



From the Acquisition Support Center Director

After more than a year in the making, the Army Acquisition Center of Excellence (AACoE) became reality on Jan. 25, 2011, on the campus of the University of Alabama in Huntsville (UAHuntsville). This endeavor was a partnership among the U.S. Army Acquisition Support Center, U.S. Army Training and Doctrine Command (TRADOC) Combined Arms Support Command, and UAHuntsville. The AACoE offers the Army Acquisition, Logistics, and Technology Workforce education and training in how to provide Soldiers with the latest capabilities to survive and win on the battlefield. The center also saves taxpayers' money by merging two previous training sites, the Bevill Center at UAHuntsville and the Institute for Advanced Technology at the University of Texas at Austin.



My vision for the AACoE is to work with our TRADOC partners and review requirements across the spectrum of professional development for the AL&T Workforce, as well as acquisition education and training for groups in other communities. At the AACoE, we will assess and develop those new to the acquisition community including military officers, NCOs, and civilian interns. There's a great synergy when you have diverse populations doing things together. The

intermingling of students from various backgrounds, in a real college campus setting such as UAHuntsville, will bring together different perspectives, enabling them to share lessons learned as well as cultural and professional experiences. This new center will forge a homogeneous capability at a campus that brings in diverse and disparate groups, including those from outside the acquisition community, to provide our warfighters with the capabilities they need, when they need them.

AACoE courses include Acquisition Basic, Intermediate Program Management, Intermediate Contracting, Contracting Laboratory, Acquisition Noncommissioned Officer Leaders, Contracting Officer's Representative, and Functional Area 51 Intermediate Qualification. The center is a one-stop shop for forecasting our future workforce needs and providing world-class acquisition training and development for its students.

I am genuinely proud of the learning environment we have created at the AACoE. The new location allows us unprecedented access to acquisition leadership representatives from the government, industry, and academia. As a result, we have not only efficient and centralized acquisition training, but extremely relevant training as well.



For more information, visit the AACoE page on the USAASC website at <http://asc.army.mil/aacoe/AACoE.cfm>. You can also access the website using the QR symbol at left with your smartphone.

Craig A. Spisak

Director, U.S. Army Acquisition Support Center

Contracting Community Highlights



Converting Time and Materials Contracts for Better Buying Power

Kathie Potter

On Sept. 14, 2010, DOD leadership issued guidance to restore affordability and productivity in defense spending. According to the memorandum *Better Buying Power: Guidance for Obtaining Efficiency and Productivity in Defense Spending* by Under Secretary of Defense for Acquisition, Technology, and Logistics Dr. Ashton B. Carter, "We have a continuing

responsibility to procure the critical goods and services our forces need in the years ahead, but we will not have ever-increasing budgets to pay for them. We must therefore strive to achieve what economists call productivity growth: in simple terms, to do more without more."

Carter's subsequent *Implementation Directive for Better Buying Power—Obtaining Greater Efficiency and Productivity in Defense Spending* of Nov. 3, 2010, requires that immediate consideration be given to fixed-price-incentive contracts. For those of us who have relied heavily on time and materials (T&M) contracts, how do we convert to cost-plus-incentive-fee or firm-fixed-priced contracts? To address this question, consider the importance of these key areas: business reformation or cultural tendencies, contract cost impact, market research, and Performance Work Statements (PWSs).

Business Reformation

If we are to effectively change the way we do business, we need to better define mission requirements and reduce overhead costs on our contracts.

Converting T&M Contracts Requires:

Contract cost assessment
Market research
Solid performance requirements
A collaborative strategy

A primary initiative in Carter's memo focuses on phasing out T&M contracts for services, a contract type widely recognized as having led to cost growth over time. In a T&M arrangement, the contractor has no incentive to contain costs because all of them are passed on to the government and, ultimately, the taxpayer. A shift in focus is called for, from the spending program to the correct contract formation.

The question is, what are some of the key considerations for converting T&M contracts to either firm-fixed-priced or cost-plus-incentive-fee?

Contract Cost Assessment

Independent cost estimates and adequate market research are important tools in contract formation. They are equally important in converting from a T&M contract during resolicitation or before exercising an option. We should assess the cost of a program, line item by line item, and determine if the service or goods are really necessary.

Early acquisition decisions should identify the major mission drivers and how they can be made less expensive while still meeting mission needs. In gathering as much information as possible about a previous acquisition, what was effective or ineffective in managing contract performance? When asking for proposals, it is important to understand how industry typically builds pricing for its commercial business. With enough market research and good cost estimates, we can determine the best marketing strategy for our acquisitions.

Market Research

Start by identifying the goals of the research, and then take the time to fully understand how private industry prices the same or similar goods and services. This isn't just about advertising the acquisition on the FedBizOpps website (<https://www.fbo.gov>); it's an opportunity to use trade journals, marketing magazines, government reports, and Chamber of Commerce market profiles, as well as to travel to site plants, to determine the demographics of the specific market. Collect information from existing customers by using questionnaires and conducting

personal interviews and focus groups for feedback on the specific products and services. Observe contractors in various locations to see how they are actually performing.

Organize the collected research data, determine or reevaluate the marketing strategy based on the results, and develop a truly independent government cost estimate. Start looking at the cost drivers of an acquisition and the trade-off between capability and costs, and then decide where to obtain the most capacity without paying the highest cost. Develop a fixed-price or cost-plus-incentive contracting arrangement that is in line with the cost drivers, so that cost risk is minimized or mitigated. Requirements should be developed correctly from the beginning, so that changes are not needed later in the acquisition process.

Performance Requirements

Focus adequate time and energy on developing performance requirements. The PWS is the most critical piece of the acquisition process; it is the foundation for the Request for Proposals and the resultant contract. It explains concisely what is to be accomplished in terms of results, so that the government can effectively monitor and evaluate the progress and final result of the project. The PWS should state requirements in general terms of what is to be done, rather than how it is to be done.

The goal of the PWS is to give the contractor maximum flexibility to devise the most efficient and effective method to accomplish the mission. It must be written to ensure that all offerors compete equally, and any requirements that could restrict a potential offeror should be removed. At the same time, the PWS must be descriptive and specific enough to protect the interests of the government and promote competition. The clarity and explicitness of the requirements in the PWS will invariably enhance the quality of the proposals submitted. A well-written, definitive PWS is more likely to produce definitive proposals, thus reducing the time required for evaluation. At a minimum, every PWS should:

- Give a precise statement of objectives or outcomes.
- Identify the tasks, but not specify how they should be performed or approached.
- Use measurable performance standards in terms of quality, timeliness, quantity, etc.
- Develop a quality assurance surveillance plan (QASP) for each PWS requirement.

A good PWS and QASP should always promote productivity and innovation by eliminating unnecessary process requirements and focusing on the outputs and outcomes. Most of all, they must maximize contractor accountability by making the contractor, instead of the government, responsible for the PWS and QASP.

A Collaborative Strategy

The acquisition professional has myriad resources to reduce the use of T&M contracts. Acquisition professionals, contracting personnel, and program managers should work closely to reach an understanding of the true mission requirement and change the contract type from T&M when appropriate.

Share your experiences with your program personnel and customers. Educate them on the market research, PWS development processes, and reviews of existing and previous contracts and experiences. Use this knowledge and experience to create lessons learned for future best practices.

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Two-Phase Design/Build Selection Process Speeds Contract Review

Virginia E. Mitchell

In 2004, the U.S. Army Corps of Engineers (USACE) received one of its greatest contracting challenges. As the Army's agent for military construction (MILCON), USACE needed to execute an unprecedented surge in construction requirements to meet the imminent demands of Army Transformation, the Global Posture Initiative, and Base Realignment and Closure.

Clearly, USACE could not achieve this mission using a business-as-usual approach to awarding contracts. The days of applying design, bid, build procedures to single facilities at installations had ended. The Army needed to transform its methods for executing MILCON, and it did so by transitioning to centrally managed designs under the Centers of Standardization (CoS) and by taking a new look at the way it solicited construction requirements. USACE also reached out to industry for input on how to best accomplish its goals on a local and regional basis and under a national acquisition strategy.

Industry Collaboration

In 2005, USACE conducted one nationwide and four regional industry and technical forums at key locations across the country, as well as one specialized forum with the permanent

prefabricated/pre-engineered/modular construction industry. Input from these forums, combined with Web-based market research, helped USACE gain a productive working understanding of industry's capabilities, experience, and interest. It also provided information on current construction techniques to help build 41 different facility types as varied as chapels, child care facilities, and command and barracks complexes, while ensuring better, faster, and cheaper execution. The U.S. Army Engineering and Support Center, Huntsville, AL, maintains the standards for these facility types.

Phases and Award

In Phase 1 of the best-value source selection process, USACE experts perform a capability analysis and assessment of performance risk. To accomplish this, offerors are evaluated in three areas: corporate relevant experience, past performance and organization, and technical narrative.

Preparing a proposal for this phase is fairly simple and straightforward. Once an offeror becomes familiar with the process, it can tailor the response to each new requirement.

The government often receives many Phase 1 proposals. Proposals in numbers of 20 or more are received for stand-alone "C" type contracts, while as many as 40-60 proposals are typically submitted for single-award task order contracts (SATOCs) and multiple-award task order contracts (MATOCs). This streamlined initial evaluation allows for a much quicker decision as to which proposals will make the cut for the Phase 2 evaluation.

The two-phase selection process also can save industry money and time upfront. If eliminated in Phase 1, offerors can save an estimated \$50,000-\$100,000 and an average of 60 working days by not preparing the Phase 2 proposal. Offerors not

Construction workers erect wall panels for a new physical fitness center at Fort Stewart, GA, Nov. 29, 2010. USACE is building a new campus for the 4th Infantry Brigade Combat Team at the installation. (Photo courtesy of USACE.)





Roofing work progresses on the new child development center at Fort Bliss, TX, Dec. 9, 2010. USACE has expanded construction at the installation for the past five years as units of the 1st Armored Division relocate there from Germany. (Photo courtesy of USACE.)

selected to proceed to the next phase in the competitive process can request a debriefing to learn where their proposals could have used improvement, then quickly turn their attention to another business opportunity.

Generally, for a stand-alone Request for Proposal (RFP), the best three to four proposals will make the cut for Phase 2 evaluation. For a MATOC, eight to 10 proposals will make the cut for Phase 2, from which three to seven contract awards will be made.

In Phase 2 of the selection process, experts evaluate the design technical capability, remaining performance capability, and price. This evaluation takes a deeper look at what's offered against the expressed needs of the government and the price. The Phase 2 evaluation determines the best-value offeror(s), depending on whether the acquisition involves a stand-alone contract or MATOC.

Pioneers in Savannah

While the two-phase selection process is not new under *Federal Acquisition Regulation* Part 36, the Savannah District, GA, pioneered this approach for USACE, releasing a design-build construction solicitation employing its first two-phase selection in FY00, for a \$70 million aviation brigade barracks complex at Fort Stewart, GA.

In the first two-phase solicitation, the contract for which took approximately 10 months to award with three offerors, Phase 2 contained 11 primary factors and 14 subfactors, compared with the current process involving up to five factors and no subfactors.

“Increasing transparency has been our primary goal, and a key lesson we have learned is that giving more information to industry about how we will evaluate offers is a good thing,” said Rita Miles, Chief of the Execution Branch (Contracting) at Savannah District. RFPs issued at Savannah District now include very specific information regarding the government's source selection plan, such as the adjectival rating descriptors, their definitions, and relative importance. More detail is also

given about the evaluation process relative to the steps and how final ratings are determined by the source selection board.

Proven Benefits

Savannah District receives relatively few protests under the two-phase selection process. Offerors sometimes protest to obtain information; however, as a result of the openness of this process, generally they already have useful information on the results of their evaluation. They receive feedback about how they can improve future submissions and walk away confident that they are being treated fairly.

Current processes will be continually refined and streamlined to meet the challenge, as existing stand-alone “C” contracts, SATOCs, and MATOCs expire and are replaced, and a greater number of proposals from industry are received for evaluation.

The two-phase best-value selection process has proven itself a vital tool in fulfilling the historically unparalleled USACE construction mission. It takes an average of eight months from release of solicitation to award base contracts and an average of 75 days from release of RFP letter to award task orders. Time frames will always be affected by the complexity of the projects.

Having standardized facility types is essential to meeting the construction demand. Child development centers (CDCs) are a top priority for the Army, USACE, and the U.S. Army Engineering and Support Center, Huntsville. Recently, the first CDC completed under the CoS, a large facility for children 6-10 years old, opened at Fort Lewis, WA. The centers provide much-needed, affordable day care for Soldiers' children. In all, more than 20 CDCs are in various stages of construction at such installations as Fort Bliss, TX; Fort Hood, TX; Fort Lewis; and Fort Stewart. The majority of projects were awarded under the southern region 8(a) MATOC.

Funding of the CoS program has been unique. In addition to the yearly MILCON appropriation from Congress, a number of CoS projects have also been funded with *American Recovery and Reinvestment Act* funds, the most recent being a small CDC at Fort Polk, LA, for which a contract was awarded in September 2010.

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U.S. Army Contracting Command Renames Centers

The U.S. Army Contracting Command (ACC) has renamed its major Contracting Centers (CCs) to reflect their geographical locations. These centers provide comprehensive acquisition, contracting, business advisory, production support, and depot-level maintenance services in acquiring, fielding, and sustaining Army weapon systems, services, and Soldier support.

ACC Soldiers and civilians work with industry to acquire equipment, supplies, and services for America's Army. If a Soldier shoots it, drives it, flies it, communicates with it, wears it, or eats it, ACC contracts for it.

"Over the past two years, we've come to realize the importance of establishing a consistent and practical identity across the organization," said Jeff Parsons, ACC Executive Director. "After much study and consideration, the one area where we believe we can achieve some major returns on investment is branding and standardizing the naming convention of the ACC Contracting Centers. We decided to incorporate the geographical locations of the centers in their new names."

Following are the former and new names of the ACC Contracting Centers:

Former Name	New Name	Location
National Capital Region CC	ACC-National Capital Region	Alexandria, VA
U.S. Army Tank-automotive and Armaments Command CC	ACC-Warren	Warren, MI
U.S. Army Communications-Electronics Command CC	ACC-Aberdeen Proving Ground (Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance)	Aberdeen Proving Ground, MD
U.S. Army Research, Development, and Engineering Command CC	ACC-Aberdeen Proving Ground (Soldier, Chemical, Research, and Test)	Aberdeen Proving Ground, MD
Joint Munitions & Lethality CC	ACC-Picatinny	Picatinny Arsenal, NJ
U.S. Army Aviation and Missile Command CC	ACC-Redstone	Redstone Arsenal, AL
Rock Island CC	ACC-Rock Island	Rock Island Arsenal, IL

—Article courtesy of the ACC.

Logistics Civil Augmentation Program Improves Support Capabilities

Tommy L. Marks and Robert Gottfreid

The Logistics Civil Augmentation Program (LOGCAP) is an Army initiative to contract for a broad range of logistics and support services to U.S. and allied forces during wartime, contingency, peacekeeping, humanitarian, and training operations. The LOGCAP mission continues to evolve, providing premier support to the Soldier with flexibility, agility, and timely execution.

Lessons learned during this evolution have improved contract oversight in a variety of ways, in a variety of areas of operation. LOGCAP has grown from a contingency plans management program to the Army's premier contract vehicle of choice, capable of providing service support anywhere in the world.

LOGCAP III and IV

The LOGCAP III contract was awarded to Kellogg, Brown & Root Inc. (later renamed KBR Inc.) in 2001, furnishing support operations in Afghanistan, Iraq, Kuwait, Djibouti, Jordan, Kenya, Uzbekistan, and Georgia.

Before *Operation Iraqi Freedom (OIF)*, LOGCAP III was valued at about \$5 million per year. With the growth of U.S. military participation in combat in Southwest Asia, LOGCAP also grew to nearly \$5 billion a year. However, the processes and personnel needed to manage the program could not keep up with its expanding mission.

Awarded in April 2008, LOGCAP IV involved a single support contractor, SERTO, and three multiyear, best-value performance contractors, DynCorp International, KBR Inc., and Fluor Corp. Performance contracts were awarded as Indefinite Delivery/Indefinite Quantity with one base year and nine option years, with a lifetime maximum value of \$150 billion.

LOGCAP IV's use of multiple performance contractors fosters competition to reduce overall costs and award fee incentives appropriate for the risk associated with specific tasks that enhance the quality of services. The use of multiple contractors reduces the risk to the Army associated with a single contractor and broadens the selection of mission resources. The intent during the transition to LOGCAP IV has been to ensure uninterrupted delivery of services to field units.

While LOGCAP III remains in effect in Iraq, LOGCAP IV is now active in Afghanistan, Kuwait, Bahrain, and Qatar.

Lessons Learned

The transition from LOGCAP III to LOGCAP IV incorporated lessons learned that strengthened contract oversight. One of the most significant lessons learned was to consolidate multiple unique task orders into standardized task orders with baseline pricing. By applying this concept, LOGCAP's entire contracting process changed from requirements generation to contract completion.

Another lesson learned was to increase staff levels at the headquarters to better manage contract administration, planning, operations, training, and exercises. This enables the LOGCAP Program Management Office (PMO) to better support deployed LOGCAP teams with improved requirements generation and program execution.

The tailoring of LOGCAP training for unit-level contracting officer's representatives provides better contract oversight and execution in forward locations. With improved training and staffing, forward-deployed Department of the Army civilians, contracting officer's representatives, and LOGCAP planners can fully use LOGCAP PMO reachback support.

Spotlight: Afghanistan

In Afghanistan, the concept of LOGCAP Camp (LOGCAMP) is reducing the time it takes to get materials into theater for new Forward Operating Bases (FOBs) or to expand capacity at existing FOBs. As an innovation to Force Provider, organic prepackaged tents and camp equipment for rapid deployments, LOGCAMP is referred to as a "FOB in a box." By standardizing the LOGCAMP requirements, units are able to select the right-size options for their needs and capabilities.

The greatest advantage of LOGCAMP is having an experienced contractor workforce to quickly and efficiently construct FOBs and furnish basic life-support operations, allowing warfighters to focus on executing their assigned mission. LOGCAP IV has negotiated pricing for FOB construction, operations, and maintenance services in five supported population ranges, from 300 to 20,000 personnel.

LOGCAP support officers (LSOs), located at various camps in Iraq, Kuwait, and Afghanistan, serve as the program interface to the supported units. The LSOs assist customers in developing Statements of Work and Performance Work Statements for required services, as well as overseeing the life cycle of the requirements from development through delivery.

Spotlight: Iraq

LOGCAP also supports other government agencies, the largest being the Department of State in Iraq. LOGCAP services for the State Department include base life support, equipment maintenance, theater transportation, and postal operations.



A Soldier takes a break at a recreation center in Iraq. LOGCAP provides base support, such as Morale, Welfare, and Recreation services for Soldiers in theater. (U.S. Army photo by Galen Putnam, U.S. Army Sustainment Command Public Affairs.)

Many of these services were provided by the Army and shared with the State Department during *OIF*.

LOGCAP is committed to providing the best support to our commanders as they execute President Obama's directive to draw down forces from Iraq by the end of 2011. The end state for the LOGCAP team in Iraq during drawdown is the successful withdrawal of forces, return of bases to the government of Iraq, and complete and accurate property disposition.

To facilitate drawdown, LOGCAP staffs at unit locations synchronize plans with the Base Closure and Assistance Teams, which consist of contracted multifunctional logisticians assigned to guide units through the process, adhere to established procedures, and determine best practices for transferring bases to Iraqi authority. Property at the base is inventoried and designated, as appropriate, for use in Iraq, Afghanistan, or other government agencies. A portion of a base might be returned to the government of Iraq, while U.S. forces retain a presence. The gradual turnover of the facilities allows for a smaller U.S. footprint and a smaller logistics support effort by LOGCAP.

Spotlight: Haiti

In January 2010, when a large earthquake in Haiti caused widespread devastation, LOGCAP responded by awarding a task order to Fluor with the mission to assess a possible support requirement for the U.S. military's humanitarian effort. Since the U.S. military presence was expected to be temporary, Army leaders determined that short-term, expeditionary support was appropriate, rather than a long-term, LOGCAP-style, contractor support structure.



LOGCAP provides Soldiers in the field with a variety of support services, including laundry. (U.S. Army photo by Galen Putnam, U.S. Army Sustainment Command Public Affairs.)

In responding to this challenge, with a contract award made in just four days and contractors arriving in Haiti in five days, LOGCAP proved it had the capability of providing support services for three global contingencies simultaneously and in a short period of time.

Moving Forward

By sharpening and applying lessons learned, requirements generation, contingency planning, and program oversight, the LOGCAP partnership of military and corporate assets will continue to improve in its mission of fulfilling customer needs worldwide.

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For more information, call 703-960-6802 or 800-755-8805, or e-mail [dauaa2\(at\)aol.com](mailto:dauaa2(at)aol.com).

