

Program Management Training Through Simulation

Looking Toward the Future

WILSON (CHIP) SUMMERS

Research on adult education verifies that adults learn best when they perceive that what they are learning is of value to their lives and work environment. Since adult learning is primarily self-motivated, with a strong emphasis on application, facilitators and instructors, at best, merely serve as guides in helping adults learn for themselves.

This suggests that the optimal learning environment involves some elements of simulating real-life experiences as closely as possible, and integrating “learning by doing” with theoretical concepts.

It is within this context that the Contract Management Department at the Defense Systems Management College (DSMC) uses two simulations in their Contracting Management curriculum, within the larger Advanced Program Management Course curriculum, to challenge students by doing: *Contract Management Simulation* and *Negotiation Simulation*. Both have proven to be valuable educational tools that can condense and concentrate for students, in a relatively short period of time, the contract management and negotiation skills that would probably take much longer to learn on the job or in another educational environment.

Contract Management Simulation

Contract Management Simulation focuses on the interpersonal dynamics that

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occur among key players in the program management arena such as Government Program Manager, Director of Contracts, Procuring Contracting Officer (PCO) Conversion Aircraft, PCO New Cargo Aircraft, Contractor's Program Manager, and Contractor's Contract Administrator. Key objectives of the simulation include:

- Identifying and analyzing the management issues involved in contract administration.
- Developing a strategy for a follow-on acquisition, taking into consideration the constraints, guidance, and current directives.
- Assessing one's ability to perform as a manager.
- Developing an understanding of the systematic nature of weapon system program acquisition.

In addition, the contract management simulation addresses such strategic and operational issues as negotiations, source selection, scheduling, prioritization of

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issues, and legal implications of past and future actions. Organizational interrelationships, power, strategic planning, and decision-making practices and procedures are analyzed and explored. Since one of the major goals for this simulation is to focus on the substantive issues of program management/contracting, the following issues are included as part of the simulation: Reduced Funding, Ac-

celerated Initial Operating Capability, Source Selection, Competition, Contract Type, Data Rights, Late Delivery, Sub-contractor Problems, Constructive Change, Overage Change Order, Negotiation Stalemate, Freedom of Information Request, Latest Revised Estimate Variance, Scope of Work, Dispute, Defective Pricing, and a Disapproved Purchasing System.

After establishing roles and situations/issues, students receive information on previous events, correspondence and data on current issues, problem symptoms, and decision points through a series of memos and letters, depending on the role each student has assumed.

The role player must quickly analyze his or her information, communicate with other members in the simulation, prioritize, and develop strategies for resolution of the issues. Different dynamics emerge from each work group; their approach and resolution to the various dilemmas create an interesting discussion during the feedback session.

A class of 30 students, divided into five work groups, participates in the simulation – each doing the same simulation separately at different locations. The total time for the simulation is six hours – three hours of fast-paced performance followed by feedback to the entire group on their interpersonal performance, a discussion around the content issues in the case, and how the students attempted to resolve them.

Negotiation Simulation

The Negotiation Simulation exercise focuses on the entire process involved in negotiating a large engineering change proposal, from preparation through negotiation. Each negotiation is comprised of two teams: one government and one contractor, with six members on a team. Within a time frame of nine hours, each team works to complete the following key objectives of the simulation:

- Analyzing a contractor's proposal.
- Analyzing the issues involved in a proposal to prepare for negotiations (e.g.,



data management, reasonableness of cost, and schedule).

- Applying appropriate steps to prepare for negotiation.
- Developing the objectives, strategy, tactics, and alternatives necessary for a contract pre-negotiation position.

Although many organizations are using an "Alpha" Acquisition, which uses concurrent and integrated rather than serial processing in a sole-source environment (or "One-Pass" approach), the principles of negotiation are the same as those covering the traditional approach to negotiations. Either method requires understanding the contractor's basis of estimate, coming to cost/performance understandings, and agreeing on what is fair and reasonable. Successful negotiations rely on communication, justifying positions, and the ability to reach agreement by getting along with people.

Since the governing principles are the same for both approaches, we believe that students gain a fuller depth of understanding and consequently will have a wider variety of application options upon completion of this exercise. The knowledge, understanding, and experience gained from such a simulated negotiation are not only useful, but can prove vital when implementing either traditional or integrated government-contractor approaches to working issues with defense contractors.

Each team works with an Excel software program, which allows them to input the results of their cost analysis against the proposal, do sensitivity analyses, and establish the profit objective using an abbreviated weighted guidelines method.

As a part of the exercise, each team must also obtain its business clearance from

the faculty facilitator before entering into negotiation. Before the clearance is granted however, both teams must justify, from either the government or contractor perspective, their requested negotiation limits. At least three hours is set aside for the actual face-to-face negotiation, including facilitator feedback.

Experience, Experiment, Learn

Both of these simulations provide practical and realistic opportunities for DSMC students to experience, experiment, and learn in a risk-free environment before actually applying the processes and techniques discussed in this article in their day-to-day, on-the-job work environment.

Editor's Note: The author welcomes questions and comments on this article. Contact him at chip.summers@dau.mil.

Commercial Activities Panel

Last year, Congress authorized Comptroller General David Walker to create the *Commercial Activities Panel*. The panel is empowered to study the issues involved in moving government work from federal employees to federal contractors. Walker, who heads the General Accounting Office, announced the panel's members in April, and in May held an initial organizational meeting.

Walker's panel is a mix of federal, union, and private industry leaders and experts: **Frank A. Camm**, a RAND Senior Economist; **Mark Filteau**, President of Johnson Controls World Services; **Stephen Goldsmith**, a Bush campaign advisor and former Indianapolis mayor; **Bobby L. Harnage**, President of the American Federation of Government Employees; **Colleen M. Kelley**, President of the National Treasury Employees Union (NTEU); **Sean O'Keefe**, Office of Management and Budget (OMB) Deputy Director; **David Pryor**, a former Arkansas Senator; **Stan Soloway**, President of the Professional Services Council; and **Robert M. Tibias**, former NTEU President.

The panel also includes seats for the Secretary of Defense and the Director of the Office of Personnel Management (OPM). Secretary of Defense Donald H. Rumsfeld has designated the Department's Under Secretary of Defense for Acquisition, Technology and Logistics as his representative on the panel.

Congress asked the panel to examine two key pieces of legislation: the 1998 Federal Activities Inventory Reform Act, which requires agencies to list jobs that could be performed commercially; and OMB Circular A-76, which regulates outsourcing decisions. The panel could recommend changes in law or move to codify A-76 procedures.

Congress has directed the panel to turn in their final report by May 2002.

Susan Ludlow-MacMurray

The Defense Acquisition University has received word of the death of Susan Ludlow-MacMurray, Director, International Security Programs, Office of the Under Secretary of Defense (Policy), from an apparent heart attack on Thursday, April 26, 2001.

A longtime friend and supporter of DAU-DSMC, Susan had lectured in almost all offerings of the Advanced International Management Workshop since the first offering in 1989. In June 1999, she delivered a presentation on "Globalization and International Security" during the 11th Annual International Acquisition/Procurement Seminar – Atlantic, hosted by DSMC at Fort Belvoir, Va. – the largest international event in the history of DSMC.

She is survived by her husband, Michael M. MacMurray; two sisters, Jeanne and Ellen Ludlow; and brother, Mark Ludlow.

