

Preparing for a Global Acquisition Environment

Rex B. Reagan

A new concept is evolving: international acquisition. We must be prepared for this newly emerging field of knowledge, not only as part of our professional careers but also to aid in the economic security of our allies, which also supports the economic security of the United States.

At this time, international acquisition can be defined as an arcane yet maturing discipline that is the process of acquiring goods and services—from small procurements to complex acquisitions—for any country anywhere in the world. Economies are now becoming more and more global in application and operation, and what affects one country's economy can easily affect another's. Goods and services are acquired and obtained on a global scale with international vendors and providers. As a result, emerging countries are seeking a new and secure acquisition infrastructure, and those countries need to gain knowledge of acquisition, human resources, and various cultural elements.

Not only are the basic requisites of formal knowledge and practical experience customary for this playing field, but a firm commitment to international business standards, high ethical conduct, and cooperation with multiple corporate participants are also necessary if entities and individuals are to be engaged in contractual arrangements. We must align ourselves to help our allies acquire the critically needed goods and services for their countries; doing so will strengthen their economies and will, in turn, strengthen our own.



While formal coursework for international acquisitions may be greatly overshadowed by our domestic needs, the requirements for this knowledge will likely grow with our allies' emerging need for modernization and infrastructure improvements to their country.

This article is meant to be a glimpse of the future of acquisition—where it may be used and for what purpose, and the value, place, and future of our acquisition workforce. While formal coursework for international acquisitions may be greatly overshadowed by our domestic needs, the requirements for this knowledge will likely grow with our allies' emerging need for modernization and infrastructure improvements to their country.

The Emerging Markets

What has caused this vague notion of international acquisition to move forward? One has merely to glance through any major newspaper and see the growth, financial health, and importance of nations previously thought of as secondary or even third-world countries. Those countries now warrant attention as countries with emerging mar-

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kets, and these emerging markets are often thought of as those countries whose economies are outperforming the group of seven industrial nations—Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States of America.

For countries from the Middle East to Asia, the requirements for protecting themselves in acquisitions, just as the United States protects itself, remain at the top of their agenda. With a healthy economy to secure the best and brightest, many emerging markets of the world are attracting top competition for their business and industry. The knowledge, experience, and expertise that U.S. acquisitions professionals have accumulated throughout their careers will prove to be the cornerstone from which to aid our allies.

This article identifies the need for a more refined focus upon the subject of international acquisition, and while various countries may be identified as emerging markets, the article concentrates on China and the Middle East because of their impact upon the global economy.

Economic Growth of Chinese and Middle Eastern Emerging Markets

In a recent study by global banking and investment firm Goldman Sachs, China is estimated to become the world's second-largest economy somewhere around 2015. No other large economy has grown so rapidly and so consistently. The country's economy has grown more than 9 percent per year for the past 25 years.

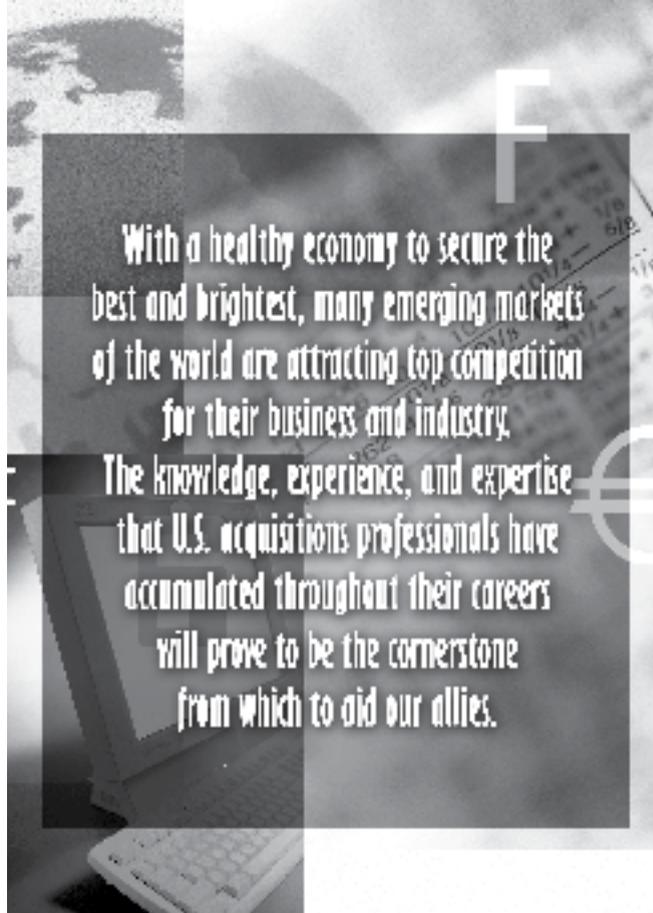
The Middle East's economy is equally thriving. From Bahrain and Dubai to the adjoining countries, tremendous growth is the norm with no end in sight. Not only is the oil industry a great source of economic prosperity, but the agricultural portion of the region is also a growing addition to the Middle East market. This combined with the application of new technologies and new governmental practices that demonstrate a commitment to economic prosperity will enable the Middle East to ascend further into a globally integrated economy.

Both China and the Middle East are seeking knowledge—specifically knowledge in the governance of acquisition—if their markets are to continue to grow. By helping those countries in the field of acquisitions and by helping those markets to grow, the United States can help its own economy stability.

But how should we progress with international acquisitions?

The Rules of Engagement

Partnerships—those temporary ensembles that were espoused when contracting organizations joined with the federal government to fulfill an assignment—were



once *de rigueur* in contractor arrangements for complex acquisitions. There were also the “leader-follower” teaming scenarios that required the tag-team efforts of multiple contractors because of the complexity and size of many federal government contracts. It appears that these constructs have evolved into consortium contracts, which often entail the original equipment manufacturer, systems integrators, and management consulting firms. These arrangements are often necessary as a result of the host country's limited resources in management and technical expertise.

Consortium contracts are a strategic technique through which involvement in international acquisition may be introduced. This type of arrangement could possibly be essential, not only because additional expertise and more than one firm may be needed, but also because it prevents domestic companies from being spread too thin. It also encourages growth and establishment in the global business community. Within this consortium, one company may have already established the cultural foundation and the processes of executing business in an international forum, while partnering companies stand ready to introduce and implement the product or service at the designated contractual phase.

Requirements of the First Kind

The core characteristics required for consortium contracting or an ensemble of companies that may be desirable in international acquisition are:

The Verdict

Connie Davidson admitted to federal officials that in her capacity as a GSA employee, she was aware that Rzeplinski had recommended the award of the task order to PCC and that he intended to have PCC hire her daughter Kirsten to perform work on the contract. Connie Davidson also knew that PCC was paying her daughter and that her daughter did not perform any work for PCC. For her failure to act, Connie Davidson was found guilty of aiding and abetting the submission of false claims. She was sentenced to 12 months in prison and ordered to pay \$395,710 in restitution.

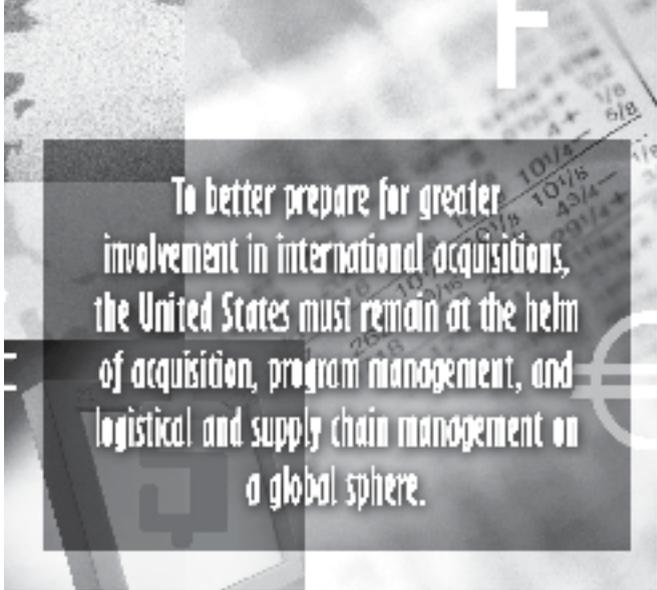
As part of the billing process, contractors submit time sheets with the number of hours worked by each employee. In this case, Kirsten claimed hours without actually performing any work. She was found guilty of conspiracy to defraud the United States by making false claims and was sentenced to 18 months in prison and ordered to pay \$290,647 in restitution.

(United States v. Michael Rzeplinski; United States v. Connie Davidson; and United States v. Kirsten Davidson.)

- Total competency, integrity, and trust of all parties involved
- Contracting clarity in all acquisition documentation and purpose
- Qualified technical and managerial personnel expertise
- Unwavering cooperative effort in supporting the host country.

There are also conventional and traditional skills that should entail a refined acquisition methodology and ensure that qualified personnel execute the contract. The requirements for Defense Acquisition Workforce Improvement Act certification are extremely valuable when you are seeking to be recognized as an expert in your chosen field. Merging formal education, practical experience, and federal government certification(s) equips you to continue in your field(s) of knowledge and experience.

Additionally, achieving experience in cooperative engagement- and international-related programs would most certainly enhance a career in international acquisitions. A strong, positive client relationship and sustained superior performance in an international venue also rank as



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qualifications for those who may be assigned or request assignments in the international acquisition arena.

What Rules Do We Follow?

Consortium contracts help establish the business foundation, but for the federal government acquisition workforce, there's the question of what rules apply on this international playing field. What guidelines or policies should we follow? Should worldwide acquisition guidelines rest upon DoD's 5000 series acquisition policies; the International Standards Organization rules such as the venerable ISO 9000; the American National Standards Institute; or perhaps a portion of each of these authorities? While each of these respected organizations conveys the proper guidelines to follow for the type of goods or service to acquire, the umbrella authority to direct the applicability of these rules has not been identified as yet. It remains the preference and responsibility of the host country to identify the laws that apply and the obligation of the contracting ensemble to adhere to those laws and cultural parameters.

What We Need to Do

International acquisition is becoming more important in the global business world, and preparing for it is essential. To better prepare for greater involvement in international acquisitions, the United States must first remain at the helm of acquisition, program management, and logistical and supply chain management on a global sphere through constant training, education, professional, and practical challenges, and continuing our pursuit of the most challenging assignments for the most demanding jobs that are available. Second, the United States must strive to support our allies, whether they be established industrial nations or emerging markets.

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