

Comanche and "Alpha" Contracting

Not Just an Approach

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The term "Alpha" contracting may sound a bit mysterious to those outside the acquisition community. But as its name implies, Alpha contracting is simply involving the principals first or at the *beginning* before getting down to serious business. For those who prefer a more formal definition, Alpha contracting could be described as:

A practice wherein the government team meets with the corresponding contractor team prior to negotiation to consider where cost differences and technical misunderstandings exist. Together, they work to resolve their differences and misunderstandings to the maximum extent possible during the period of interaction.

From a Contracting Perspective

The capstone article by Army Maj. Gen. Joseph Bergantz at the beginning of this series of articles on the Comanche RAH-66 program describes several acquisition reform initiatives included in the procurement process for this twin-engine, state-of-the-art advanced technology helicopter. Among the many initiatives key to the success of the Comanche program, I consider the following most significant from a contracting perspective:

- Alpha contracting, using an Integrated Product Team (IPT) structure to plan, develop, and formalize the Comanche EMD requirement and resulting proposal.
- Cost As an Independent Variable (CAIV) principles to assure cost-effective

management and continuous attention to cost-benefit trade-offs.

- Technical requirements located in a single performance work statement with simplified language.
- A Performance Weapons System Specification (PWSS) establishing performance-oriented requirements for the production RAH-66 helicopter.
- Use of common commercial items wherever possible (Pentium processors, high reliability commercial components, etc.).
- Paperless contracting approach with electronic submission of the EMD proposal. (Joint servers and Web-based technology were extensively used for electronic information exchange.)

This article focuses on how we, the Comanche RAH-66 Program Management Office (PMO) made the Alpha contracting approach work for our program.

The Plan

The Alpha contracting approach used to restructure the Comanche program centered on development of a plan to minimize overall program disruption during the procurement process. Considerations included:

- Establishing ground rules and processes required for obtaining a successful Milestone II decision and a mutually agreeable (government and contractor) EMD Program within the funding available.
- Developing a global Statement of Work (SOW) to cover the remaining Demonstration/Validation (Dem/Val) effort and the follow-on EMD requirement.
- Establishing a Program Steering Committee to resolve discrepancies.
- Closely monitoring Dem/Val progress to minimize cost and schedule variances.

Figure 1 is a flowchart of the Alpha contracting process. The remainder of this article is devoted to examining the process more closely.

Establish Ground Rules and Processes

Following receipt of Office of the Secretary of Defense (OSD) direction to proceed with planning the revised Comanche program, the parties, consisting of the Comanche government team and Boeing-Sikorsky contractor team, convened to establish basic technical, programmatic, and pricing ground rules to initiate the Alpha contracting process. We considered the basic ground rules instrumental in understanding the major components of contractual documents such as the SOW and PWSS.

The amount of government funding available to the Comanche Program was public knowledge. By taking the Comanche Airframe funding line, we allocated budgets across the respective Analysis and Integration Teams (AIT). The AITs then further allocated budgets to the Integrated Product Teams (IPT) that make up the AITs. Figure 2 provides the Comanche AIT/IPT structure.

This process represented the first step in aligning the appropriate budget with the work to be performed. Getting to final cost closure – defined as the parties' commitment to perform the revised program within the available funding – was an iterative process that included weekly status meetings.

For planning purposes, we issued a modification under the existing Dem/Val contract that identified the period of performance of the total Comanche revised program as Oct. 1, 1998, through Dec. 31, 2006. A Milestone II Engineering and

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Manufacturing Development (EMD) decision was tentatively scheduled for March 2000; and a Milestone III (Full Rate Production) decision was tentatively scheduled for December 2006.

Our plan was to execute the revised program under two separate contractual instruments: (a) the period of performance from Oct. 1, 1998, through March 31, 2000, continued under the existing contract and would be defined via a subsequent modification; and (b) the period of performance from April 1, 2000, through Dec. 31, 2006, would be proposed in accordance with the EMD proposal preparation instructions and awarded as a separate contract (the "EMD Contract").

After deciding on two separate contractual instruments, we solicited the requirement for the EMD portion of the existing program in accordance with Federal Acquisition Regulation 15.405, Solicitations for Information or Planning Purposes. A determination had been made to obtain EMD proposal planning information prior to

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the government preparing and obtaining the final justification and approvals necessary to officially issue the EMD requirements. Upon receipt of these approvals, subsequent guidance would be provided.

Global Statement of Work

The change order modification included a draft SOW that was jointly prepared by the government and the contractor covering the entire program. It was understood and agreed that in proposing the EMD effort contemplated by this modification, the government and contractor would further modify the SOW to accommodate the EMD period of performance; and further define the effort remaining under the existing Dem/Val contract.

It was further agreed that any future changes to the SOW and PWSS would continue to be documented, reviewed, and approved in accordance with a jointly established Request for Resolution (RFR). The RFR process established a uniform method of resolving issues identified by the government

or contractor that could not be resolved at the AIT level.

Program Steering Committee

Unresolved issues were presented to the Program Steering Committee (PSC) for discussion and resolution. The PSC was made up of senior-level management from the government and the Boeing-Sikorsky team. Early establishment of the PSC and the close working relationship already in-place between the government and contractor team were major contributors to elimination of the formal proposal evaluation board normally associated with the procurement of major weapons system development contracts. Major savings in time, personnel, and other resources within the PMO were the result.

To better define the interim goals necessary to prepare, evaluate, negotiate, and execute the revised Comanche program (including the follow-on EMD requirement), the Comanche PMO and the Boeing-Sikorsky team established a mutually acceptable framework for those activities in the form of a "Partnering

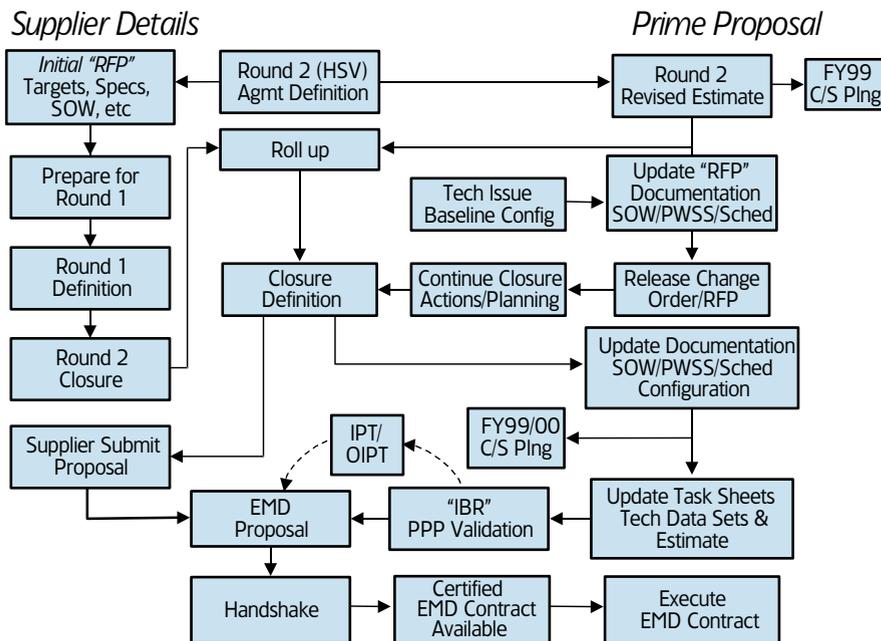


FIGURE 1. Alpha Contracting Process

Agreement" Memorandum of Understanding (MOU). The partnering agreement included a mandatory format for development of the cost and task sheets by Work Breakdown Structure (WBS). Using this format, the IPTs formalized their planning estimates. In many instances, there was a need to realign cost estimates for specific WBSs. To adequately show the shift of costs within the respective companies, cost elements, and AITs/IPTs, we implemented a process known as Request for Cost Adjustment (RFCA).

I believe that the following key elements were necessary to accomplish the goals set out in the partnering agreement:

Commitment

- Maintain the integrity of the AIT/IPT process.
- Maintain senior management support.
- Empower AIT/IPT leaders and members.
- Build trust and confidence.
- Clearly define and communicate requirements.
- Make and support timely decisions at the lowest possible organizational level.

Communication

- Involve Defense Contract Management Agency (DCMA) and Defense Contract Audit Agency (DCAA) throughout the process.
- Share contractor estimates and government evaluations as early as practical, feasible, and allowable.
- Flow down requirements to subcontractors as early as practical and feasible.
- Work together better and smarter.
- Solve problems up-front.
- Eliminate unnecessary documentation.

Cooperation

- Promote increased "Teamwork."
- Eliminate adversarial relationships.
- Promote involvement between the government and Boeing-Sikorsky in program model contract development.
- Promote achieving agreement on program requirements and needs at the functional level through the AIT/IPT process.

To further promote the Alpha contracting approach, the government and Boeing-Sikorsky developed an additional MOU that included the DCMA and the Procuring Contracting Officer in addition to the PMO and the prime contractors. The responsibilities of the cognizant DCAA [Defense Contract Audit Agency] were included. The MOU laid out specific organizational responsibilities for all the agencies.

Our approach incorporated current principles and policies regarding government-industry cooperation to achieve common goals while maintaining sound business practices.

During the Alpha contracting process, the parties maintained a model contract to continually document the terms and conditions as agreements were made. The government reviewed the subcontract solicitations prior to issuance to ensure compliance with ground rules and the Alpha contracting approach.

The initial government evaluation of the total proposal identified some areas of concern that we resolved through use of the Error, Omission, Clarification, and Deficiency (EOCD) process. The EOCD process would further be used for all subsequent proposal updates.

The government formally requested an update to the baseline proposal to in-

corporate tentative agreements to date. As a result, we submitted a proposal update entitled "Baseline Update Addendum" after the first review of the initial proposal. Subsequently, we submitted an additional proposal to incorporate a fiscal 2000 Congressional Funding Plus-up and fiscal 2001 Program Objective Memorandum (POM) Funding Plus-up. This approach gave the government better visibility into the details of each update.

A Major Milestone

The parties successfully concluded negotiations on Feb. 23, 2000, and agreed to a Cost Plus Award Fee (CPAF) of \$3,150,558,202. Boeing-Sikorsky agreed to finalize all documentation and execute their portion of the contract on May 2, 2000.

In a formal signing ceremony on June 1, 2000, the government fully executed the follow-on EMD contract, thus signifying not only a major milestone in aviation modernization, but also recognizing the hard work, trust, and teamwork that made it possible.

Editor's Note: The author welcomes questions or comments on this article. Contact him at Sam.Huffstetler@comanche.redstone.army.mil.

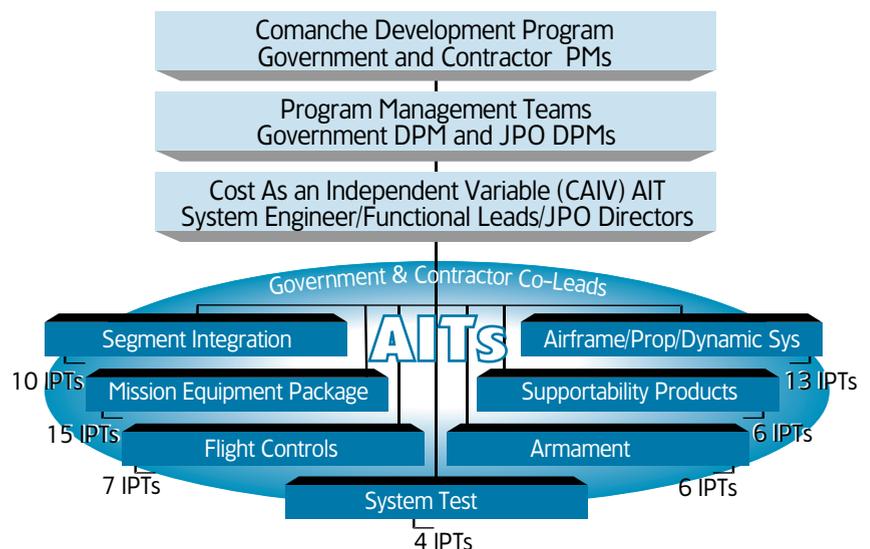


FIGURE 2. Comanche AIT/IPT Structure