

Lessons Learned and Items to Consider in Commercial Activities Acquisition Efforts

The following lessons learned and information items were compiled based on discussions with Government representatives involved in recently completed and on-going Commercial Activities (CA) acquisitions. This information is being shared throughout the AMC community to assist those activities that are in the earlier phases of CA acquisitions. We hope this document provokes critical thinking about the CA process, encourages productive discussion and information sharing, facilitates success in achieving CA objectives, and provides useful tips to help smooth some of the bumps in the CA road.

The nature of CA acquisitions makes them nearly universally contentious. However, planning, effective communications and the commitment of adequate resources throughout the process will serve to reduce the occurrence of problems and better manage those problems and risks that can not be eliminated.

The information in this document is grouped by subject area to facilitate review. Questions or comments may be directed to any of the following individuals. DSN prefix: 767.

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Additional information on A-76 lessons learned is available at the following Internet addresses:

<http://www.acqnet.sarda.army.mil/acqinfo/lsnlrn/index.htm>

<http://www.hqda.army.mil/acsimweb/ca/lessons/default.htm>

<http://www.hqda.army.mil/acsimweb/ca/lesson1.htm>

<http://www.afmc-mil.wpafb.af.mil/HQ-AFMC/XP/XPM/xpms/a76/lessons.htm>

LEADERSHIP AND TEAMWORK

- **Ensure CA is a Priority.** Commercial Activities efforts must be a top priority. The activity's leadership must set the example for success. If managed properly, the CA process can result in great efficiencies with minimal disruption to operations. Conversely, a lack of leadership and focus can spell disaster. Although the CA

process timeline is measured in years, for those charged with its execution, CA can be a fast moving train. To help keep efforts on track, designate “emergency back-up” points of contact and encourage the scheduling of leave during times when the pace of study activity is low rather than during critical milestone periods. In addition, consider using a PERT chart or similar tool to actively manage plans and milestones.

- **Early Preparation.** Although CA studies cannot begin until after Congressional Notification has been made, planning for the study should begin as soon as possible due to the extensive work efforts required and the relatively short timelines involved. Work that can begin prior to notification includes beginning the process to select a support contractor to assist with the study, organizing the CA team, and identifying the scope of and methodology for conducting the study.
- **Make it a Team Effort from the Start.** Key players should be identified very early in the process. This seems obvious, but it is easy to overlook someone or accept a degree of team member participation that is less than adequate. To avoid surprises down the road, ensure that future information and documentation requirements are known well in advance of when they will be needed and plan accordingly. This is particularly important in the functional areas of contracting and personnel management. Early involvement of legal and resource management representatives may also be helpful. Early awareness of requirements will facilitate the production of quality products.
- **Team Composition.** With the number of teams that are formed during the A-76 process and their collective impact on the final outcome of the study/solicitation, it is imperative that the formulation of teams be carefully considered. Individuals should be appointed based on proven capabilities or potential, not because of their title or position. A team’s output is directly correlated with the caliber and attitudes of its members. Appointing officials should seek qualified members who are committed and have a positive outlook. Team members must clearly understand both the team’s objectives and their individual roles. In many cases (e.g. development of Most Efficient Organization (MEO) process improvements), the quality of team member input will directly influence the Government’s ability to prepare a competitive proposal.
- **Key Players.** In addition to early identification of key Government personnel, any contractor support should be available as soon as possible after study approval. Accordingly, early planning efforts should include the timing of support contract awards. Contractor support is available via three Blanket Purchase Agreements (BPAs) managed by the CECOM Acquisition Center. When selecting a support contractor, be mindful that corporate experience does not necessarily translate to individual experience or qualifications. Ensure that source selection criteria are structured to preclude the support contractor from using “green” employees for the effort. In addition, it is important to establish a mutual understanding as to exactly what the contractor is required to provide and, in some cases, how the

product/service will be provided. Regarding Government personnel, as a minimum, a point of contact from each functional area should be identified and held accountable for completing actions from day one. When feasible, teams of full-time members should be collocated to improve effectiveness. While it is recognized that the degree of individual member participation may, due to workload, shift over time, all members must accept the responsibility to stay engaged to the extent that they are aware of current action plans and schedules. Maintaining a central significant actions log and milestone schedule can help in this regard. For large efforts, activities should consider establishing an “operations center” type area where, in addition to space for the truly full time members, desks are available for team members to be collocated and fully dedicated to the effort on an as needed basis.

COMMUNICATIONS

- **It’s a Two-way Street.** Establishing multiple channels for both communicating information to, and receiving input from, the workforce throughout the A-76 process is absolutely critical to success. In addition, it is essential to clearly transmit Government requirements to industry and encourage input from potential offerors during the solicitation phase. Public announcements, Draft Requests for Proposals (DRFPs), preproposal conferences, site visits, discussions and debriefings should be used to clarify requirements and answer questions. Communications must not divulge information that could prejudice the MEO or offers, or jeopardize the integrity of the A-76 process.
- **Keep the Lines of Communication Open and Positive.** A variety of media can be used to effect communications including workforce briefings, information pamphlets, installation/local television, radio and newspapers, internet sites, telephone hotlines, email, surveys, counseling sessions, and other special programs. Installation public affairs and personnel offices can be of assistance in this regard. Take some time to plan the most effective way (and time) to make various public announcements. Also, take steps to keep the local congressional office informed and provide advance notifications when possible. Notify the Congressional Liaison Office at AMC so they can contact Congressional Members on Capitol Hill prior to the official notification to Members of Congress. Keep the union involved and gain the support of both formal and informal leaders by ensuring they understand the process and the importance of their contributions. The union can be one of the biggest communications conduits. Individuals on the management study team should encourage all organizational elements to work together to create cohesion and synergy. Fragmentation can severely limit overall performance. Make effective use of meetings with the commander for decisions and with core, large group, and functional teams to achieve objectives.
NOTE: Extensive sharing of information is encouraged, however, take actions necessary to preclude unauthorized release of procurement sensitive information. Also, give careful consideration to the nature and timing of information releases to

help prevent any possible confusion resulting from premature release or iterative versions of information.

- **Security.** OPSEC should be reviewed early and monitored throughout the acquisition process. Current on-site contractors, if eligible, may choose to compete for the CA award. Although we like to think of our support contractors as part of the Government team, when a CA competition is in process, relationships may change. Perform reviews to determine if, without impacting their performance under existing contracts, their access to certain areas and computer networks can/should be controlled. A significant amount of workload data can be gleaned by simply having access to an area (number of desks, personnel and vehicle sign in/out boards, etc.). If contractors provide LAN, email, or other computer system support, consider keeping sensitive A-76 study information on stand alone or otherwise secure systems to help protect against “hackers.” Finally, ensure that all personnel display badges at all times, properly mark and protect documents, and are advised of the need for increased security awareness.

TRAINING

- **Timing is Everything.** The timing of training is very important. Make reasonable attempts to provide “just-in-time” training so that the information learned can be applied most effectively. Plan to schedule training for core members of the CA study team so they can “hit the ground running” when study approval is granted.
- **Considerations.** Training in information collection techniques, process reengineering and overall Most Efficient Organization (MEO) development may be helpful and should be tailored to fit individual needs. Advance formal training will pay dividends immediately while on-the-job training really only helps for “next time.” Ideally, source selection board members should have prior experience and be knowledgeable about the many intricacies of the Service Contract Act (SCA) such as how conformance actions for applicable labor classes and uncompensated overtime can affect the contractor’s cost of contract performance. Advise evaluators to strictly adhere to the solicitation evaluation criteria. Evaluators should not be influenced by “slick” proposal formats or “read” anything into a proposal based on some prior knowledge they possess about the offeror. Seek training and general CA advice and assistance from other activities. Although there is a limited body of CA knowledge available, team representatives should balance the desire for installation “ownership” and the uniqueness of the situation with “reinventing the wheel.” When schedule and workload permit, consider the feasibility of having individuals serve on a team at another activity in order to gain valuable experience to apply at home.
- **“CA 101” Training.** Many employees at an activity may be unfamiliar with the A-76 process. Providing them with a basic understanding of the procedures to be followed, informing them of their rights, and answering their questions will help to

gain their support. The workforce should be informed that they have an opportunity to play a major role in determining the competitiveness of the Government's proposal. Their input, particularly regarding potential process improvements, can be invaluable. Active participation by the entire workforce will enable them to influence the process and outcome rather than simply falling victim to it. "CA 101" type training can serve as a catalyst for such participation.

- **Contractor Awareness.** While it is not the activity's responsibility to provide CA training to potential offerors, presentation of an information briefing on the A-76 process and SCA rules, as part of a preproposal conference, may help to reduce the numbers of procedural questions and protests based on a simple lack of understanding.
- **Conflict of Interest Reviews and Ethics Training.** CA team members, proposal evaluators, appeals board members and others as necessary should consult with ethics counselors as early as possible to identify any potential conflicts of interest and restrictions on seeking employment. The entire workforce should be reminded of the sensitivity of certain types of information and their responsibilities to both protect it from unauthorized disclosure and report questionable activities to their ethics counselor. Government and support contractor employees who are granted access to sensitive information should be required to sign non-disclosure statements. Also, any support contractors involved in the source selection process must have the permission of the applicable private sector offerors prior to accessing proprietary information that may be included in proposals.

PROCESS CONSIDERATIONS - (Study/Presolicitation Phase)

- **Planning.** The benefits of advance planning typically far outweigh the time invested. While there are restrictions on work that can be performed prior to study approval, a certain amount of preliminary planning is prudent and can be an effective streamlining/schedule compression technique. The most important initial decision is determining, with as much specificity as possible, the scope of the study. A firm scope will facilitate development of the Performance Work Statement (PWS) and minimize the extra work required to update documents because of late changes. Remember that support contractors cannot develop a PWS on their own, but will rely on the Government for substantial input. Another critical determination, that if changed later in the process can cause significant ripple effects, is identifying Government in Nature (GIN) positions. As with most decisions, it is preferable to get it right the first time and proper planning can help. Finally, consider limiting the number of separate support contractors. A single capable contractor may be better able to tie the whole process together than multiple contractors working to integrate their various pieces. Of course, when necessary, the single contractor should be encouraged to seek outside functional expertise to supplement its efforts.

- **Prioritize Work Efforts.** Time and resource constraints will typically make it necessary for the CA team to focus on the actions that are most important and provide the best payback. Significant actions that are required early in the CA process, such as preparation of the PWS and the management study, should normally take precedence over actions or documents required later in the process. Be aware that the marginal benefits associated with extra work efforts can vary considerably. Apply resources wisely. Also, schedule work efforts so they are most effective. For example, detailed cost calculations prior to completion of the management study will probably prove to be unproductive since staffing and work methods are not yet finalized.
- **Data Collection.** Planning for data collection should start as early as feasible because it is the basis for the Government's requirements and the PWS. Don't assume that a new system, process or form will be required. Many data requirements have already been captured or can be satisfied with existing systems. A key principle to remember -- keep it simple. If workload or other data will be gathered by individual functional elements, ensure that the resulting products will be compatible, perhaps by establishing a common format. Quality and timeliness standards are difficult to develop but will be critical for monitoring performance and are big cost drivers so it is important to take the time to "get it right." Regardless of who does the collection, everyone involved should understand the objective and focus on the data that is important. This collection/synthesis effort can be extensive and time consuming. Some false starts may be encountered before the type and amount of data that is relevant (and most important) is determined, however, it is critical since this data forms the very foundation for the rest of the CA process. The goal is to capture an accurate picture of the entire workload.
- **Market Research.** Market research is an important first step toward establishing an appropriate acquisition strategy. Failure to receive a technically acceptable proposal under a small business set aside could result in resolicitation (AR 5-20). Make every effort to establish the existence of two or more technically qualified and seriously interested sources in CA small business set-asides.
- **How many solicitations?** This decision is clearly one that must be made based on the individual circumstances of the study. Even when a single solicitation could be issued to cover an entire study effort, it may be prudent to segregate the work into more discrete units in order to enhance competition, encourage small business participation or for some other reason. However, one drawback to multiple solicitations for a single study is that a problem with one solicitation (e.g. appeal or protest) may also delay the others. The activity would then be faced with the choice of either delaying any Reduction In Force (RIF) pending resolution of the outstanding issues, or conducting separate RIFs for each solicitation. The later option would almost certainly be unacceptable from a schedule perspective since multiple RIFs can not be conducted concurrently. Given the impact to personnel and the costs of conducting RIFs in terms of both dollars and schedule, multiple

RIFs are clearly not desirable. While there is no proven strategy for avoiding this type of potential delay, when the acquisition strategy includes multiple solicitations, consider scheduling them to run in parallel so that at least when delays are not encountered, any RIF implementation plans can be executed immediately after approval of the final decisions.

PROCESS CONSIDERATIONS - (Solicitation Phase)

- **90 Days is Probably not Enough.** The milestone schedule in DA PAM 5-20 calls for a 3-month solicitation period. This may be unrealistic, especially when the requirements are numerous or complex or when substantial work on the management study remains. While a relatively aggressive solicitation period can be “tested” (the solicitation can be extended for valid reasons), the master schedule should allow for a longer timeframe. On large complex efforts, expect to receive a large number of questions. Consider using a DRFP to obtain industry comments and suggestions prior to a final solicitation and preproposal conference. Use of a DRFP may not shorten the process, however, it will probably result in a cleaner solicitation document and is an effective tool for gaining additional market research information to confirm initial decisions or make revisions (i.e. type of contract, small business set-aside, etc.).
- **Solicitation Document.** Format the solicitation document to easily accommodate changes, additions and deletions (e.g. Contract Line Item Number (CLIN) structure, page numbering, etc.). Make use of the Internet to simplify distribution and expedite posting of changes. Consider posting the basic document, amendments, and a conformed copy that incorporates and highlights all revisions. The Internet can also make it easy to provide digital copies of, or links to, reference documents and technical materials.
- **Best Value Considerations.** If employing best value techniques, take care to avoid the creation of inequities since the ultimate A-76 cost comparison will be based on cost alone. If the best value proposal offers a level of effort different from that required by the PWS, ensure that both the PWS and Government proposal are revised as necessary to reflect the changed level of effort so that both cost proposals are based on the same requirements.
- **Evaluation.** Although the contractor’s technical and cost proposals should initially be evaluated independently, at some point, the information should be reviewed as an integrated product to ensure the costs/prices are realistic given the proposed performance approach. This is particularly important in terms of labor. Again, evaluators should understand how application of the SCA could affect proposals. During the solicitation process, assure contractors that the activity is aware of the inherent conflict for the Government in evaluating proposals that will be used to compete against the workforce and it is taking steps to preserve the integrity of the process. Consider making arrangements with outside sources such as other activities or Commands to obtain individuals for appointments to Source Selection

Authority (SSA), Source Selection Advisory Council (SSAC) and Source Selection Evaluation Board (SSEB) positions.

- **Cost Realism Analysis and Most Probable Cost Adjustment.** DA Pam 5-20 states that “For a cost reimbursement-type contract, the ceiling price of the low negotiated offer and the fee, if applicable, to be earned if the contractor provides the minimum acceptable performance comprise the contract price” to be entered on line 7 of the cost comparison form. However, FAR 15.404-1(d)(2) states: “Cost realism analyses shall be performed on cost-reimbursement contracts to determine the probable cost of performance for each offeror” and “The probable cost is determined by adjusting each offeror's proposed cost, and fee when appropriate, to reflect any additions or reductions in cost elements to realistic levels based on the results of the cost realism analysis.” While the FAR provides the AUTHORITY to make a most probable cost adjustment, the decision of whether one SHOULD make the adjustment without discussions is a matter of judgment and should be based on the specifics of the acquisition. A unilateral adjustment would likely be very difficult to defend. Conducting discussions would provide the Government the opportunity to get more information about the basis for the contractor's estimate and confirm that the contemplated most probable cost adjustment (based on the cost realism analysis) is sound. If, after discussions, the proposed cost is still unreasonably low and the basis for the most probable cost remains valid, the contracting officer should make the adjustment.

- **Conditional Award.** Ensure compliance with FAR 52.207-2, Notice of Cost Comparison (Negotiated), by timely awarding a conditional contract in situations where the initial decision is to “go contract”. Such a conditional award ends the solicitation/evaluation phase and preserves the terms on which the award decision was made. In negotiated procurements, many events can occur that necessitate the reopening of discussions. For CA acquisitions, reopening is particularly troublesome because the selected contractor's proposal prices and the complete MEO have been publicly disclosed. Such disclosure could create great inequities in the competitive positions of the parties if it became necessary to subsequently reopen negotiations. To preclude reopening discussions after the public disclosure of proposals, contracting officers should execute the conditional award as soon as practicable after the initial “contract” decision. Since DA PAM 5-20 does not currently address the FAR requirement for a conditional award, a change request to add clarifying language to the guide was submitted to DA on 15 Jul 97.