A REPORT ON THE 1995 ACQUISITION RESEARCH SYMPOSIUM

"When People Stop Relying on Rules and Can Make Good Business Decisions, Things Will Change"

Beryl A. Harman

On 28 June 1995, the Acquisition Research Symposium, sponsored by Mrs. Colleen A. Preston, Deputy Under Secretary of Defense for Acquisition Reform, opened its doors to an overwhelming 380 attendees representing a mix of industry, academe, Department of Defense (DoD), and other federal agency personnel interested in the tenets of acquisition reform. The symposium, cohosted by the Defense Systems Management College and the National Contract Management Association (NCMA), Washington D.C. Chapter, offered a wide range of informed speakers and acquisition research presentations that addressed the theme "Acquisition Reform: A Mandate for Change — Reengineering the Acquisition Process." The Symposium focused on exploring the acquisition challenges attendant in acquisition streamlining, the downsizing of defense, and the impacts of the National Performance Review. The Symposium's success can be attributed to the outstanding volunteers, the willing participants, and a general sense of satisfaction in sharing information.

Ms. Harman is a Professor of Acquisition Research, Research, Consulting and Information Division, DSMC.

A highlight of the 1995 conference was presentation of three David D. Acker "Skill in Communication" Awards. Mrs. Preston presented the awards this year to Dr. Edmund H. Conrow, an independent consultant; Ms. Karen D. Sorber, Logistics Management Institute; and Dr. Ronald L. Straight, Howard University, for their quality and outstanding research on relevant acquisition topics. Other activities at the conference are presented below.

Opening Remarks — Hon. Thomas M. Davis III (R-Va.)

Beginning Day 1 of the Symposium, Representative Davis, a member of the House Government Reform and Oversight Committee, focused on those ideas, projects, and policies happening in Washington today that will affect and assist the acquisition community in streamlining the acquisition process. During his presentation, he focused on two specific areas of particular interest to the government community:

- **Budget Resolution of 1996.** The possibility exists of increased health care costs for civil servants (potentially 5 percent over the next 5 years), and a potential reduction in retirement benefits (a computation change from the top 3 years to the top 5 years of federal service), which could go into effect as early as 1997.
- **Proposed "Federal Acquisition Reform Act of 1995," H.R. 1670.** With regard to acquisition reform

legislation, he discussed the main points in the new bill; those dealing with competition, commercial acquisition, procurement integrity, revolving door policies, and protests. On receiving a small token of appreciation at the end of his presentation, Representative Davis was careful to note that he was "thankful it was offered before the 'gift ban' went into effect." Reform obviously has many faces, acquisition being but one of them.

Welcoming Remarks

Mrs. Colleen Preston, Deputy Under Secretary of Defense for Acquisition Reform (DUSD[AR]), in her welcoming remarks to the keynote speaker and conferees, emphasized the need for education and training on the implementation of the Federal Acquisition Computer Network (FACNET). This is being facilitated, she noted, through the Acquisition Reform Communications Center (ARCC) at the Defense Acquisition University.

Secretary Preston expressed concern regarding the lack of correlation between the defense budget and the current workload. "It takes just as many people to administer $4 million dollars as it does to administer $50 million dollars. Therefore, a reduction of 65 percent in the procurement dollars will not reduce the workforce by the same percentage. A true partnership with industry, however, is one way the government can gain in productivity."

Photo by Richard Mattox

The sponsor of the symposium, Colleen M. Preston, Deputy Under Secretary of Defense for Acquisition Reform, confers with fellow conferees. From left: Mr. Richard A. Linder, Chairman of the Electronics Systems Group of Westinghouse Corporation; Congressman Thomas M. Davis III (R-Va.); Secretary Preston; and Brig. Gen. Claude M. Bolton, Jr., USAF, Commandant, DSMC.

Concerns of Industry and the Need to Redefine the Industry Partnership

Mr. Richard A. Linder, Chairman of the Electronics Systems Group of Westinghouse Corporation, delivered the keynote address, discussing the concerns of industry and the need to redefine the industry partnership. He stressed the fact that peace is not permanent. The United States still needs a strong defense, but it also needs new tactics. Rapid changes, uncertainty, and instability in the world structure require America to rapidly change the face of her defense forces — a challenge with a smaller budget. The technology explosion will play a key role in this process. The revolutionary use of off-the-shelf hardware and software will provide vastly reduced system cost and will introduce a significant cultural change.

He noted that while FASA is a good first step, industry is still pushing for innovation and change. One dramatic change already in effect is the de-emphasis on military specifications, which allows industry to propose the use of commercial equipment. Future change could see the adoption of ISO 9000 as the quality standard, which if implemented government-wide, would significantly reduce the need for government oversight. This would facilitate an increase in competition because business would be certified under international standards. Yet another change could be the implementation of a single federal industrial security process.

He stressed that America must avoid non-value added activities. Reduced regulations will make it easier for both small business suppliers and large business suppliers to compete in the domestic and international marketplace. He further advised downsizing the infrastructure and mapping the process by increasing the span of control to facilitate easier decision making. In this manner, systems could be delivered sooner, at a quarter of the current cost, with up-to-

date technology, at time of delivery. What the government needs to avoid are "Requests for Proposals with over 60 pages of proposal instructions, multiple contract line items, Cost/Schedule Control Systems Criteria reporting and Fixed Price options that span over 28 years." Integrated Product Teams (IPT) can facilitate this process. Decisions, in an IPT arena, open confrontational dialogue and test issues on a real-time basis. In addition, IPTs establish a climate of creativity that needs to be fostered.

When questioned on his definition of a government industry partnership in procurement, Mr. Linder responded that it is no different than any other in-plant teamwork. What it does allow, however, is better communication. We must not only "obey the regulations," but must cooperate "as well as we do with our commercial customers." He then went on to describe downsizing as a competitive issue. Westinghouse has already decreased its workforce by 56 percent and intends to reduce cost on major systems through commercialization and dual-use technology.

On the issue of using IPTs, Mr. Linder expressed the view that IPTs can be introduced at any level. But there must be significant emphasis on training. Problems at Westinghouse have been caused by selecting the wrong people and the lack of adequate training.

Acquisition Reform "Oversight and Review" Initiatives

During a roundtable discussion, Col. Richard Engel, USA, addressed acquisition reform "oversight and review" initiatives. In his opinion, of the 33 recommendations staffed in this area, the most important is the movement to IPTs for overview of acquisition programs. This activity involves everyone up-front in the planning and documentation process, particularly Office of the Secretary of Defense (OSD) staff, and leads to early insight into program issues.

This is a major change in the culture of acquisition; i.e., *do things right the first time*. It further allows for documentation to be reduced to a minimum for program decisions and allows the Program Manager to decide what documentation, other than statutory, is really required. Another initiative currently under consideration is the consolidation of audit and inspection requirements at DoD level. This would significantly reduce the amount of program audits conducted annually.

Acquisition Reform Electronic Commerce/ Electronic Data Interchange (EC/EDI) Initiatives

Following Col. Engel's presentation, Ms. Dolores "Dee" Smith, Director, DoD Electronic Commerce Office, addressed acquisition reform EC/EDI initiatives. These initiatives were generated to create a "single face to industry" and to provide a technical interface solution for 1,400 sites, to cover 88 percent of all small purchases. Named FACNET, the new infrastructure is expected to cover 99 percent of all small purchases for all federal agencies.

Another projection is that FACNET compliance will be instituted internationally. The idea is to become certified to use the whole system at one point of entry — Columbus, Ohio. While the current system only addresses acquisitions under $100K, an over-$100K financial working group was formed in January of last year to begin a functional description for actions over $100K. The holdup is the ANSI X12 protocol, which will not currently sustain the added functions. Questions concerning the system can be directed to the 1-800-EDI-3414, HOT LINE. Twenty-two thousand inquiries have already been received. The ARCC, as well as a significant number of outreach centers, carries updated information on this activity.

Contract Administration Reform Initiatives

The next speaker, Mr. Michael R. Williams, Defense Contract Management Command (DCMC), spoke on DCMC Contract Administration Reform Initiatives. In 1992, DCMC began implementation with the move from compliance to product performance. This has meant changing from an adversarial relationship between government and industry to a successful cooperative relationship.

Other initiatives have focused on early contract administration involvement to design better contracts and to provide more risk-oriented surveillance. This includes simplifying Forward Pricing Rate Agreements so that particular rate changes can be accommodated; utilizing Dun and Bradstreet to perform pre-award surveys; minimizing oversight to reduce non-value added activities; contractor participation in reinvention laboratories (10 sites); and requesting regulatory waivers to reduce cost drivers. The major thrust is to advance from oversight to insight with risk assessment as the enabling tool. As Mr. Williams stated, "If new ways don't work we will go back to the old ways, but first you have to try."

Procurement Reform Initiatives

Mr. Robert Rumberger, leader of the Procurement Reform Process Action Team, described the groundrules and the process followed by the team. The most important groundrule was to include experienced personnel on the team since there was insufficient time for extensive data gathering.

The resultant team of experts generated 32 recommendations in the procurement area. These recommendations were incorporated into an integrated report that, in turn, generated over 450 comments. Each comment generated its own response and was incorporated into the recommendations. The final report centered around defining and disseminating procurement best practices and streamlining, and simplifying competitive and sole-source procurements.

Many of these recommendations have now been incorporated in policy memoranda or are included in one of six Federal Acquisition Regulation/ Defense Federal Acquisition Regulation (FAR/DFAR) cases currently in process. Socio-economic issues were not addressed by the team since this activity was viewed as non-productive. The DoD is not playing a proactive role in that area.

The basic idea is that contractors are no longer required to mirror federal contracting practices.

Department of Energy's (DOE) Management Initiative

Following Mr. Williams, Mr. Jerry L. Bellows, Director, Contract Reform Project Office, spoke on DOE's Management Initiative. The objective of the initiative is to ensure that the business of the department is conducted in a way that ensures mission accomplishment. Instead of privatizing the public sector, it envisions 'governmentizing' the private sector. The DOE is trying things that may not be successful. However, it is willing to take the risk.

The key principles of the initiative are: (1) competition is the 'norm'; (2) the contractor's management and operating arrangement will be of paramount importance; (3) all contract extensions are conditioned on incorporation of all contract reform conditions; (4) cost savings is an integral part of each activity; (5) new contracting approaches and structures are favored; (6) new partners and new ideas are encouraged; (7) subcontractors are encouraged to write the statement of work; and (8) replace outmoded and burdensome practices. The basic idea is that contractors are no longer required to mirror federal contracting practices. Mr. Bellows stressed that DOE needs to seriously consider using commercial contracting practices and to use incentive arrangements other than award fee to gain contractor cooperation. This will allow DOE to privatize on-site activities.

He further indicated that the basic elements of contract reform are already being successfully implemented. Although the first measures of success are somewhat crude, DOE is in the third annual cycle and is getting better. It still needs, however, greater financial accountability, improved financial management information, increased use of FAR-based cost principles, increased use of fixed-price contracts for equitable risk sharing, and more cost reduction.

The DOE is no longer looking at process and 'how to's', only at outcomes and performance. It has issued a guide that includes two model contracts: a 'non-profit' model, and a 'for-profit' model. Either one can be modified to fit the desired circumstances. Also, DOE is looking to reduce cost and proposal preparation time by using oral proposals as a mechanism. Performance-based contracting is now the norm in the Department. Mr. Bellows concluded that DOE is moving from the prescriptive to experimentation and is committed to reducing oversight. For instance, the Occupational Health and Safety Administration is now inspecting DOE sites instead of DOE personnel.

Senior Acquisition Executives Panel

Beginning Day 2 of the Symposium, Dr. Paul G. Kaminski, Under Secretary of Defense for Acquisition and Technology, introduced and moderated a Senior Acquisition Executives Panel Discussion. The thrust of the discussion centered around three issues:

- Why do we need acquisition reform?
- What are the objectives of acquisition reform?
- What are we actually doing?

The following provoking questions were asked in response to these topics. Answers were essentially as stated.

Question 1: What is each Service doing to streamline Acquisition Category (ACAT) IC and below programs?

Vice Adm. William C. Bowes, USN, Principal Deputy Assistant Secretary (RD&A): The Navy has introduced program teams and is delegating all ACAT III programs to Program Executive Officers (PEO) throughout the approval process. The milestone decision authority is delegating all tailoring of the documentation. In addition, all regulations generated by intermediate commands are being eliminated. The Navy is dedicated to decreasing cycle times.

Ms. Darleen A. Druyun, Principal Deputy Assistant Secretary for Acquisition and Management, Department of the Air Force: All ACAT II, III, and IV programs within the Air Force are being delegated to PEOs. In addition, the Air Force is implementing nine "lighting bolt" reform initiatives. The Air Force Systems Acquisition Review Council documentation is basically going away, and a single acquisition "management plan" will be used for many documents being used today. Lastly, IPTs have been formed within the staff to get everyone working together to avoid repetition of questions.

Dr. Kenneth J. Oscar, Deputy Assistant for Procurement, Department of the Army: The Army has a Process Action Team that is looking at streamlining the Defense Acquisition Board oversight process. In addition, only one briefing is required for the Army Systems Acquisition Review Council process, with JSTARS

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designated the pilot program. All ACAT programs below ACAT I have been delegated, and waivers have been granted to the field so that little has to be forwarded to the Pentagon.

Dr. Kaminski also noted many issues on ACAT ID programs are being resolved by IPTs. This eliminates the need for a formal process.

Question 2: If the cost of oversight on an acquisition adds 18 percent to the target (Coopers and Lybrand), what is the Defense Contract Management Command (DCMC) doing to reduce the cost of oversight?

Rear Adm. Leonard Vincent, Deputy Director for Acquisition, Defense Logistics Agency, Commander, Defense Contract Management Command: The DCMC is trying to identify and reduce oversight through implementation of the Process Oriented Contract Administration Service (PROCAS). In addition, DCMC has established reinvention laboratories to support the thrust of the Coopers and Lybrand Study. The goal is to determine cost drivers, but not in a vacuum. Also, DCMC is building teams between Industry, the Defense Contract Audit Agency, and DCMC to identify ways to eliminate the oversight that we currently have in the plants. In the future oversight will be minimized on contractors considered 'world class' by DoD. In this way DCMC will perform the appropriate level of oversight. Already, DCMC has reduced the workforce by 7,000 people since 1990 — 3,500 out of contractor plants.

Question 3: Why is JPATS not commercial given the Army experience?

Ms. Druyun: Beech aircraft was recently selected as the best value offeror by the Air Force. The Request For Proposal requested maximizing the use of commercial practices and allowed offerors to meet requirements with any number of commercial alternatives. A significant number of proposals were received including one total commercial approach. The cost difference between a government approach and a fully commercial approach was less than 5 percent; i.e., less than $20 million. The Beech proposal was significantly lower in overall cost and was the best value for the Air Force.

Question 4: Why do you believe that acquisition reform will work this time?

Rear Adm. Vincent: Change is always hard, but the workload has changed and budgets are decreasing. Further, there is a will in Congress and the government today to change, and that is evidenced by everyone here. Once change is started, it is hard to stop. Therefore, we are benchmarking changes with industry help.

Vice Adm. Bowes: I have never seen a time where commitment is so consistent. The Navy is very fortunate to have people in key positions that are linked to Congress. In addition, there are more experienced people in the acquisition workforce and in key positions who understand the process and can change the mechanics.

Ms. Druyun: The Air Force is committed, and this is the first time there has been consistent leadership commitment. For the first time there is real teamwork between the OSD staff and AF staff in writing program documentation. In addition, this Administration is serious about reform.

Dr. Oscar: First, we have no choice. The reality is weapon systems are aging, the Army has fewer people and reduced budgets. Second, there is an increase in educated personnel. The acquisition corps has been a real help in providing education in business disciplines to professionalize the workforce.

Dr. Kaminski: First, the military, industrial infrastructure is shrinking. Second, there is true commitment from the Executive down. Third, there is buy-in from the field to change past practices. Communication is the key. Nothing is going to happen without buy-in. Changing behavior is what this is about.

Question 5: Classic Public Administration talks about "muddling" through. Do you see a bolder approach to administration and action?

Rear Adm. Vincent: We can do our business differently. We have to let our smart people make the changes. There are many ways to do things, and we must allow our people to make the decisions. In this way ideas are heard at all levels of the organization.

Ms. Druyun: We need to conduct a revolution versus a renaissance in the acquisition process. We do not need to throw everything out, but we have to incorporate the best practices from industry and government. We need to identify what is really good and adapt it to the system in development.

Dr. Oscar: The best use of power is to empower the people and delegate. With this delegation we will obtain revolution. For instance, the U.S. Army Training and Doctrine Command is reengineering the whole acquisition process; the requirements document will merely say how far, how much, and how soon. Industry will now be asked to comply. When people stop relying on rules and can make good business decisions, then things will change.

Vice Adm. Bowes: While certain parts of the process can be abandoned, we need to make sure we do not make change and buy the wrong thing.

Dr. Kaminski: Do not look for the one-size-fits-all approach. We can accommodate very radical approaches. This is a people issue. We

have the necessity to involve people in what we are buying, and this is hard to do in a centralized process. Funding instability is still a problem, but we cannot remove all the structure. We are chipping away at the issue to make the process more stable and reduce the cycle time.

Look for Best Practices and Trust the People

Serving as the guest speaker for Day 2 of the Symposium, Mrs. Colleen A. Preston, DUSD(AR), considered the concept of acquisition reform to have one common guiding principle: "Reform will come from the bottom up, and change will be a constant." Therefore, DoD needs to look for best practices and to trust in the expertise and professionalism of its people. When people are empowered they should be expected to make mistakes. The DoD needs to innovate and take prudent risks.

She stressed that while partnering between government and industry assures that DoD meets its customers' needs, it should not stop us from asking if this is the appropriate tool to use. In this regard education and training are of paramount importance. The people need total leadership commitment to the IPT process. In addition, DoD needs a globally competitive industrial base where the procurement process is used to further the socio-economic goals of the nation.

Mrs. Preston stated that the results of the Process Action Teams are already being implemented. This will enable the business process reengineering effort and change the regulatory paradigm; not by how people comply with rules and regulations, but by how they make decisions. To foster change, people need to understand that the leadership is behind them in taking risks.

Furthermore, DoD needs to change the regulatory paradigm by setting a minimum set of guiding principles in the FAR with only a minimum set of DoD mandatory rules. Then establish a handbook of best practices for people to use as a reference tool. This would include the names of individuals who are experts in their field.

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Mrs. Preston ended with a discussion of two ongoing legislative initiatives that will improve the process: consistency in the protest arena, and a move from the concept of a competition standard to a practical method of competition. To make them happen, both initiatives have been attached to the Authorization Bill.

During the question-and-answer session that followed, Mrs. Preston addressed the implementation of FACNET. The DoD is committed to a full and open process through FACNET. The first certified facilities are on line as of July with an increased threshold of $50 thousand. She also suggested moving to task order contracting for service contracts over $1 million. The current process takes too long — 18 months on average and 300 days for complicated awards. This is non-responsive and unacceptable.

On the issue of a centralized procurement activity Mrs. Preston discussed the experience of other countries and noted that the centralized systems in Britain and France do not show any benefit. The DoD needs to focus on needed capability to combat a particular threat rather than a centralized system. For example, if the needed capability is to move people from one point to another, not a C-17, DoD can change its proposed solution as it moves through the process. This would allow the program manager to shift his or her focus due to facts and circumstances instead of being penalized for not providing the minimum requirement.

On the issue of software commercial practices, she noted there is a realization that open systems architecture cannot be dictated by a standard, Ada or otherwise. As a result DoD must address the problem of software portability in other ways. If people in the field are given the right tools they will make the right decisions.

On the issue of government standardization, Secretary Preston stated that if people are given discretion, there cannot be standardization. There must be a middle ground. The majority of rules should be guidelines for people to utilize — not standard practice, but a compendium of guidance for the contracting officer. Standardization for industry is not what DoD needs.

Problems with the Industrial Base

Mr. Stephen K. Conver, President, Defense Systems, Lockheed-Martin Corporation, served as the luncheon guest speaker. His presentation focused on problems with the industrial base. He began by emphasizing that the nation owes nothing to the defense industry with reference to future work. The current situation is that DoD dollars have declined since 1985 by 35 percent, and priorities have changed. Yet not all of the military requirements have changed. If forces are smaller and requirements the same, how then does the United States maintain its technological superiority? Current

technology replacement is every 50 years, but technology changes every 10 years. The United States is creating a hollow force because it is ill equipped — not because it is untrained. The United States still has the best weapons, but it is using technology procured in the 1980s. Therefore, with declining procurement budgets we are losing ground.

He further emphasized that the industrial base ought to be built on two principles. First, there needs to be a better balance of defense dollars spent on readiness, force structure, and modernization. Second, while the nation has no obligation to provide future work or employment for the defense industry, it does have an obligation to provide soldiers and sailors equipment that is sufficiently well classed that they can expect to win with minimum casualties. i.e., 'world-class' equipment.

Mr. Conver then offered his prescription for the industrial problem. First, reallocate money into modernization. The United States needs to get technology out of the laboratories and into the field. Second, buy smarter. While acquisition reform is badly needed, it is not a panacea for the budget decline. Third, buy using methods other than traditional procurement methods. Create a national industrial base by using commercial practices. Fourth, rationalize the industry; i.e., shrink the industry to an acceptable size. Competition for competition's sake is a luxury the DoD can no longer afford. Fifth, rationalize the government. The rate at which industry has declined is not matched in the government infrastructure so that the number of government workers exceeds the number of manufacturing workers within the defense industry. Things like government depots are a luxury. The United States needs to privatize all non-combatant activities of the government. Sixth, industry needs to get into adjacent markets; i.e., other than defense markets. The reason the defense industries cannot get into commercial markets is not with the products. They do not understand how commercial markets work and do not have access to commercial markets. The defense industry does not know how this market operates. Lockheed Martin is working with another company that has the knowledge to break into this market.

America is Not as Enamored of Technology As It Used to Be

Beginning Day 3 of the Symposium, Ms. Diedre E. Lee, Associate Administrator, Office of Procurement, National Aeronautics and Space Administration (NASA), delivered her opening remarks with the statement that NASA is not quite as enamored with technology as it used to be. The cost versus the value is being questioned. The NASA budget has been reduced by $5 billion, and NASA now has a businessman at the helm who is looking at business as well as technical excellence in the agency. Therefore, NASA is going through extensive changes.

In NASA there are two items that are of paramount importance. First, it is concentrating on cost realism and cost control. In other words, "price what is promised." Most of the time NASA awards to the highest technical solution and the highest cost, and poor costing has promoted large overruns. Therefore, NASA is now emphasizing past performance and expects contractors to perform at the price they offer. To further emphasize this point, NASA deducts technical score in source selection for poor cost realism. This is a major cultural change. Second, NASA is providing a cost incentive-type activity in the services area. A cost-sharing provision is included in the contract for the contractor to provide innovation and savings for cost efficiency and cost effectiveness.

Ms. Lee further described what NASA in doing in the area of Electronic Commerce. It now has a Home Page on the Internet where you can see pictures from Hubbell, or click to the acquisition page for all the synopses on NASA procurements. Also, NASA is no longer using the Commerce Business Daily for information. If interested in the synopsis, the contractor can now go to the solicitation and browse. Encryption will allow NASA to obtain proposals through this same process in the future. This aids small business by working the same way as commercial industry.

During the question-and-answer session following the presentation Ms. Lee addressed the issue of past performance from the NASA perspective in more depth. Relying heavily on award fee data and scores as an indicator of performance, NASA is not in favor of maintaining a database. In addition, phone calls are placed to relevant people to get good data. Any negative information is then brought up in discussions. On the issue of protests, Ms. Lee felt that more open communication is needed. Recently, NASA debriefed contractors who were eliminated at competitive range. The contractors were appreciative.

Less Research and More Action

Mr. Steven J. Kelman, Administrator for Federal Procurement Policy, Office of Management and Budget, followed Ms. Lee's presentation. Acting as guest speaker, he offered his perception of the status of acquisition reform. Mr. Kelman proposed that there should be "less research and more action." There is already some genuine movement to change things, and people are beginning to feel empowered. For instance, the Federal Aviation Administration has just awarded a $300 million proposal in less than 6 months using oral proposals. This is a real sign of the willingness to change and to find ways to eliminate non-value added cost from the procurement system. The biggest contribution in his perception is one of "personal responsibility." Everyone

on the front line has a responsibility to make genuine contributions and to make a difference.

He further stated that past performance should become a routine part of our acquisition process. Statutory requirements and regulatory guidance are now available in this area. There is no reason we cannot discriminate in favor of someone who does good performance. It is important that contractors satisfy their customers and provide good value. The Office of Federal Procurement Policy recently published a *Best Practices Guide to Past Performance* to assist agencies. Ultimately, DoD plans to authorize the use of past performance down to $0, and the Air Force is considering equating past performance to technical and cost considerations.

Mr. Kelman felt that the next big challenge is to truly streamline large purchases. "The key is to work toward a strategy that asks, what is being delivered and what can we start not asking for?" The current process is dominated by rooms full of paper incorporating expensive proposals. Yet the bulk of the management proposals and technical proposals are only requested to maintain a comfort level for acquisition personnel.

Oral proposals are one step in the right direction. When made by key personnel on a potential contract, oral proposals will make it easier to select new vendors. By talking to the contractor personnel the contracting office can assure itself that the contractor can do the job. Paper alone does not provide a warm feeling that new people can perform. He also addressed the fact that a statutory change has been requested to authorize a two-phased selection process for large buys. This will allow consideration of only those contractors who are really serious about providing the product by restricting the acquisition to those who have a serious chance at getting the award.

Mr. Kelman then went on to discuss the newly authorized technique of Task Order Contracting. This will require award to more than one contractor for a given acquisition, under certain circumstances, and will provide for follow-on, commercial-style competition since one Task Order Contract does not get the best value for a customer. Under the new process there is continued competition on individual task orders with oral proposals and no formal scoring. While individual task orders are not subject to audit, competition creates a valuable tool for better value. "This is an additional tool in the Contracting Officer's tool box."

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Mr. Kelman concluded with a request that acquisition success stories be faxed to him at (202) 395-3242 and challenged everyone to think about action not just research.

During the question-and-answer session that followed, Mr. Kelman emphasized that "if the FAR does not say you cannot do it, then it is all right to do it." If the Legal Office says "no," ask them to show you why. While there is no written guidance on oral proposals, many parts of a technical proposal can be acquired in this manner. It is up to the requirements people to make that judgment.

Acquisition Streamlining Legislation Implementation Panel

Ms. Mary Ann Gilleece, Partner, Gadsby and Hanna, moderated the panel and introduced the participants. The Panel focused on the current actions being taken by Congress in the area of Acquisition Reform.

Mr. Paul Brubaker, Deputy Director of the Oversight Subcommittee (Information Technology) of the Senate Government Affairs Committee, provided a discussion on Senate procurement reform activities. He specifically addressed a working group that is considering acquisition reform and will generate a super bill for consideration in the Senate late in the fall. In his opinion, while FASA did some interesting things, it did not generate the bold reforms that are really needed. The working group will generate these bold reforms.

In addition, Mr. Brubaker addressed the status of the Brooks Act. Fifty agencies were surveyed for input and provided the impetus for Senate Bill S946, the proposed Information Technology Reform Act. This Act effectively negates the Brooks Act and establishes a Chief Information Officer within the Office of Management and Budget and in 23 other agencies. It also focuses on information technology as a tool to facilitate change. In his view, the government practice of buying mega systems that are too hard to manage should be altered in favor of smaller more manageable systems using commercially available software. Interagency working groups will be facilitated, under the Bill, to accomplish up-front planning so that the risks can be understood prior to implementation. This will make it easier to design an open system architecture and to buy commodity computers on a real-time basis. Another provision, modeled on the Canadian system, would allow vendors and government professionals to share in savings resulting from the

process. This statutory change will lay the foundation to achieve results.

He completed his discussion by asking the question, "Why can't administrative costs be reduced?" The government could potentially reduce $875 million a year just by introducing efficiency in the processing of travel orders. Another, $175 billion savings could be generated by revising oversight practices. It is time to become more efficient in government.

Mr. Bob Copley, Staff Assistant to Representative Meyers (R-Kan.), Chairman House Small Business Committee, discussed some of the small business issues stemming from the proposed H.R. 1670 legislation on acquisition reform. One significant issue concerned insufficient opportunity for small business groups to provide testimony on the Bill, which was potentially viewed as a discouragement to small business participation in government procurement.

Of major concern was the potential change in the competition standard from "full and open" competition to maximum practicable competition. This change was recommended since some agencies were generating competition where competition was not necessary. However, while competition for competition's sake is not considered a good way to do business, full and open competition has proved itself a fair way of doing business. Therefore, this particular change was in his opinion, defeated, and "full and open" competition will still be the standard for government procurement.

Mr. Charles (Chuck) Wheeler, Vice President, Federal Sources Inc., and prior Chief Investigator for the Government Operations Committee discussed his participation on the Brooks Committee where he spent his whole career defending the Brooks Act. The Brooks Act is now being considered for repeal. Even the Procurement Integrity Act, generated in response to Ill Wind, is on the chopping block because of procurement reform. In fact FASA is viewed as only 5 percent of necessary reform. Budget reductions will be a major driver in implementing further reform efforts.

One significant issue concerned insufficient opportunity for small business groups to provide testimony on the Bill, which was potentially viewed as a discouragement to small business participation in government procurement.

During the question-and-answer session that followed the issue of Section 8(a) Programs was raised. Will it be retained, and what actions are being taken? The Panel responded that Congress is radically different; it is much younger, much newer, and wants change. It is anticipated that there will be a major reorganization within Small Business Administration Programs, and Section 8(a) Programs will be changed. Recent testimony implies that Section 8(a) Programs are not working the way they should, and that this type of program may not be the right answer. There is a feeling that other alternatives must be found in which women-owned businesses must be included.

Another question focused on the relationship between the Congress and the Department of Defense. How can employees be empowered when DoD does not trust Congress, and Congress does not trust DoD? The Panel responded that if you can create a structure with genuine competition, you can create trust. Empowerment is difficult because of the trust issue. In addition, a cultural change needs to take place in both Congress and DoD. Congress has got to change its approach in terms of creating oversight to punish people, and DoD has to allow judgement in decision making. As one panelist stated, "an abundance of rules creates the death of common sense." If empowerment is to be a serious endeavor then constraints have to be acknowledged. The government has to move from process orientation toward results, and move away from making rules for every little mistake. Distrust and mistakes cause enormous oversight.

Ms. Gilleece ended the proceedings on the note that Congress serves the electorate, and this is not just procurement professionals. "Everyone must serve the taxpayer."

Editor's Note:

Thirty-three research papers were also presented by acquisition professionals in individual breakout sessions. These presentations focused on different elements of acquisition reform and are compiled in a *Book of Proceedings*. This book is available from NCMA Headquarters for $35.00 on request. (Call [703] 824-5686, extension 126, or fax [703] 759-0223.)

On behalf of Mrs. Colleen Preston, DUSD(AR), DSMC congratulates the Symposium co-Chairs, Mr. Calvin Brown, DSMC, and Ms. Donna Ireton, NCMA; Program co-Chairs, Mrs. Joan L. Sable, DSMC, and Mr. William Birkhofer, NCMA; and all other volunteers who made the symposium a resounding success.