



**DEPARTMENT OF THE NAVY  
OFFICE OF THE ASSISTANT SECRETARY  
RESEARCH, DEVELOPMENT AND ACQUISITION  
1000 NAVY PENTAGON  
WASHINGTON DC 20350-1000**

**MAR 21 2000**

MEMORANDUM FOR PROGRAM EXECUTIVE OFFICERS  
DIRECT REPORTING PROGRAM MANAGERS  
COMMANDERS OF THE SYSTEM COMMANDS

Subj: CONTRACTOR PERFORMANCE ASSESSMENTS

Ref: (a) PDUSD (AT&L) memorandum dated August 24, 1999  
(b) ASN (RDA) memorandum dated March 7, 2000

Reference (a) requires program managers to provide quarterly performance status reports for development contracts in excess of \$50 million. I am modifying reference (b) to require performance assessments only for development contracts in excess of \$50 million. The performance assessments should be provided, via the appropriate PEO, to the contractor, ASN (RD&A), DASN (PPR) and DASN (ABM), as well as the appropriate contracting officer, within 10 days of the end of each quarter.

My points of contact on this matter are Mary Jablonski at [jablonski.mary@hq.navy.mil](mailto:jablonski.mary@hq.navy.mil) or (703) 602-2799 or Bob Johnson at [johnson.robert@hq.navy.mil](mailto:johnson.robert@hq.navy.mil) or (703) 602-2805 (DSN 332).

A handwritten signature in black ink, appearing to read "H. Lee Buchanan".

H. Lee Buchanan

Copy to:  
Page 2

Subj: CLARIFICATION ON CONTRACTOR PERFORMANCE ASSESSMENTS

Copy to:

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AUG 24 1999

ACQUISITION AND  
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MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS  
ATTN: SERVICE ACQUISITION EXECUTIVES  
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE  
DIRECTOR, BALLISTIC MISSILE DEFENSE ORGANIZATION  
DIRECTOR, DEFENSE PROCUREMENT  
DIRECTOR, STRATEGIC AND TACTICAL SYSTEMS  
DIRECTOR, SYSTEMS ACQUISITION  
COMMANDER, DEFENSE CONTRACT MANAGEMENT COMMAND

SUBJECT: Contractor Performance Assessments

In my April 19, 1999 memorandum, I established a new requirement for DoD program managers to conduct quarterly contractor performance assessments on development contracts in excess of \$50 million. I'm revising this memorandum by:

- changing the rating system to be consistent with current DoD policy on past performance rating elements (i.e. five elements instead of four) and;
- standardizing the color rating scheme for use on all performance assessments (per the attachment, Dark Blue, Purple, Green, Yellow, and Red, high to low)

I want to emphasize that while I see the intent of both quarterly and annual performance reviews being similar (i.e. providing performance feedback), each has a specific purpose. The quarterly feedback assessment is intended as a more frequent tool to improve contractor performance and to ensure a constant dialogue between the program manager and the contractor. The more formal annual assessment, meanwhile, while also aimed at improving performance, seeks contractor feedback and provides source selection teams with past performance information needed to make best value awards.

Dave Oliver

Attachment:  
As stated



Enclosure (1)

## **Common DoD Assessment Rating System**

The critical aspect of the rating system is recognizing the contractor's resourcefulness in overcoming challenges that arise in the context of contract performance.

**Exceptional** (Dark Blue) Performance meets contractual requirements and exceeds many to the Government's benefit. The contractual performance of the element or sub-element being assessed was accomplished with few minor problems for which corrective actions taken by the contractor were highly effective.

**Very Good** (Purple) Performance meets contractual requirements and exceeds some to the Government's benefit. The contractual performance of the element or sub-element being assessed was accomplished with some minor problems for which corrective actions taken by the contractor were effective.

**Satisfactory** (Green) Performance meets contractual requirements. The contractual performance of the element or sub-element contains some minor problems for which corrective actions taken by the contractor appear or were satisfactory.

**Marginal** (Yellow) Performance does not meet some contractual requirements. The contractual performance of the element or sub-element being assessed reflects a serious problem for which the contractor has not yet identified corrective actions. The contractor's proposed actions appear only marginally effective or were not fully implemented.

**Unsatisfactory** (Red) Performance does not meet most contractual requirements and recovery is not likely in a timely manner. The contractual performance of the element or sub-element contains serious problem(s) for which the contractor's corrective actions appear or were ineffective.



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MAR 07 2000

MEMORANDUM FOR PROGRAM EXECUTIVE OFFICERS  
DIRECT REPORTING PROGRAM MANAGERS  
COMMANDERS OF THE SYSTEMS COMMANDS

Subj: CONTRACTOR PERFORMANCE ASSESSMENTS

Ref: (a) ASN (RD&A) ABM memo of June 3, 1999  
(b) DoD Guide to Collection and Use of Past Performance  
Information (May 1999)  
(c) DON Contractor Performance Reporting System Guide  
(Feb 1998)

Encl: (1) PDUSD memo of August 24, 1999  
(2) Example of CPAR Form

Enclosure (1) requires program managers to transmit quarterly status reports for each contract of greater than \$50 million to the corporate leadership of each contractor. The purpose of these reports is to provide contractor leadership (at the VP and CEO level) a succinct and timely awareness of the status of major programs on a path outside the traditional corporate organizational chain and without the delay and formality associated with the CPAR process of reference (c). It further refines and clarifies the guidance of reference (a).

Quarterly reports are separate from and not a substitute for the CPAR as described by references (b) and (c). To minimize effort, however, I have constructed enclosure (2) to use as the format for the quarterly report. It closely resembles the first page of the CPAR form but eliminates written comments from either the government or contractor program manager. Only the color code scheme of reference (a) is used as a rating mechanism. This should be all that is required to indicate a developing problem and stimulate more detailed communication.

I emphasize that these quarterly communications are informal. They are not to be included in source selection deliberations and therefore, do not require separate evaluation boards or process teams. Quarterly status reports should originate with the program manager and be routed via the cognizant PEO to the appropriate contractor VP/CEO within 10

Subj: CONTRACTOR PERFORMANCE ASSESSMENTS

days of the end of the quarter. Copies should be provided to ASN (RD&A), DASN (PPR) and the appropriate contracting officer.

It is the responsibility of each program manager and PEO to assure that these quarterly communications are timely and that minimum formality and bureaucracy is attached to their preparation. My point of contact in this matter is Bob Johnson, at johnson.robert@hq.navy.mil or (703) 602-2805 (DSN 332-2805).



H. Lee Buchanan

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