



Services Acquisition Management Tips & Tools

Improving the Tradecraft in Services Acquisition

Jeff Tkach
Defense Acquisition University
Midwest Region
jeffrey.tkach@dau.mil



Overview

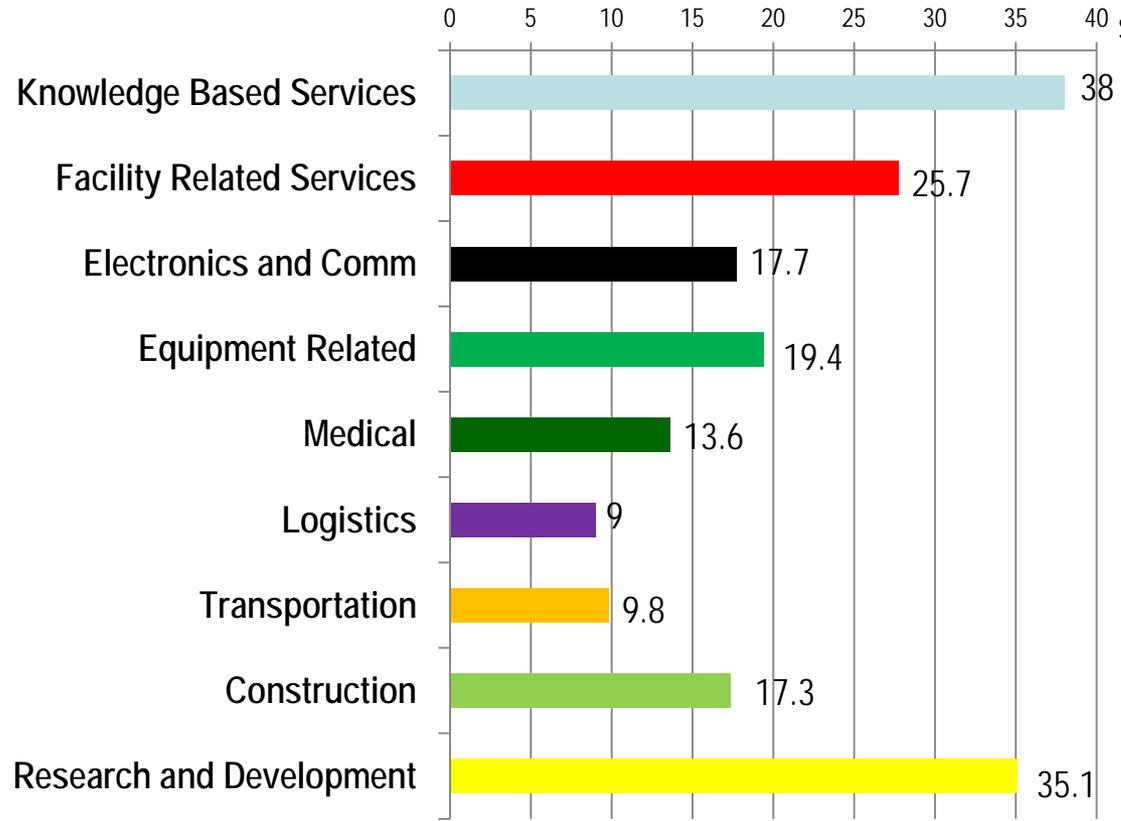
- Introduction
- The Seven Step Service Acquisition Process
- Service Acquisition Mall
- Approaches to Training
 - Classroom
 - Web Based
- Acquisition Requirements Roadmap Tool (ARRT) Demo



DOD FY 12 Dollars Obligated

DoD Total Contract Obligated (approx.) \$338 Billion

DoD Total Service Contract Obligated: \$185.6 Billion



Service Contracts
accounted 55% of all
DOD FY 12 obligations



Concerns over Service Contracts

House Armed Services Committee Report excerpts:

...challenges with the requirements process are a major factor in poor acquisition outcomes. Most concerning was the fact that the requirements process for the acquisition of services..is almost entirely ad hoc.

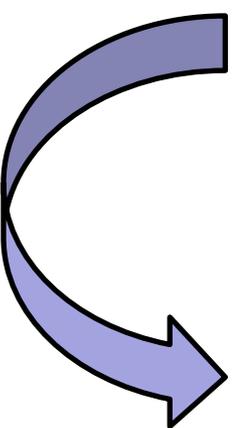
...In many cases the user community ...not accustomed to thinking of themselves, or operating, as requirements generators. ...not staffed or trained to perform these responsibilities, and for this reason, requirements for services contracts are often poorly written.

...the Panel remains concerned that professional-level training courses for services program managers continue to be lacking.

OSD Policy Guidance

“Better Buying Power: Guidance for Obtaining Greater Efficiency and Productivity in Defense Spending Initiatives” Dr. Carter Sep 14, 2010 Memo

5 Key Initiatives

- Target Affordability and Control Cost Growth
 - Incentivize Productivity & Innovation in Industry
 - Promote Real Competition
 - Improve Tradecraft in Services Acquisition**
 - Reduce Non-Productive Processes and Bureaucracy
-
- 
- ✓ Create a senior manager for acquisition of services
 - ✓ Adopt uniform taxonomy for different types of services
 - ✓ Address causes of poor tradecraft in services acquisition
 - ✓ Enhance competition
 - ✓ Limit use of Time & Material and award fee contracts
 - ✓ Contracts exceeding \$1B must contain cost efficiency objectives
 - ✓ Increase small business participation

Services Taxonomy

Knowledge Based Services

- Engineering Management Services
- Program Management Services
- Management Support Services
- Administrative & Other Services
- Professional Services
- Education & Training

Electronics and Communications Services

- IT Services
- Telecom Services
- Equipment Maintenance
- Equipment Leases

Logistics Management Services

- Logistics Civil Augmentation Program
- Logistics Support Services

Facility Related Services

- Architect/Engineering Services
- Operation of Government Owned Facilities
- Machinery & Equipment Maintenance
- Building & Plant Maintenance
- Natural Resource Management
- Utilities
- Housekeeping & Social Services

Medical Services

- General Medical Services
- Dentistry Services
- Specialty Medical Services

Transportation Services

- Transportation of Things
- Transportation of People
- Other Travel & Relocation Services

Equipment Related Services

- Maintenance, Repair and Overhaul
- Equipment Modification
- Installation of Equipment
- Quality Control
- Technical Representative Services
- Purchases & Leases
- Salvage Services

Research and Development

- Systems Development
- Operational Systems Development
- Technology Base
- Commercialization

Construction Services

- Structures & Facilities
- Conservation & Development Facilities
- Restoration Activities

9 Services Portfolio Groups

40 Service Portfolios



Planning Phase - Problems

- ...the Panel remains concerned that professional-level training courses for services program managers continue to be lacking. (HASC Report)
- Program or Project Manager is the exception, not the rule
 - Unclear expectations of roles, responsibilities, and accountabilities
 - No Vision and Timeline for completing the acquisition
 - Failure to identify a PM leads to delays and loss of focus
 - Limited early KO involvement creates frustration
 - Limited Stakeholder Analysis
 - Ineffective Market Research at best
 - Sources sought is not all there is to it
 - Fear of talking with industry prior to RFP release



Development Phase - Problems

- Severe cases of “Cut-paste-itis”
 - Not analyzing what has changed from last requirement
- Don’t understand difference between a performance objective and a performance standard
- Task requirements with no performance standards
 - Confusion on “How” to develop a PWS
- Overly specific “Personnel qualifications” (Butts in Seats)
- Limited KO involvement during requirement development impacts developing effective business strategies
 - Lack of understanding of the key performance issues and stakeholder concerns
- Business strategy and type of contract decided in a vacuum before requirement has been finalized

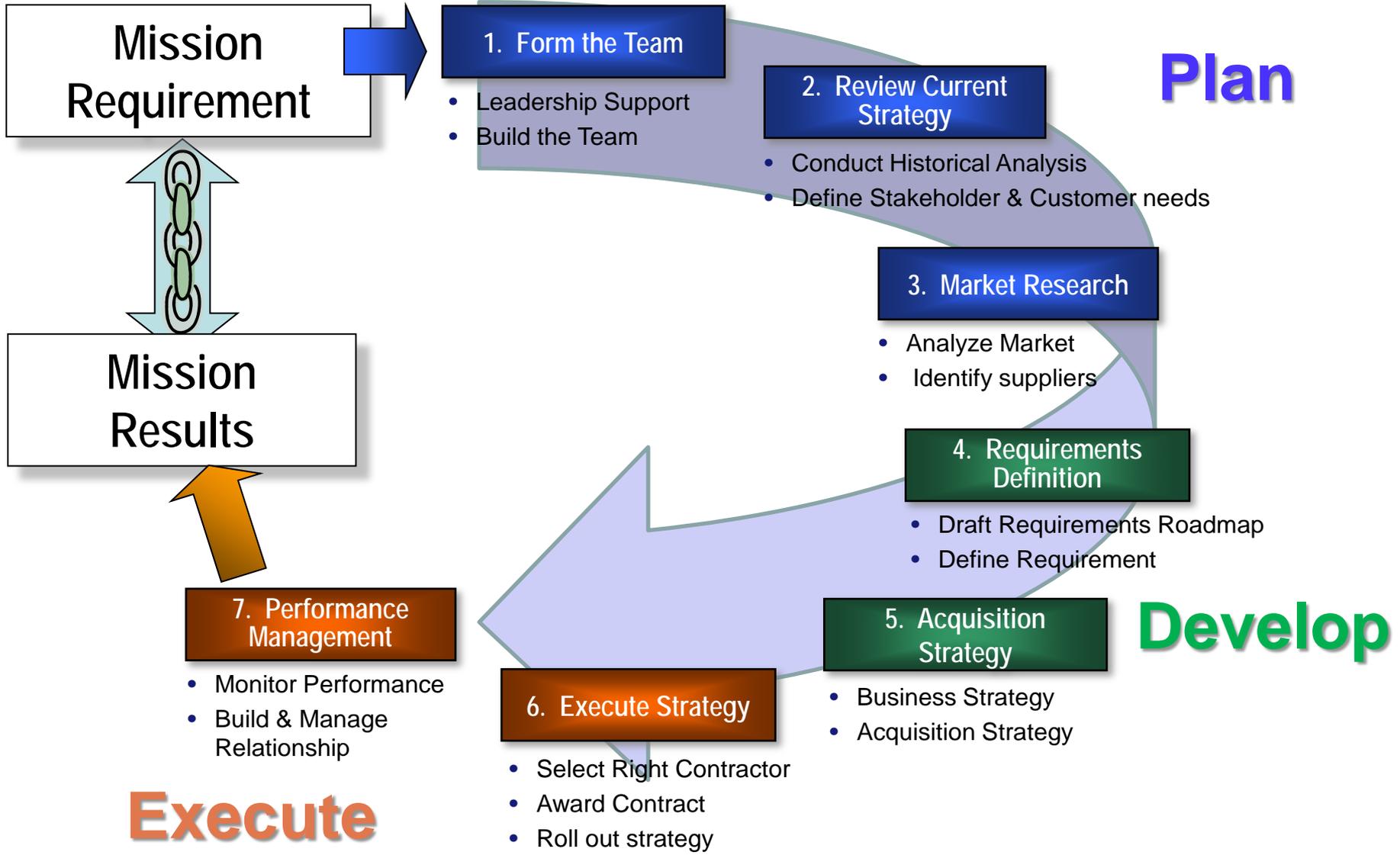


Execution Phase - Problems

- Tracking performance requires using the QASP and collecting data and facts
 - Too often lack the data to support less than SAT CPARS, if they do CPARS at all
 - Little connection between QASP and CPARS
- Part time CORs with high turnover
- Need to Manage the Relationship, the Results and the Contract
- Keeping leadership engaged in the results

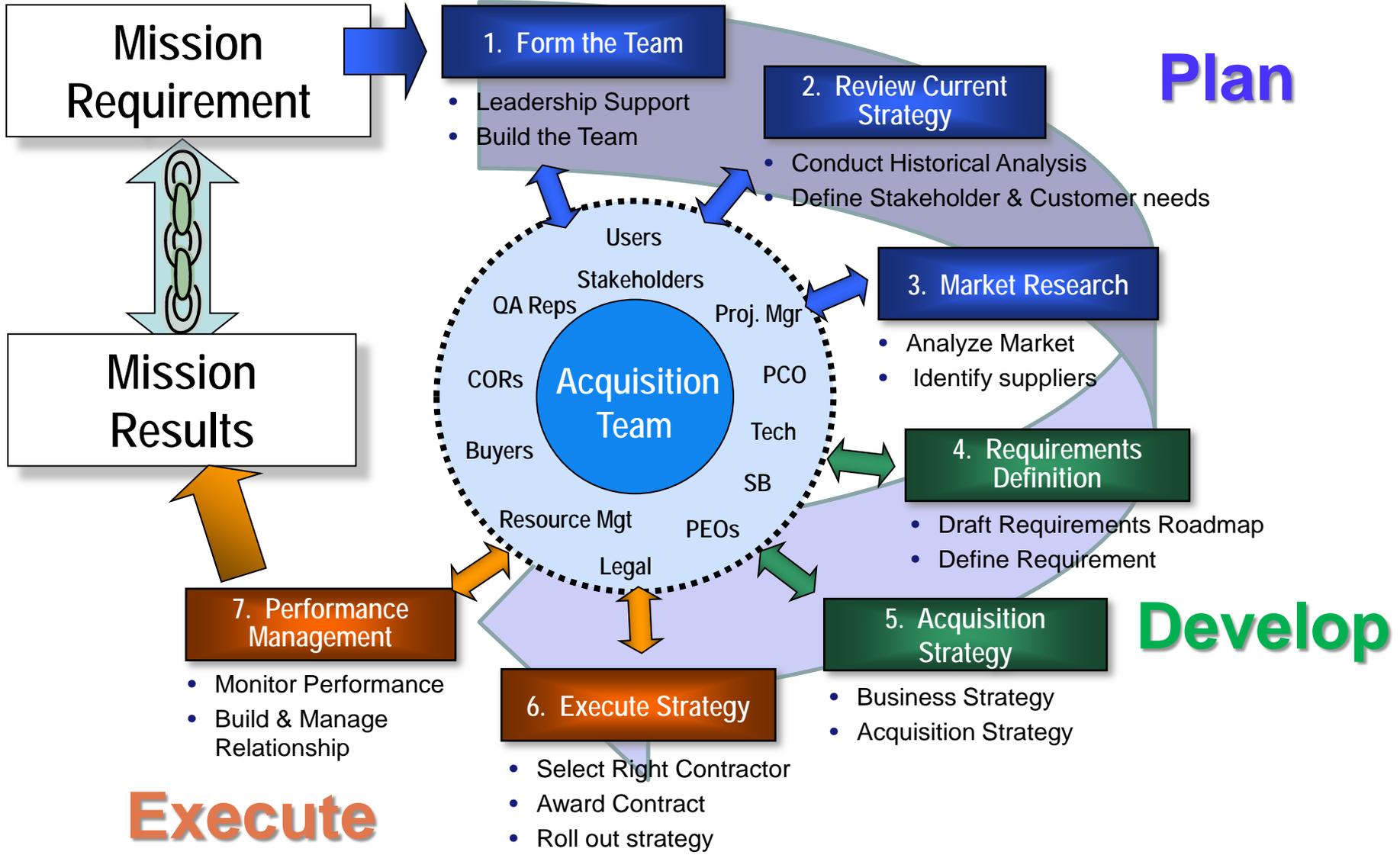


Framework for the Service Acquisition Process



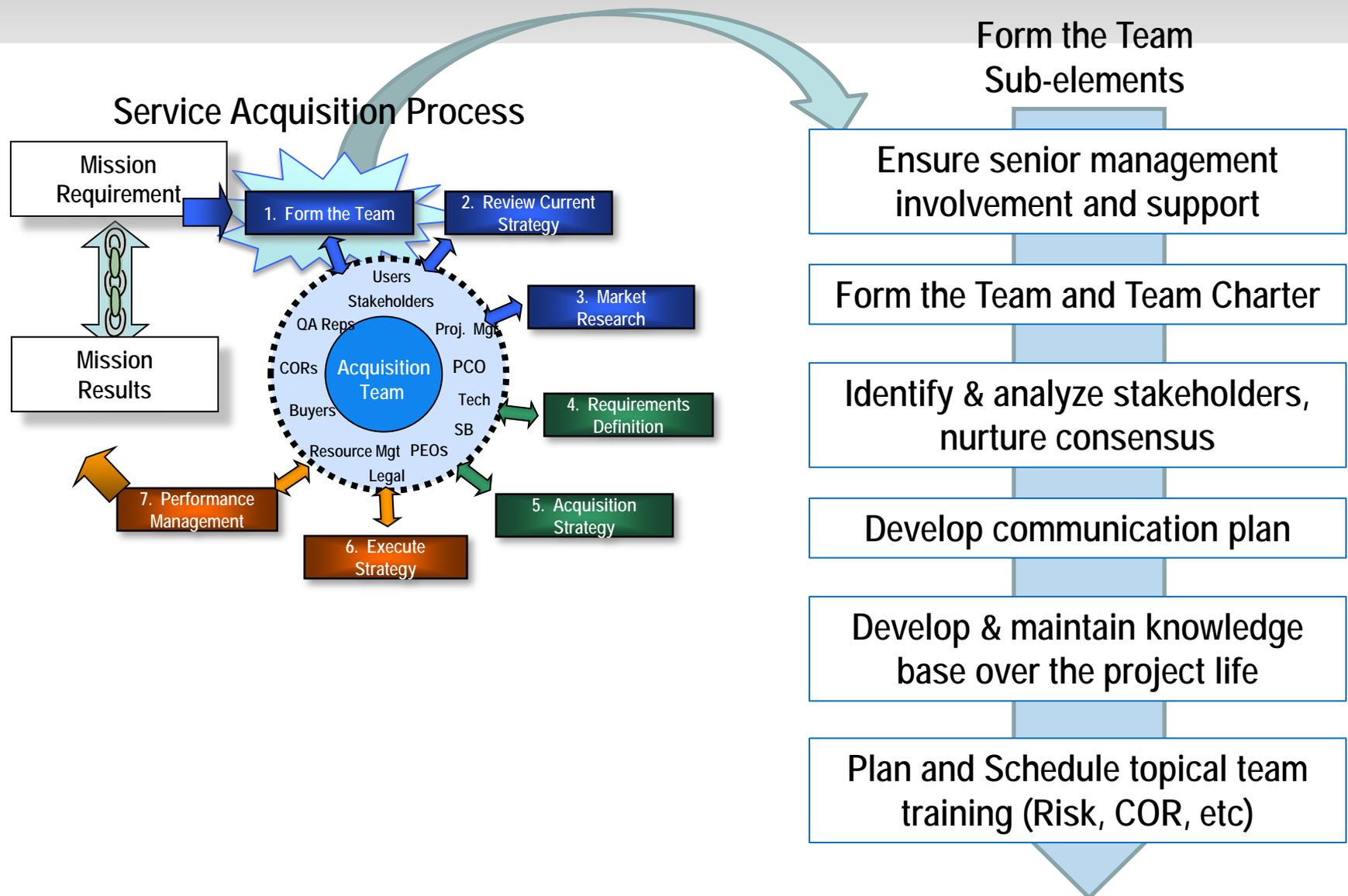


Framework for the Service Acquisition Process





Step One – Form the Team





Senior Leadership Support

- Senior Leadership involvement and support is a predictor of success
 - “Strong leadership at the top” as a “success factor” in the selection, evaluation and control processes associated with acquisition investment review (*CIO Council document, “Implementing Best Practices: Strategies at Work”*)
- Senior Leadership provides a shared vision
 - Coordinates integrated solution teams that cut across “organizational boundaries”
 - Overcomes “turf battles”
- Creating “buy in” from leadership and establishing the realms of authority are *essential to performance-based project success*



Form the Team

- The Service Acquisition team should be a customer-focused, multi-functional team
- It is essential that **all** stakeholders—users/customers, acquisition personnel, and industry—be involved to some level to ensure the success of the acquisition
- Understand the roles and responsibilities of the stakeholders and the roles of the core team members

WORK TOWARDS A COMMON GOAL



Who Should Be On Your Team?

- Customer/User
- Project manager/program manager/technical specialist
- Contracting officer/contract specialist (PCO/ACO)
- Performance assessment personnel (COR/QAE)
- Small Business Specialist
- Cost/price analyst
- Finance/budget officer
- Legal advisor
- Others?



Team Diversity

- Different views and experiences are vital to your success
 - Consensus and compromise are critical in achieving a working relationship
- Your job is to weave individual knowledge and experience into a committed and cohesive team
- Cannot lose sight of four key questions:
 1. What do we need?
 2. Why do we need it?
 3. When do we need it?
 4. How will we know it's good when we get it?

Who are your Stakeholders?

- Senior Leadership
 - Who is paying the bill and
 - Who is ultimately accountable for performance of the overall organization
 - What functional or technical areas are directly affected
- Higher Headquarters
- Ultimate customer and users of the service
- Project leadership and acquisition team



Who has a dog in the fight!

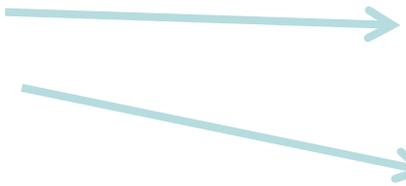


Team Vision and Charter

Team Charter captures:

Vision

Mission



Project Description

Team Deliverables

Membership

Roles and

Responsibilities

Team Name:		Senior Stakeholder:	
(Your Team Name Here)		(Who is the principle leader being supported by this effort)	
Project Name:		Period of Performance:	
		Start Date:	Completion Date:
Team Purpose: (Why are you here)			
Example: <i>To develop a smart business strategy to acquire contract support to support various test ranges that meet the vision and mission goals as stated below:</i>			
Vision: (At a high level, define in one sentence what you're trying to achieve) <i>Here's an example: To be the safest working environment for testing while using the most dangerous equipment in the world.</i>			
Mission: (How will you achieve your vision and why is it important) <i>This mission statement relates to the vision above: To ensure a safe workplace by performing safety and hazard analysis of military equipment, facilities, and test ranges in order to ensure the War fighter's equipment is safe to use in Worldwide environment.</i>			
Project Description:			
(Capture the essential performance requirements of your project or acquisition such as in the example below)			
Example:			
<ol style="list-style-type: none"> 1. Provide systems test safety engineering support to identify risk levels and hazards to minimize/avoid injury 2. Provide radiation safety support that mitigates risk of ionizing and non-ionizing radiation sources 3. Provide range safety support to mitigate safety hazards throughout the entire test range 4. Provide industrial hygiene support to identify risk levels and hazards to minimize/avoid injuries 5. Provide OSHA and safety engineering compliance support 6. Provide management oversight support for ammunition and explosive functions 7. Computer automated support in the areas of scheduling and safety 8. Provide support to capture, collate, and report installation safety issues to the commander 9. Provide support to manage the installation's health and wellness program 			



Project Plan supports each step of the Seven Step process

If task does not apply to the acquisition, it is grayed out

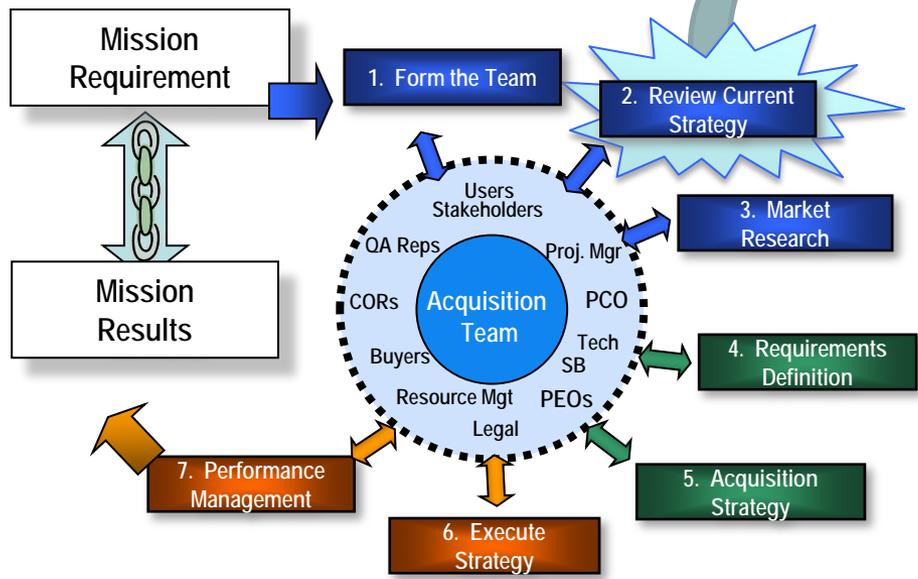
	Responsible	Duration	Target Due	Accountable	Contributor	Informed
2 Review Current Strategy						
2.1 Identify current initiatives/contracts	Connie		Complete	Connie		
2.2 Review and document current performance (cost, quality, schedule)						
2.2.1 Review current stakeholder issues	Connie		Complete	Jerry		
2.2.2 Document current metrics (no current AF metrics reported)	Connie		Complete	Jerry	Sue	Jerry
2.3 Begin program risk identification (cost, schedule, performance)	Jerry		Comp / On-going			
2.4 Document current processes						
2.4.1 Detail user/customer requirements, acquisition process, service steps, supplier functions, and contingency processes	Connie		30-Jun	Connie	Sue	Sandy/Kathleen
Document process for new construction up to requirements package	Sandy		30-Jun	Connie	Annalaura	Sue
Document process for replacement up to requirements package	Sandy		30-Jun	Connie	Annalaura	Sue
Document process from requirements package to award of delivery order	Connie		30-Jun	Connie		
Document process for service	Sue		30-Jun	Connie		
2.4.2 Document current cost of the product/service	Sue		Complete	Connie		
2.4.3 Identify challenges associated with the product/service						
2.4.4 Understand the impact of contingency operations						
2.4.5 Understand the effect on small business participation	Connie		Complete	Connie		
2.4.6 Understand local command funding authority						
2.4.7 Understand effects of bundling and/or consolidation, if applicable (n/a if SB only)	Connie		Complete	Connie		
2.5 Determine Status of GFP/GFM/Facilities						
2.5.1 Determine availability, serviceability, etc (status)						
2.5.2 Determine disposition planned for current and future						
2.5.3 Determine replacement costs, life cycle expectations, repair costs						
2.6 Conduct Spend Analysis						
2.6.1 Review spend analysis specific to the product / service group	Connie		Complete	Jerry	Sue	Jerry
2.6.2 Identify any potential subcategories	Connie		Complete	Jerry	Jerry	
2.6.3 Gather additional spend data as required	Connie		Complete	Jerry	Jerry	
2.6.4 Gather, cleanse & interpret gov't spend data	Connie		Complete	Jerry	Jerry	Sue
2.6.5 Understand total cost of ownership				Jerry	Jerry	
2.7 Stakeholder submits current and projected requirements forecast (Have ACC & AMC)	Connie		15-Jun	Jerry	Maj Leighton	MAJCOM Reps
2.8 Review current and statutory requirements (what changed since last acquisition)	Sue		30-Jun	Connie	Sandy	

Must have names to assign responsibilities



Step 2 Review Current Strategy

Service Acquisition Process



Review Current Strategy Sub-elements

- Identify current initiatives/contracts
- Review and document current performance (cost, quality, schedule)
- Begin program risk identification
- Document current processes
- Determine Status of GFP/GFM/Facilities
- Stakeholder submits current and projected requirements forecast
- Review current /statutory requirements
- Define (at a high level) desired results.
- Review current performance and desired results with stakeholders and users
- Refine desired results and validate with stakeholders



Review and Document Current Performance Cost / Quality / Schedule

- What is the current perception of performance?
 - Is it measurable?
 - Identify any current performance problems?
 - From Government perspective
 - From Contractor perspective
- What is the current cost?
 - What is the expectation for future costs?
 - Could we gain price/cost advantage by realigning expectations in specific areas?
- Is the current service being delivered on a timely basis?



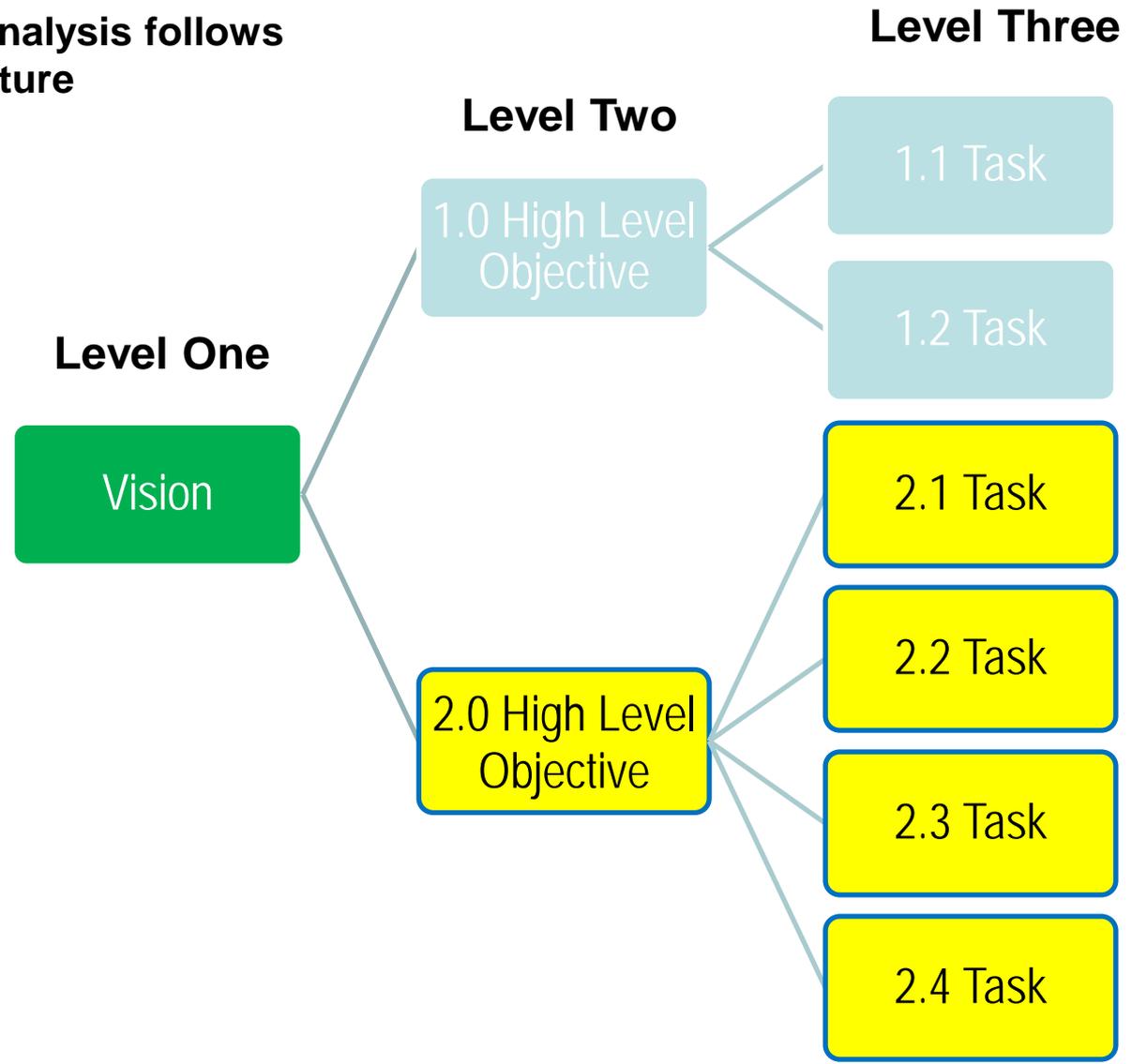
Review and Document Current Performance Cost / Quality / Schedule

- Determine how your Stakeholder(s) define success
 - Does the current product/service satisfy stakeholder and customer needs?
 - If not, why not? Define this as specifically as possible
- Assess the current level of performance
 - Are the customers currently satisfied?
 - If not what needs to change?
 - Could we gain price/cost advantage by realigning expectations in specific areas?
 - Less in some areas, but perhaps a higher level in others?
 - How do your stakeholders and customers define their performance outcomes?
- Capture stakeholders concerns through an interview



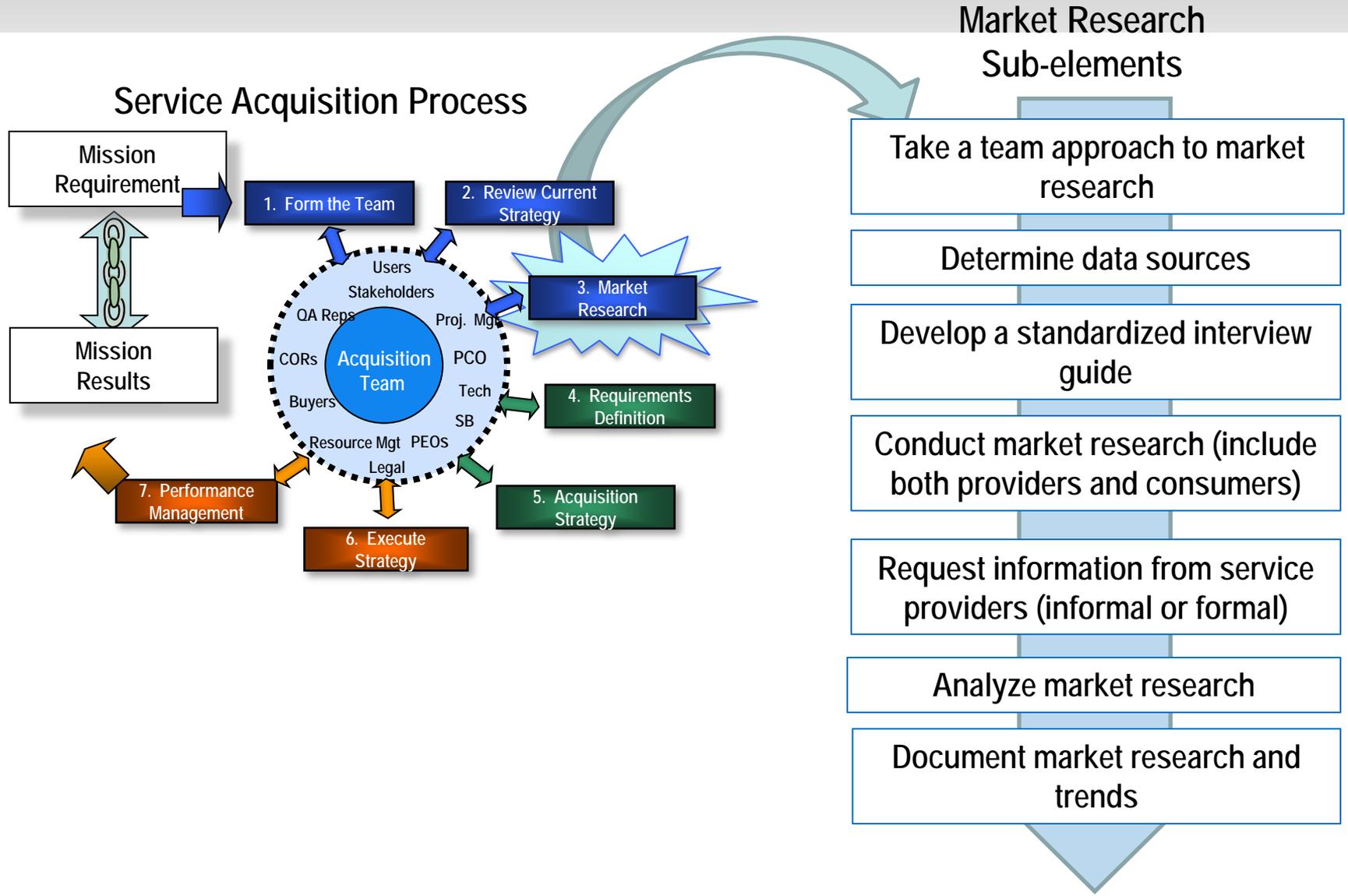
Requirements Analysis

Requirement Roadmap analysis follows a Work Breakdown Structure (WBS) approach





Step Three – Market Research





What is Market Research?

The systematic process of **collecting, analyzing and presenting objective useful marketing information** for assisting management in problem solving and decision making.

CLE028 - Market Research for Engineers and Technical Personnel



Market Research

Helps you identify:

- Who's **buying** this service?
 - Both in the government and private industry
- Who's **providing** this service?
 - To government and private industry
- **How** is the service being purchased?
 - Types of contracts, incentives, how they are structured
- How are the contractors delivering the service?
 - Address **performance results**, measures/metrics, customer satisfaction, cost and value assessments
- Required for all acquisitions



Why Do Market Research?

To Support Acquisition Documentation and Decisions!!!!!!!!!!!!!!

By understanding



We can shape:

Commercial capabilities

System Requirements

Risks, environment

Acquisition Strategy

Key "discriminators"

Evaluation Factors

Contracting history

Contractual Documents

Logistics

Support Plans

Development history

Test Plans

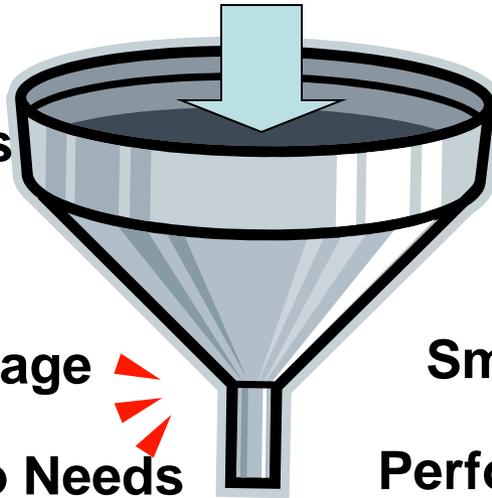
Acquisition history

Milestone Decisions,
Pricing strategy,
Need for cost/pricing data!

Analyze Market Research

MARKET DATA Collected

Assess from many angles



New technologies

Pricing/Value Comparisons

Competition

Market Trends (Supply/Demand)

Market Leverage

Small Business Opportunities

Compare/Contrast to Needs

Performance Metrics

Conduct MARKET ANALYSIS

Whole Team
reviews
assessments



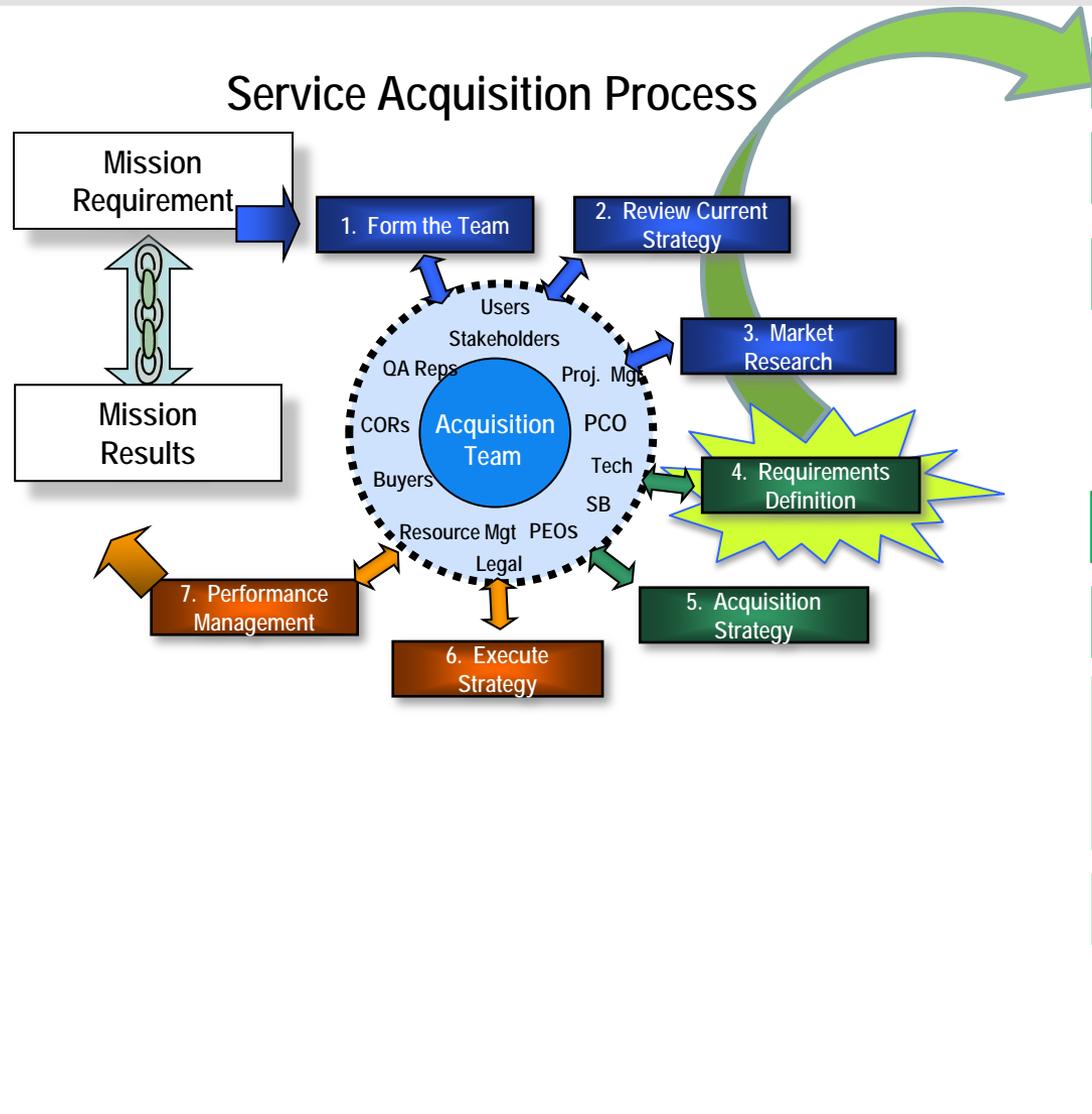


Step Four – Requirement Definition

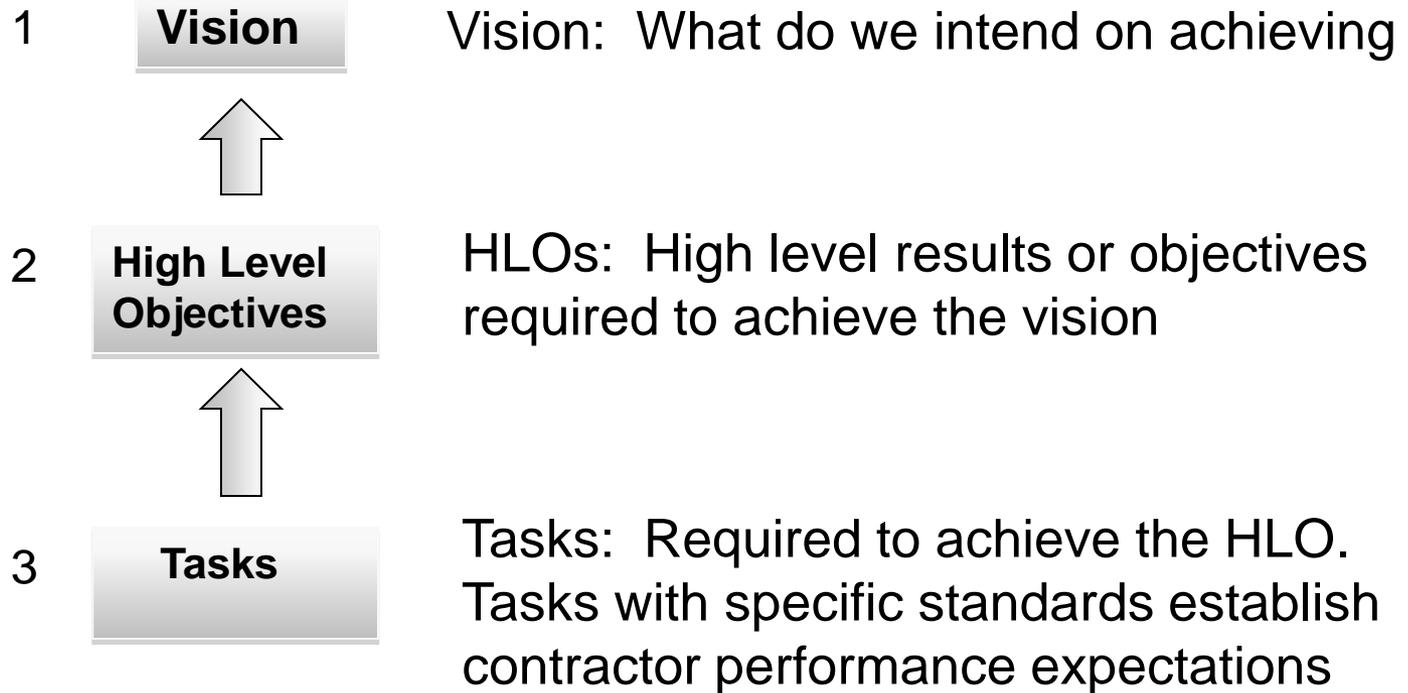
Requirement Definition Sub-elements

- Conduct performance Risk Analysis
- Conduct a Requirements Analysis
- Build Requirements Roadmap
- Standardize requirements where possible to leverage market influence
- Develop a PWS or SOO
- Develop the QASP
- Develop Independent Government Estimate (IGE) based on projected demand forecast
- Establish stakeholder consensus

Service Acquisition Process



Requirements Analysis

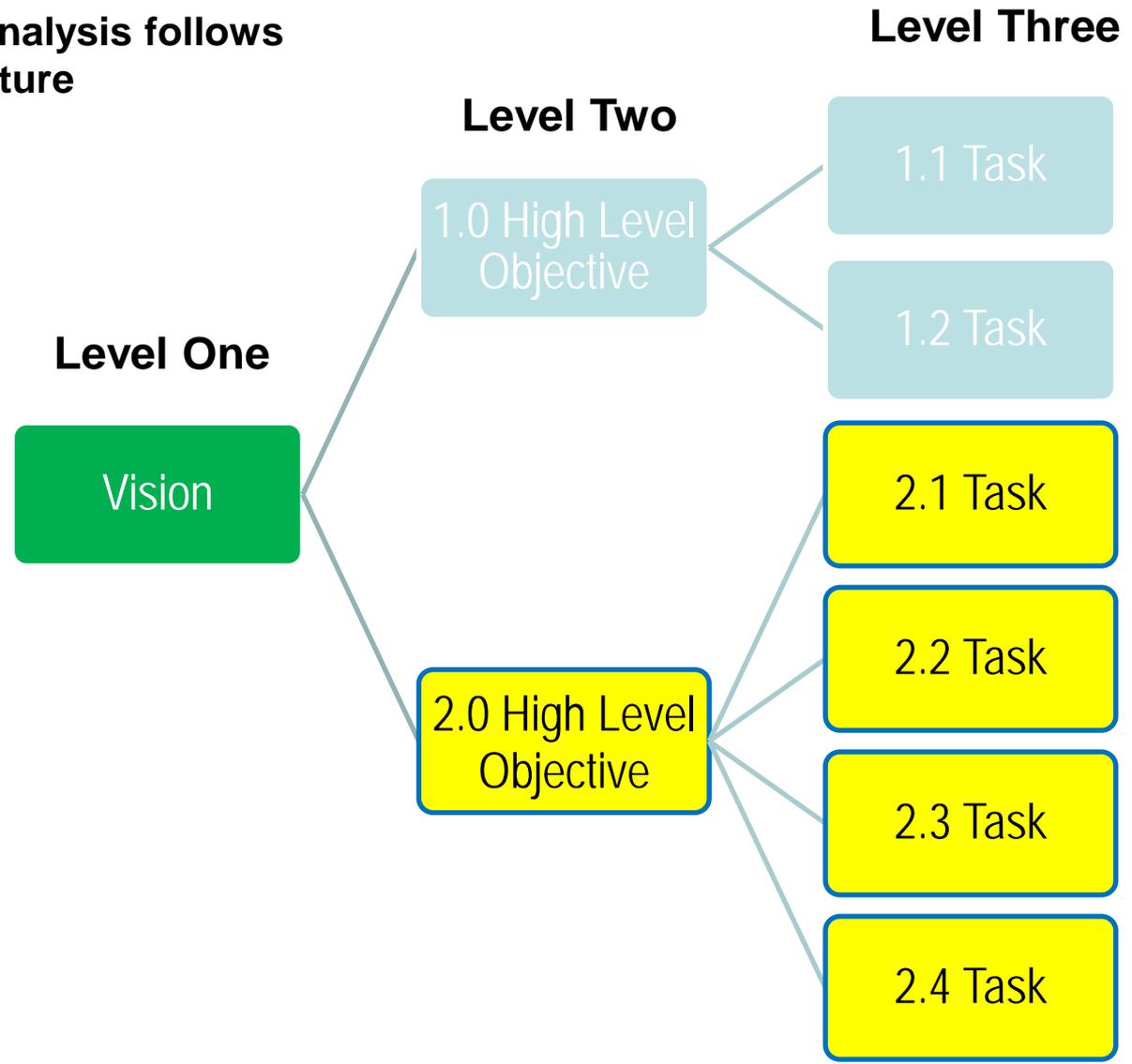


Completing the Roadmap provides the framework for the PWS, PRS and QASP



Requirements Analysis

Requirement Roadmap analysis follows a Work Breakdown Structure (WBS) approach



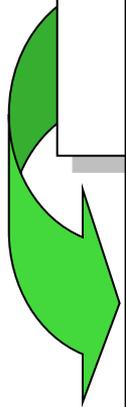


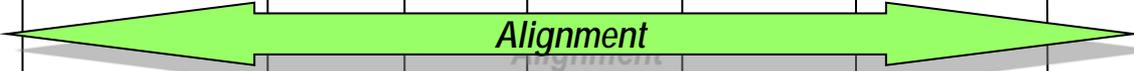
Requirements Analysis

Acquisition Vision
Desired Outcomes

- A...
- B...
- C...

Requirements Roadmap Worksheet



Vision:								
High Level Objective	Performance			Inspection				Incentive
	Performance Element	Standard	AQL	What	How	Who	Metric	Type
1....	1-1							
	1-2							
	1-3	1-3 a						
		1-3 b						
2....	2-1							
	2-2							



Roadmap provides linkage for PWS, QASP and Acquisition Approach

Acquisition Vision
Stakeholder Desired Outcomes

- A.....
- B.....
- C.....

Developed in Steps 1, 2 & 3

Requirements Roadmap Worksheet				
Objective	Standards	AQL	Inspection	Incentive

Developed in Step 4

Performance Work Statement or SOW

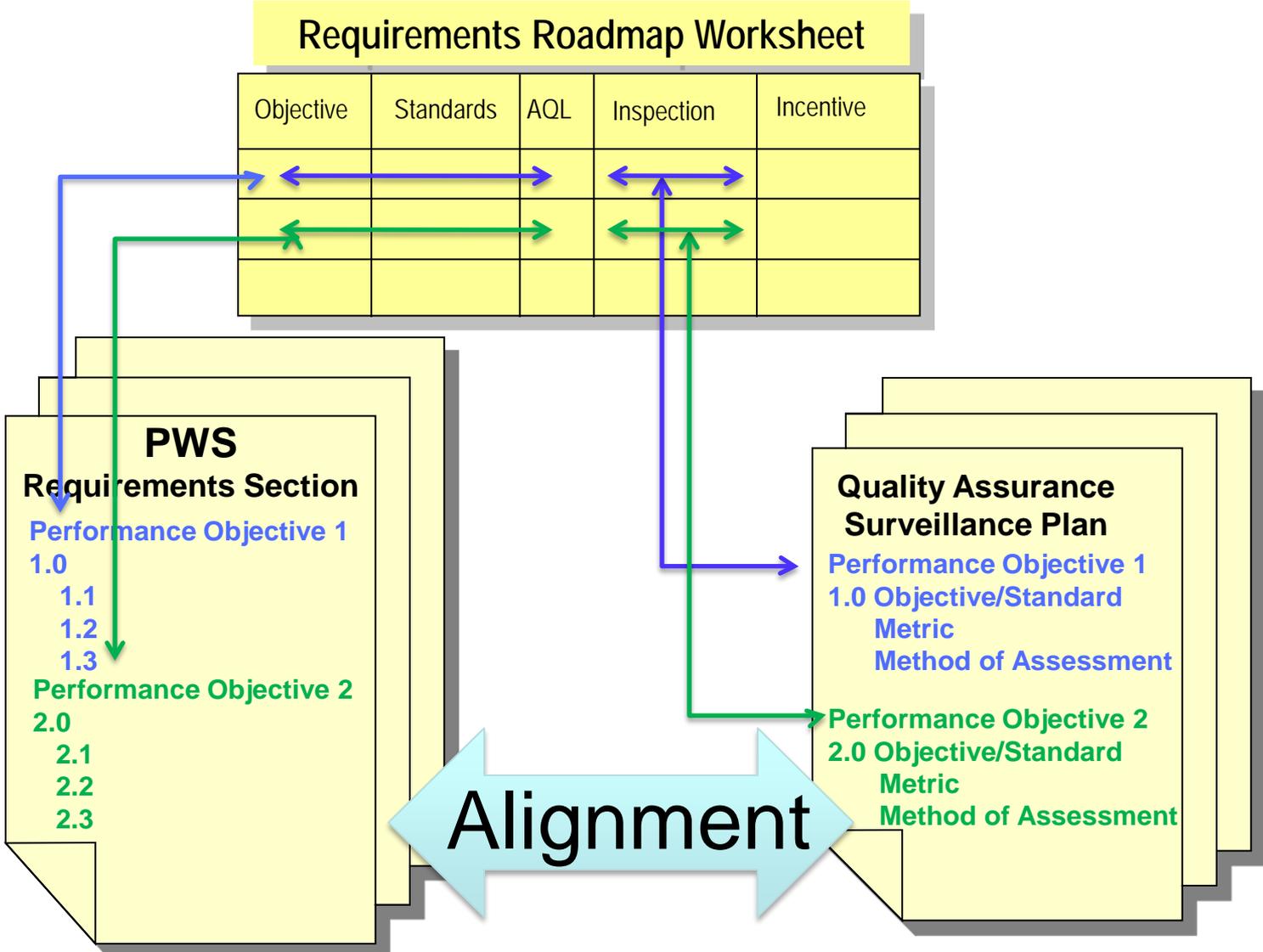
Quality Assurance Surveillance Plan

Business Strategy Evaluation Factors for Section M

Developed in Step 5



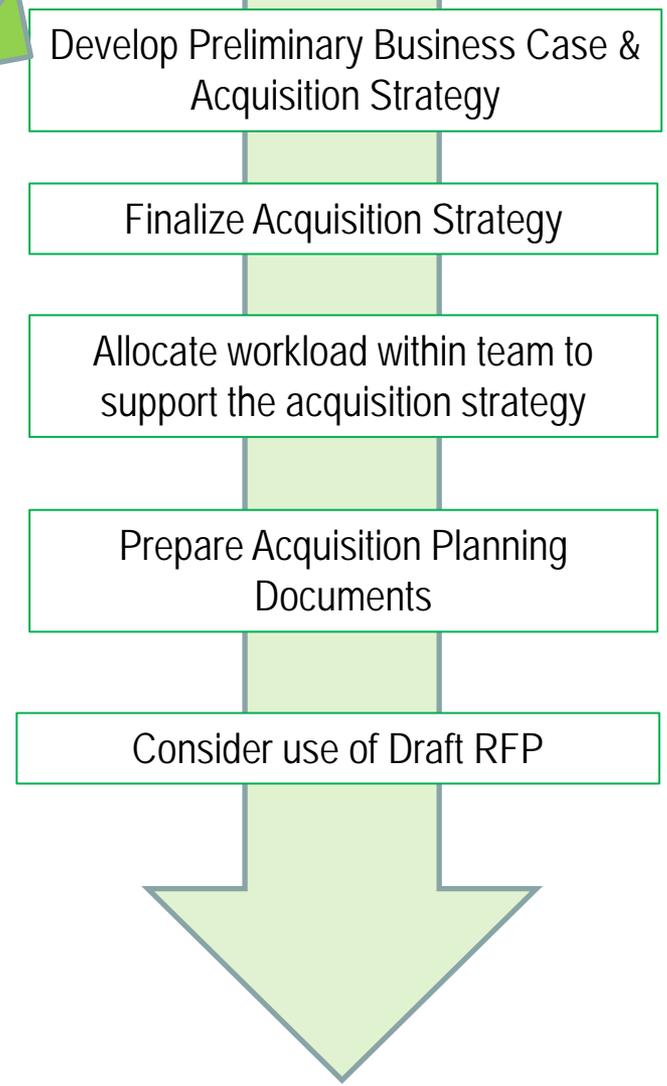
Provides disciplined approach for linking PWS and QASP



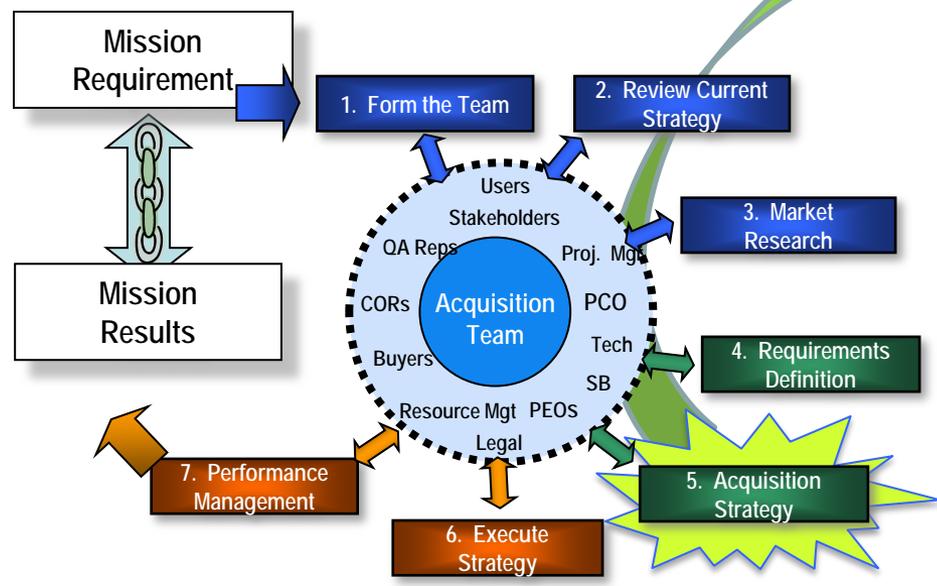


Step Five – Acquisition Strategy

Acquisition Strategy Sub-elements



Service Acquisition Process





Develop Your Acquisition Strategy

- Initial steps help you develop almost all of the elements needed to complete your Acquisition Strategy
 - Stakeholder Outcomes (Steps 1& 2)
 - Expected Competition identified thru Market Research (Step 3)
 - Risk (Step 4)
 - PWS or SOO Requirement (Step 4)
- Step 5 helps you develop your acquisition strategy and how you will approach selecting a source



Small Business Considerations

- Small businesses are the engine of the economy
- Government acquisition legislation places great emphasis on creating opportunities for small business and mandates attainment goals for small business participation
- The analysis of your market research data (step 3) should point to existing or emerging small businesses capable of supporting your requirement
- Consult with your organization's Small Business Development and Utilization representative early to identify small business opportunities



Competition

- Full and Open competition is the legal requirement
 - Seven Exceptions to Competition exist, the most commonly used are:
 - Only one responsible source
 - Unusual and Compelling Urgency - Lack of planning is not considered unusual and compelling
- Requirement for “Fair Opportunity” competition on Multiple Award IDIQ contracts
- Make sure the PWS does not unnecessarily restrict competition



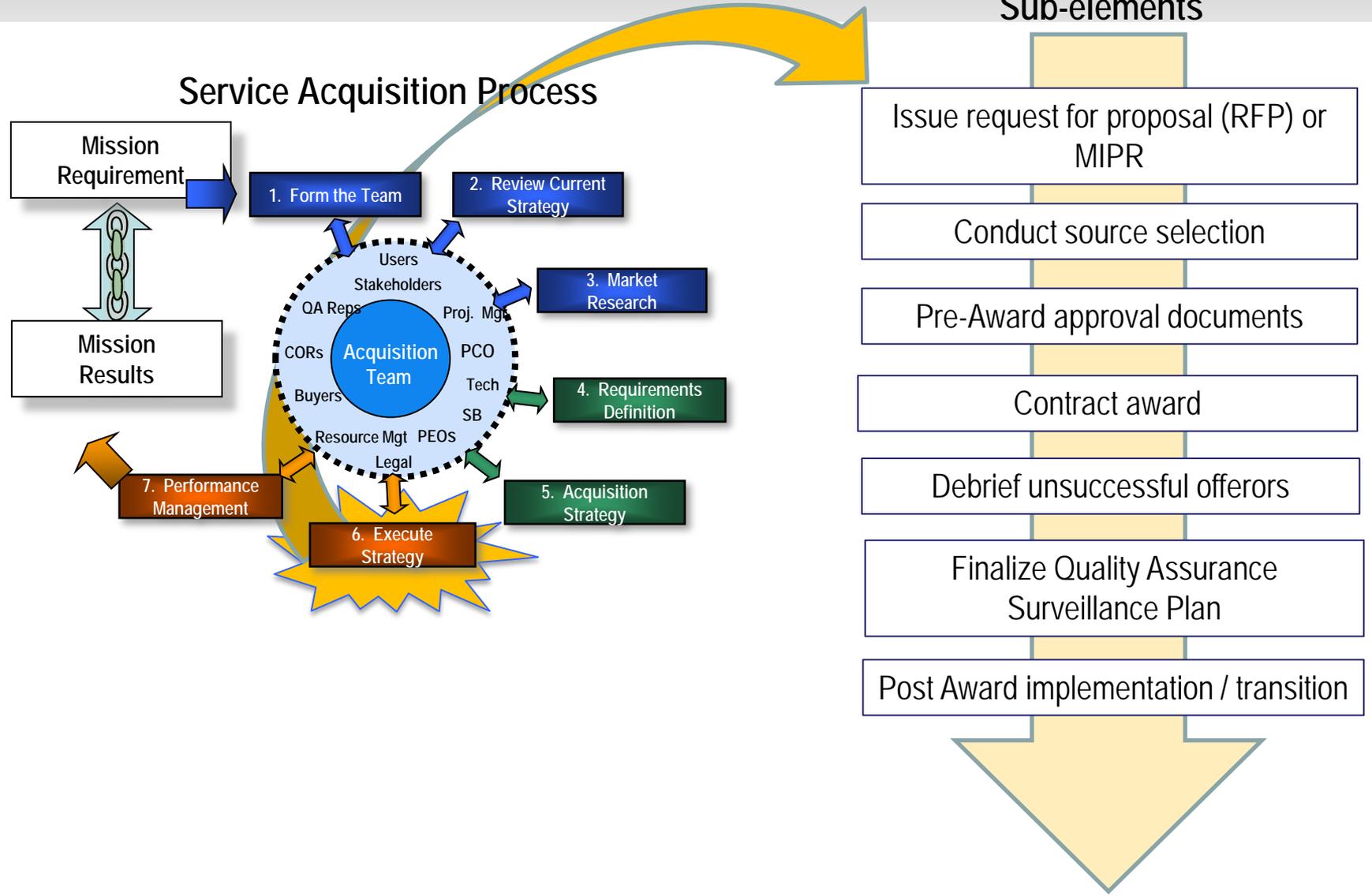
Acquisition Strategy

- Use risk analysis process to identify performance risk areas
- Differences between a SOW, PWS and a SOO
- How to develop performance requirements
- The importance of measures to the effectiveness of your strategy
- How to structure performance based acquisitions
 - Different types of contracts to be considered
 - Different types of incentives to be considered
 - Strengths & weaknesses of different combinations of contract types and incentives
- Evaluate the role of risk in determining contract types
- Establish criteria for evaluating contract choices



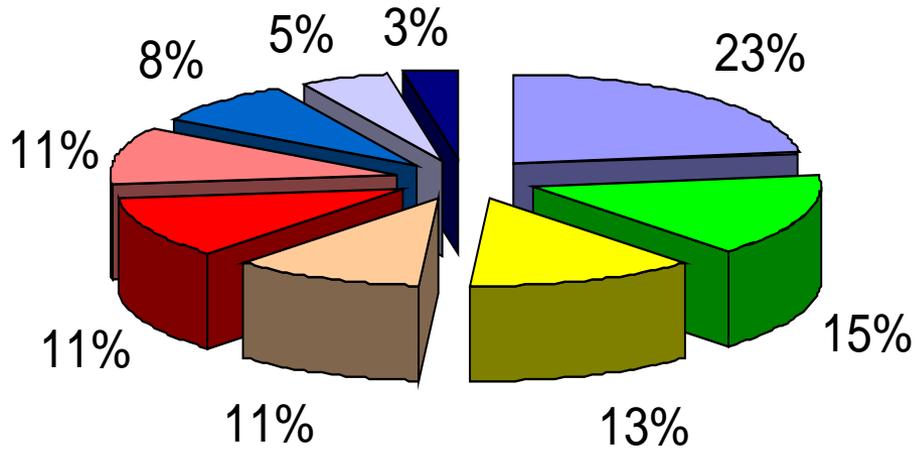
Step Six – Execute Strategy

Execute Strategy Sub-elements





Reasons Contracts Fail



- Unclear expectations 23%
- Poor governance 13%
- Not mutually beneficial 11%
- Poor performance 8%
- Buyers multi-supplier environment 3%
- Misaligned interest over time 15%
- Poor communication 11%
- Other 11%
- Poor cultural fit 5%

* Source: Outsourcing Center 2004 Survey. Outsourcing Center, 2004.



Make the Award

- Based on following procedures of your acquisition strategy
 - Evaluation factors in Section M
 - Past performance
 - Cost
- Conform the contract by incorporating successful contractor's proposal
- Comply with Agency approval and notification requirements
- Debrief unsuccessful offerors
- Conduct post award conference
 - Finalize QASP based on awarded contract



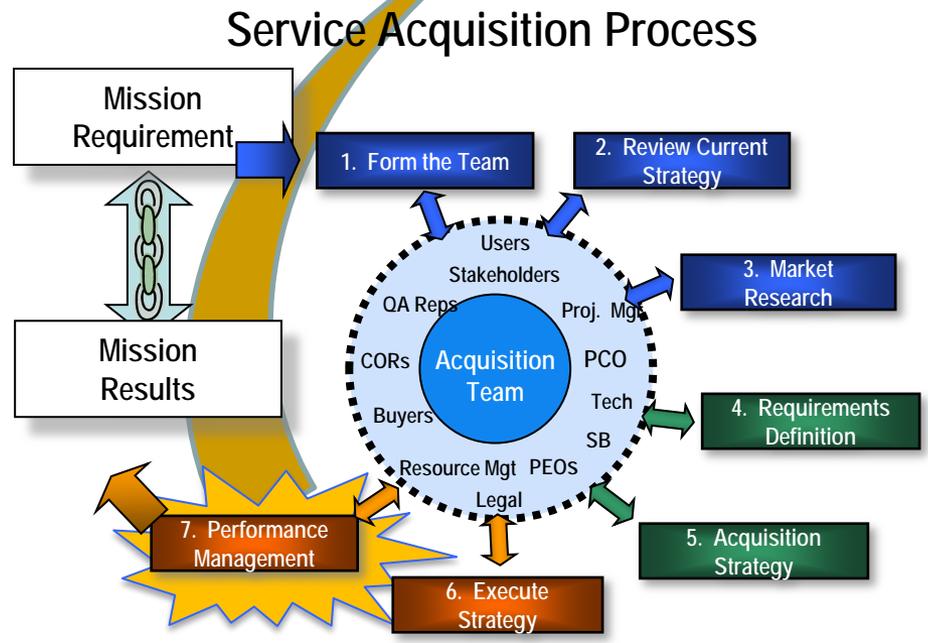
Post Award Roll Out Strategy

- Conduct a post-award kick-off meeting with the acquisition team and implement transition period, if applicable
- Ensure all parties including the Program Manager understands contract administration and performance assessment roles and responsibilities
- Team Review the Quality Assurance Surveillance Plan
- Conduct and document performance assessments and performance reporting using the QASP
- Implement your Performance Reporting structure
- Manage the contract to obtain results!





Step Seven – Performance Management

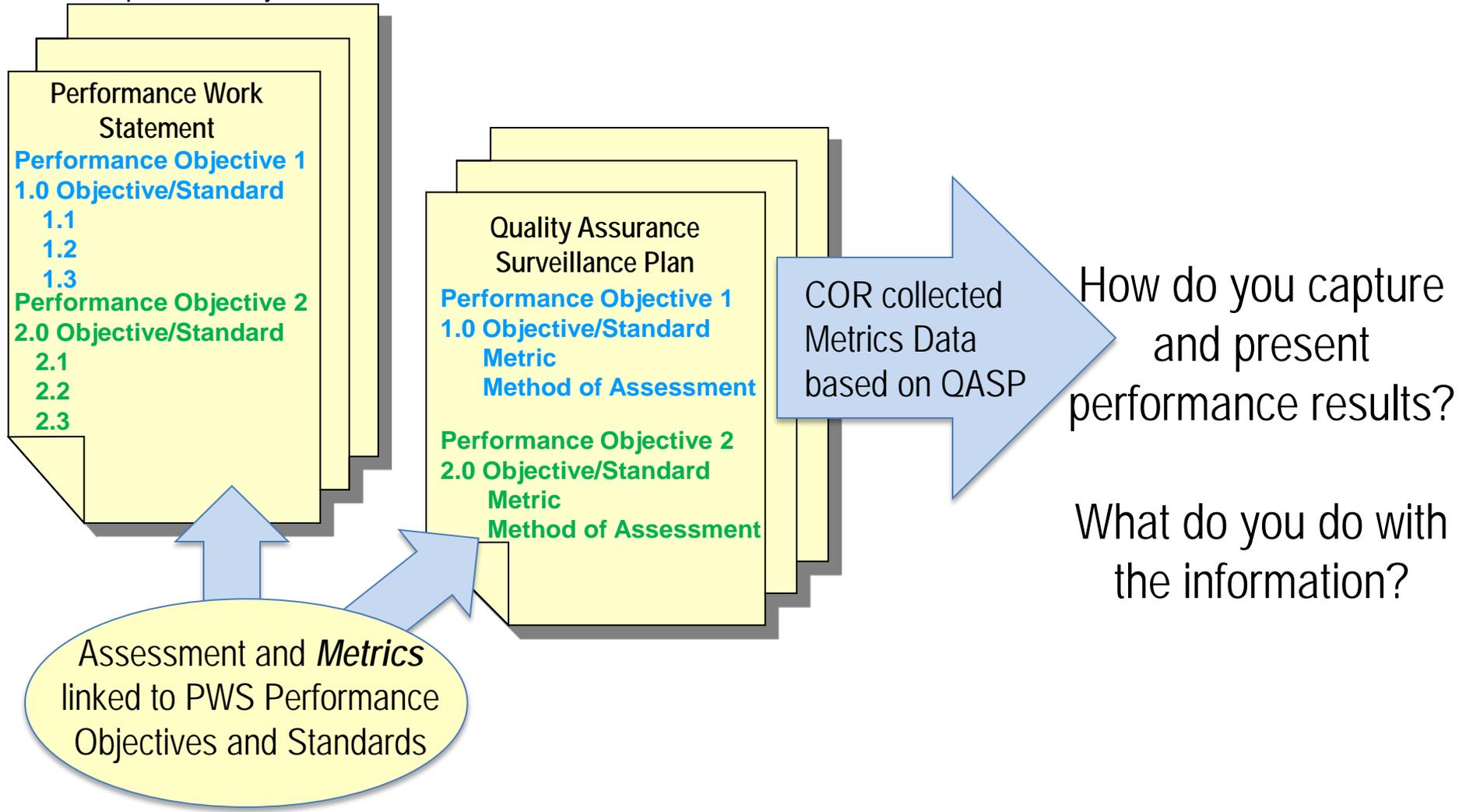




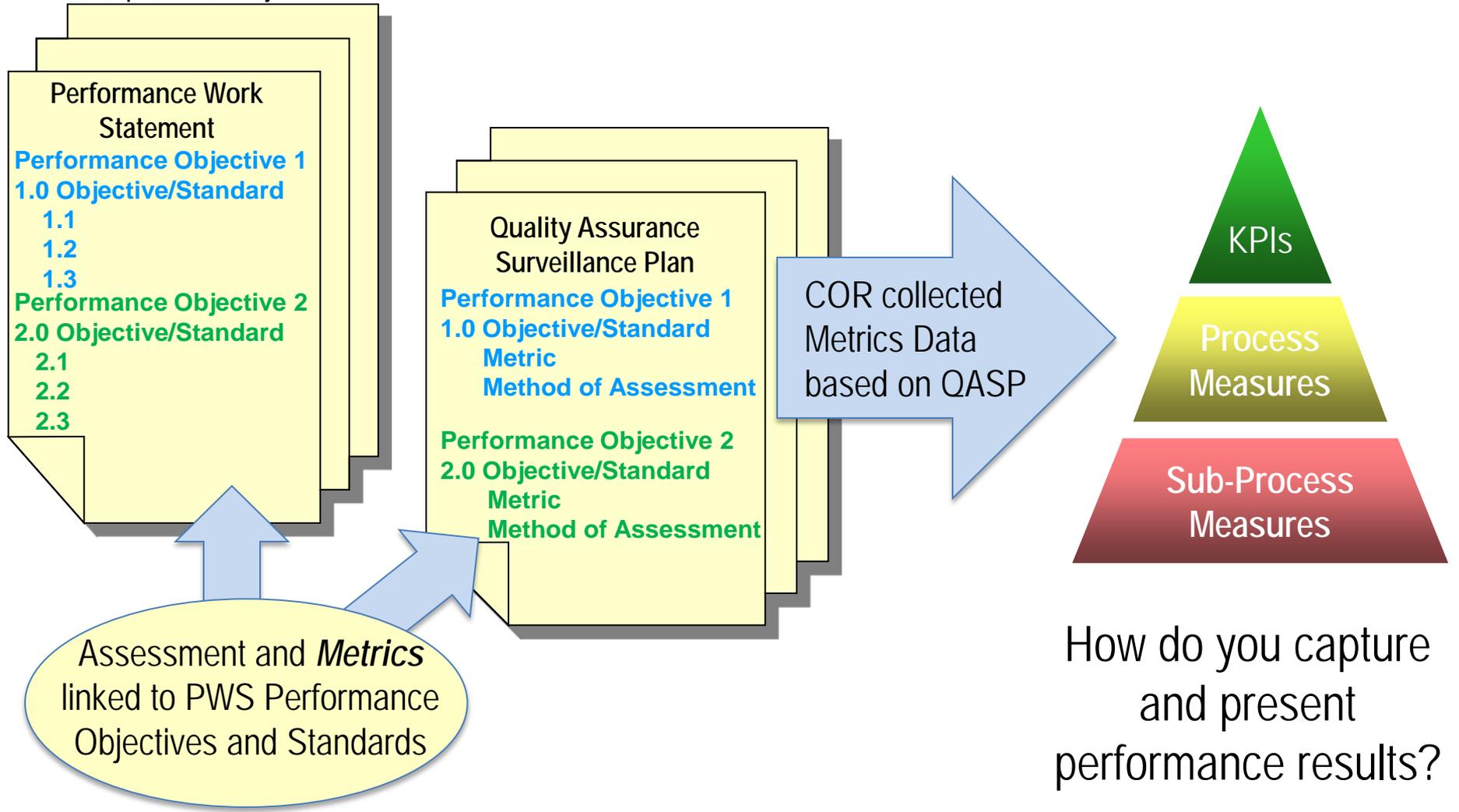
Performance Management

- Successful performance results are the focus
- Shift from oversight to insight
 - Emphasis on partnering with the contractor
 - Validate that the contractor's quality control plan is working
 - Use contractor generated metrics to determine if performance standards are met
 - Evaluate risk and tailor surveillance accordingly based on observed performance results
 - Ensure award fees and incentive fees are delivering their anticipated value to your organization

Step 7: Getting Performance Management Right

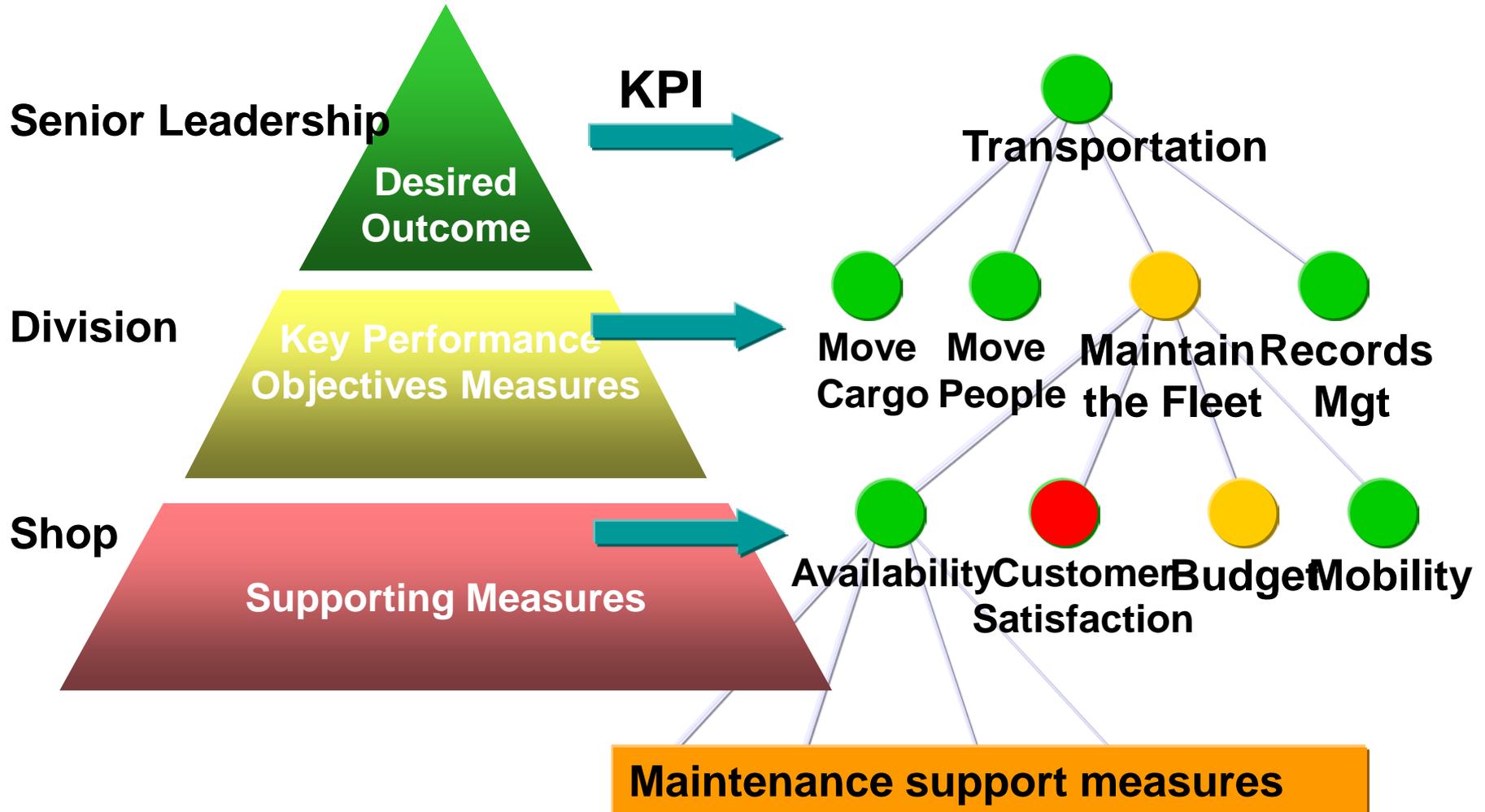


Step 7: Getting Performance Management Right



Alignment of Measures

Focus





Document Past Performance

- Past Performance Information Retrieval System (PPIRS) is a FAR required system for collecting contractor performance information
 - The Contractor Performance Assessment Reporting System (CPARS) is the reporting input system for contractor performance
 - A CPAR input assesses a contractor's performance, and provides a record, both positive and negative, on a given contract during a specific period of time.
- Past Performance information is always reviewed as part of the source selection process to ensure contracts are awarded to companies with a solid performance record



Document Past Performance (cont)

- GAO recently estimated that performance data(CPARS) on less than one third of government contracts was being reported to PPIRS
- Document performance using your QASP to accurately and effectively assess contractor performance
- Use CPARS to report the information
- It will help you in the future and others Now!

Service Acquisition Mall - SAM



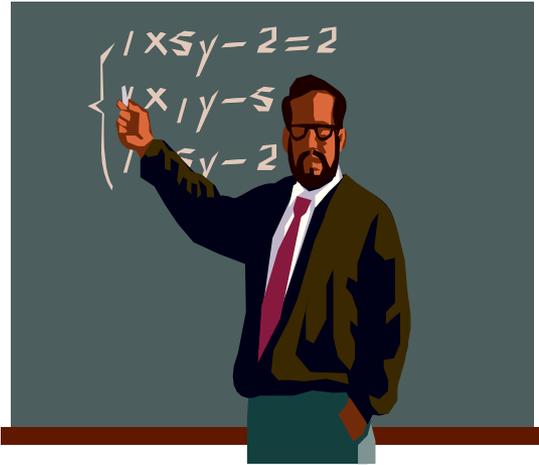
- Integrates Sourcing Process and Learning assets with Product Service Code Knowledge
 - Utilizes same sourcing process contained in SAW and ACQ 265
- Aligns with DPAP Service Taxonomy
- <http://sam.dau.mil>



Improve the Tradecraft in Service Acquisitions Approach to Service Acquisition Training

- Guidebook for the Acquisition of Services (June 2012)
- Classroom
 - ACQ 265 Mission Focused Services
- Workshops
 - Services Acquisition Workshops (SAW)
- Web Based
 - Services Acquisition Mall (SAM)
 - Training, Tools and Knowledge
 - ARRT (Automated Requirements Roadmap Tool)
 - Continuous Learning resources

ACQ 265 Mission Focused Services



- DAU Catalog course (launched 2007)
 - 4 Days in length
 - Designed for cross functional participation
 - Technical, contracting, CORs, PMs, etc
 - Walk thru all elements of the Seven Step Service Acquisition process
 - Use student service acquisition project or USMC food service contract case
-
- Using Requirements Roadmap process students develop:
 - Performance requirements
 - Acquisition strategy, contract type and incentive structure
 - Section L and M evaluation factors
 - Performance assessment strategy
 - Limited offerings, not on certification track

Service Acquisition Workshop - SAW



- Just in time, intact team training (Started Jan 2009)
 - 4 Days in length
 - **Requires** participation of all key members of acquisition team
- Focused on team's specific acquisition
- Utilizes Seven Step Service Acquisition Process
- Needs organizational leadership support
- Special focus on developing performance based requirements, business strategies, and assessment strategies
 - Multiple interactive learning sessions enable team to apply the learning to their requirement and make progress
 - Develop Requirements Roadmap and other key documents
- Fee for Service