quantified
- Routinely Reported and
- Widely Communicated

Operational Level Agreements (OLA)
- Support SLA Attainment
- Manage Cross Organizational Hand Offs
- Monitor High Risk Transactions
- Identify Risks in Enterprise Wide Processes

Process Metrics
- Align with SLA and OLA
- Measure the Success of Key Processes
- Provide Information for Analysis
- (Root Cause, Trend, Pareto)
- Identify Candidates for Process Improvement
The Perennial Challenge - Teamwork

- Prime Contractors
- Other Suppliers
- Subcontractors
- Contracting Office
- Program Office
- Business Units

- Missed PS/AQLs
- Schedule Delays
- Excessive Oversight
- Cost Overruns
- Mission Impacts
Summary Comments

• PBSA is a Transformational Tool
• PBSA Represents Change
  – Change is Uncomfortable
  – Change Equates to Growth
• PBSA Encourages Innovation
  – Small Business Represents Innovation
  – Opens Opportunities for Small Business
• Early Adopters Win Big
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