



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

June 3, 1999

MEMORANDUM FOR DISTRIBUTION

Subj: CONTRACTOR PERFORMANCE ASSESSMENTS

Encl: (1) PDUSD memo of April 19, 1999

Enclosure (1) is forwarded for your information and immediate implementation as appropriate for development contracts in excess of \$50 million.

Elliott B. Branch

Elliott B. Branch
Executive Director
Acquisition and Business
Management

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19 APR 1999

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
ATTN: SERVICE ACQUISITION EXECUTIVES
DIRECTOR, BALLISTIC MISSILE DEFENSE ORGANIZATION
COMMANDER, DEFENSE CONTRACT MANAGEMENT COMMAND

SUBJECT: Contractor Performance Assessments

My experience is that contract performance problems frequently receive senior level contractor attention only on an exception basis. Often contractor program managers have limited control over adding personnel or funding to a program, but senior contractor management may add resources if performance problems are brought to their attention by the government. Consequently, our program managers should provide frequent feedback to contractors on program status so that potential problems are identified early to those people who can provide resources within the company.

Beginning 30 days from receipt of this memorandum, I request you have your program managers provide prime contractors quarterly assessments of contract performance on development contracts in excess of \$50 million. The assessments should be simple color grades in accordance with the attached, and do not require contractor comment. While the quarterly reports themselves will not become part of the contractors' permanent past performance records, the aggregation of the quarterly assessments should be considered by the government program manager in establishing award fees and past performance reports. Regulations already require contractor comment on those assessments.

This increased communication is intended to provide early warning of government concerns so performance anomalies can be rectified before they result in negative past performance reports or reduced award fees.

Don Olin

Attachment:
As stated

cc:
Council of Defense & Space
Industry Associations



90413-1999AT

CONTRACTOR PERFORMANCE ASSESSMENT GRADES

- BLUE:** All significant program elements, including technical performance, risk reduction, and schedule, are at least 10% above plan and cost is 10% under plan.
- GREEN:** Significant elements on plan.
- YELLOW:** Some significant program elements are behind plan or above cost.
- RED:** Some significant program elements are greater than 10% behind plan or above cost.

ATTACHMENT