

Contracting Community Highlights



We all experience the challenges and turmoil of our Nation's economy, but as members of the contracting community, we play an important role in its recovery. President Barack Obama has appealed to us as contracting professionals to continue our vigilance to ensure taxpayers receive the best return on their investment. Contracting individuals exert an immediate and direct effect on the Nation's spending. Few other career fields exert this influence. A guiding principle of the Assistant Secretary of the Army for Acquisition, Logistics, and Technology is to ensure value and competition in every program, and contracting professionals fulfill this responsibility every day.

Since 2007, the Office of Federal Procurement Policy (OFPP) has taken several steps to reinforce competition and related practices for achieving a competitive environment. OFPP expressed concern that the government frequently missed opportunities to take full advantage of competition when placing task orders. This concern arose because of the growth in agency expenditures through orders against existing contracts, from 14 percent of total dollars obligated in FY00 to about 52 percent in FY05. Contract modifications accounted for a substantial amount of these obligations. We realized that we had room for improvement. Although DOD competed 63 percent of the dollars spent in FY09, OFPP ranked DOD twelfth out of 18 executive agencies. In FY08, DOD competitive obligations totaled \$252 billion, a record 64 percent. The Army competed 65.4 percent of its dollars in FY08, exceeding the goal of 63 percent. The Army's competition rate was 63 percent in FY09, a shortfall from the goal of 69 percent. To meet our goals in the future, we have committed to assess initiatives that recognize and reward organizations that meet our targeted goals.

On March 4, 2009, the White House issued a memorandum imploring agencies to not engage in noncompetitive contracts except in circumstances when their use can be fully justified and where appropriate safeguards are in place to protect the taxpayer. Additionally, the memorandum reinforces the *Federal Acquisition Regulation* requirements to give agency preference to fixed-price-type contracts. The near doubling of the government's dollars obligated through cost-reimbursement contracts between 2002 and 2008 from \$71 billion to \$135 billion prompted concern and brought a renewed emphasis from the White House.

Recognizing that the federal government must have robust management and oversight of its contracts, President Obama instructed the

Director of the Office of Management and Budget (OMB), in collaboration with DOD, NASA, the General Services Administration, and the Office of Personnel Management, to develop government-wide guidance to assist agencies in reviewing and creating processes of existing contracts; identify contracts that are wasteful, inefficient, or not likely to meet the agency's needs; and quickly formulate appropriate corrective action. As a result, OMB, in a July 29, 2009, memorandum, required all agencies to achieve two specific savings goals by the end of FY10 and suggested several methodologies that require the development and execution of spend management, contract management, and workforce initiatives.

One of our most critical functions as the business advisor to the Army's acquisition teams involves designing acquisition strategies that support competition while achieving program goals, avoiding significant overcharges, and curbing wasteful spending. Requirements definition holds the key to selecting an appropriate contract type and managing the government's risks. During the requirements generation phase, we formulate the contract type and the acquisition strategy to achieve a competitive environment with the appropriate balance of risk with industry. While I recognize the continued existence of high-risk missions and acquisitions where cost-type contracts are the best choice, the focus on increasing our reliance on fixed-price contracts presents an early opportunity for us to engage our customers. The steps we take individually and collectively to respond to the President's initiatives make the Army more effective and efficient. Our Soldiers and fellow taxpayers will reap the benefits of your contributions.

Please take time to read the *Defense Procurement and Acquisition Policy* on competition at <http://www.acq.osd.mil/dpap/cpic/cp/competition.html>, where you will also find our annual competition reports. These reports include examples of the many successes achieved by our contracting community. Reach out to others in the contracting community for new ideas and best practices, and be the catalyst in achieving savings and contract excellence for our customers in FY10.

Edward M. Harrington

Deputy Assistant Secretary of the Army (Procurement)

U.S. Army Mission and Installation Contracting Command's (MICC's) Industry Council (IC)

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MICC, headquartered at Fort Sam Houston, TX, enhances warfighters' capabilities through timely, responsive, and effective CONUS base operations contracting support and acquisition

of critical supplies and services that equip, train, deploy, and reintegrate the Army Modular Force. MICC's business model leverages enterprise contracts for common-use services. MICC activities include 7 centers and 30 contracting directorates that provide the U.S. Army Installation Management Command (IMCOM), U.S. Army Forces Command (FORSCOM), and U.S. Army Training and Doctrine Command (TRADOC) with base operations contracting support, power projection, schools and training, and various other mission needs.

A great challenge of the contracting process is generating quality requirements packages and solicitations that submit meaningful and competitive proposals that lead to effective contract performance at a reasonable price. Successfully meeting this challenge hinges on several factors, including developing a skilled and experienced acquisition workforce that understands and appreciates all facets of the process, especially the industry perspective. Another key element is customer education on conducting market research and translating needs and requirements into written performance work statements.

Working With Industry

Productive communication with industry is a vital tool in developing solicitations and contracts that accomplish mission expectations. Industry counterparts have concerns regarding the transparency and quality of the government's pre-award processes. They sometimes question whether government personnel understand corporate business and the impact that mindsets and processes have on a company in providing the optimal and most cost-effective contracting solution. Additionally, industry seeks open and frank exchanges on contracting issues, such as interpreting and implementing policies and regulations and adapting to the Army's changing needs.

In the midst of today's dynamic environment, communication with our industry counterparts is important in maintaining positive working relationships and, ultimately, is critical to maximizing our contracts' effectiveness and quality in support of the warfighter. Accordingly, MICC leadership recognized a forum was needed that would promote the honest exchange of information and increase understanding of the government contracting process from both perspectives. The resultant IC initiative focuses on building partnerships, exchanging timely and relevant information, identifying common challenges, and crafting workable solutions. Meetings are held quarterly and membership is limited to representatives who are knowledgeable in the contracting arena and committed to resolving issues impacting the acquisition process.

Key government participants include MICC senior leadership, experienced field personnel, and customers representing IMCOM, FORSCOM, and TRADOC. Industry participants include MICC's enterprise contracts:

- CONUS Base Service, which augments garrison staffs during mobilizations at power projection and power support platforms.
- Field and Installation Readiness Support Team, which furnishes innovative and responsive logistics support to meet warfighters' evolving needs.
- Operations and Training Resource Support Services, which brings planning and training support services to promote Army readiness.
- Aviation Joint Administrative Management Support Services, which provides administrative support.

These multiple-award indefinite delivery/indefinite quantity (IDIQ) contracts minimize delays in full and open competition for individual requirements and facilitate competition for the placement of task orders, which is crucial in achieving optimal pricing and quality contractor performance that satisfies customer requirements on time.

MICC convened the first quarterly IC meeting in October 2008 and is in the second year of this successful initiative. Topics discussed at the first four IC meetings included organizational conflicts of interest; alternative dispute resolution; source selection issues and initiatives; insourcing; reorganization of logistics directorates; proposal preparation; the requirements submission process at FORSCOM, IMCOM, and TRADOC; industry's decision points for submitting proposals and protests; challenges faced by small businesses; and transition after graduation from the 8(a) program.

Integrated Product Teams (IPTs)

The IC also champions two IPTs that include both government and industry membership. The IPT-1 goal is to create a collaborative environment for requirement identification and communication between government and industry. IPT-2 looks at task order development under multiple-award IDIQ contracts.

IPT-1 focuses on contractor concerns regarding requirement forecasts to promote strategic planning and communicating with contracting offices before, during, and after specific procurements. The team is exploring overarching procurement integrity, statutory, and regulatory restrictions concerning source selection-sensitive information and disclosure, but is also considering whether communication barriers are grounded in the extant culture. Fairness, objectivity, and maintaining a level playing field are core objectives of government acquisition and perhaps the fear of violating these important principles leads government personnel to be overly cautious in avoiding communication. Industry seeks a standardized information flow within government procurement processes to the extent permitted by law and regulation, and clearly defined requirements.

IPT-2 examines efficiency, transparency, and fairness in task order competitions under MICC's enterprise contracts. Concerns include lack of communication, insufficient planning, inadequate workload data, ineffective site visits, perceived favoritism toward the incumbent contractor, inconsistent procedures among contracting offices, lack of feedback, and inadequate marketing of the enterprise solution contracts. Standardizing proposal response timelines, formats, and evaluation schemes are being considered as possible improvements to reduce proposal expenses and evaluation time, promote streamlined processes, and enhance source selection objectivity. Industry has also asked for greater transparency regarding task order competitions, forecast data for upcoming task orders, and more comprehensive workload data for task order requirements.

In response to issues raised by industry, MICC instituted a quarterly IDIQ report that provides the desired transparency on task order competitions. The contracting offices publicly post information about newly awarded task orders including the number of proposals received and the final award amount. The MICC analyzes the data for identification of trends or causes for concern. MICC also provides a forecast list of known future requirements and issued guidelines for site visits, debriefings, and the proper use of key personnel and résumé submission requirements during solicitation.

Though much work remains, the IC is successfully facilitating a robust, focused forum and is yielding significant benefits for both industry and government. The creation of an open environment and meaningful dialogue serves to build partnerships and trust between the MICC and our industry counterparts. Collaboration is helping to identify impediments and roadblocks and to develop viable solutions to mitigate and, if possible, remove these obstacles. By leveraging the tremendous skills and capabilities found in industry and the government, the MICC IC contributes to streamlining procurements, reducing waste and expense, and providing outstanding supplies and services critical to the Army. Productive relationships with industry ultimately promote sound stewardship of taxpayer dollars while ensuring top-notch support to the warfighter.

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The Defense Acquisition University (DAU) Honors 1 Millionth Graduate

Jaelyn Pitts

DAU recognized its 1 millionth graduate in a Nov. 20, 2009, ceremony at the university's Fort Belvoir, VA, campus. Wilfred Cruz-Camacho, Team Leader, U.S. Munitions Team Lead, U.S. Army Armament Research, Development, and Engineering Center, Picatinny, NJ, completed DAU's Program Management Tools (PMT 250) course, making him the 1 millionth graduate of a DAU certification course. University President Frank Anderson Jr. presented Cruz-Camacho with a plaque commemorating the occasion, and DAU Alumni Association President Bill Bahnmaier welcomed Cruz-Camacho with a free 1-year membership to the association.

"This was a team effort to do this," Anderson said. "It may seem like producing a million grads since 2000 is fairly easy—we set courses up, people show up, and eventually get to a million, but it was a lot more than that. We've had an expanding growth chart during the previous 10 years. This did not happen easily. We had to make some really hard decisions to get in this position."

Cruz-Camacho also received a Certificate of Congratulations on behalf of the U.S. Army Career Program (CP) 16 for Engineers and Scientists (non-construction) from Martha Newman, Chief, CP-16 Office.

Jaelyn Pitts provides contract support to the U.S. Army Acquisition Support Center through BRTRC Technology Marketing Group. She holds a B.S. in journalism from West Virginia University and a B.S. in criminal justice from Kaplan University.



DAU celebrates its 1 millionth graduate in a ceremony Nov. 20, 2009. Left to right: Martha Newman, Chief, CP-16 Office; Bill Bahnmaier, DAU Alumni Association President; Frank Anderson Jr., DAU President; Wilfred Cruz-Camacho; Rob Rea, DAU PMT 250 Instructor; and Mary McHale, U.S. Army Acquisition Support Center. (U.S. Army photo courtesy of DAU.)