
DEPARTMENT OF THE NAVY



ACCELERATING ACQUISITION REFORM

10 MARCH 1997

ACCELERATING ACQUISITION REFORM



**ACTIONS IN RESPONSE
TO
FEEDBACK FROM
ACQUISITION REFORM
ACCELERATION DAY
31 MAY 1996**

10 MARCH 1997

**Acquisition Reform Office
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**Please visit our Home Page at
<http://www.acq-ref.navy.mil>**

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Section One

Introduction

Two survey instruments were used during Acquisition Reform Acceleration Day on May 31, 1996: an organizational survey developed by the Defense Acquisition University and an individual survey developed by the Department of the Navy (DoN). These two instruments generated 13,109 ideas and thoughts for DoN. These ideas fell generally into three categories: (1) Comments on the Stand-Down (291); Barriers (6,945); and Recommendations for Change (5,873). See Figure (1).

The Navy completed a rigorous data reduction process to assure understanding of these ideas and thoughts. The results of this process were published in two separate data packages in August and October 1996. See Figures (2) and (3) for a top-level Pareto Analysis of the Barriers and Recommendations for Change.

Each Systems Command (SYSCOM) took responsibility for identifying and addressing the issues that applied to their organization and for coordinating materials and responses from the acquisition programs they support. Each SYSCOM developed an implementation plan and process. The Assistant for Business Management (ABM) led a working group comprised of representatives from all the SYSCOMs to address issues in contracting that applied across the entire system. The working group process is contained in this summary volume.

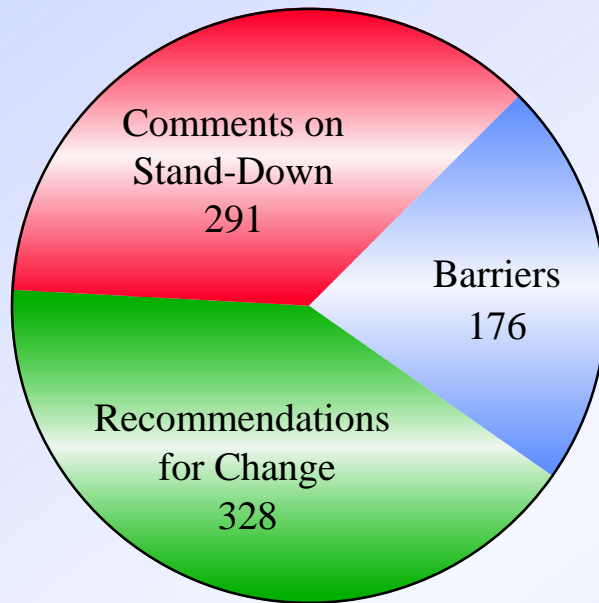
Most of these 13,109 thoughts and ideas were indicators of areas that needed to be further addressed by the leadership team. Some of these areas, such as those dealing with legislation and Congressional action, are beyond the scope of DoN implementation. In October 1996 this data was provided to the Navy Acquisition Reform Senior Oversight Council as a guideline for change.

In January 1997 ASN(RDA) joined DUSD(A&T) on an AR Day Feedback video tape which discussed results to date. This was distributed widely to the DoN acquisition workforce. On March 20, 1997, additional feedback will be provided to the workforce during the Virtual Town Hall Meeting hosted by ASN(RDA).

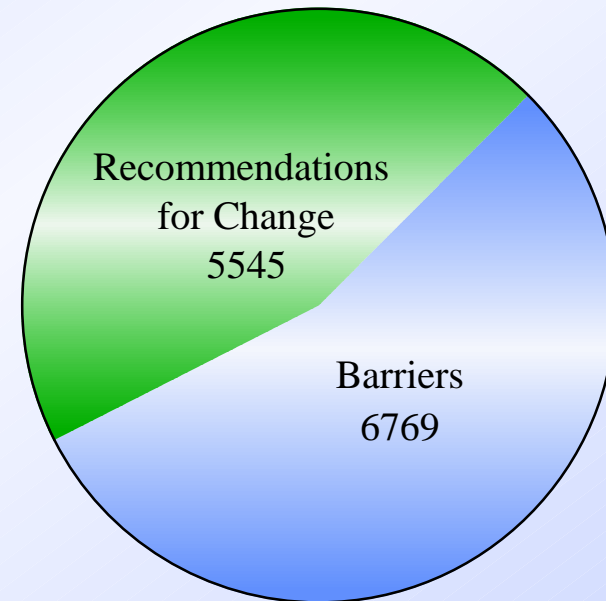
The Navy-Marine Corps team has made significant small and large improvements across the acquisition system in response to this data. This document captures many of those results to date. This process continues.

Number of ideas and thoughts generated from survey instruments

1-2



Organizational Survey

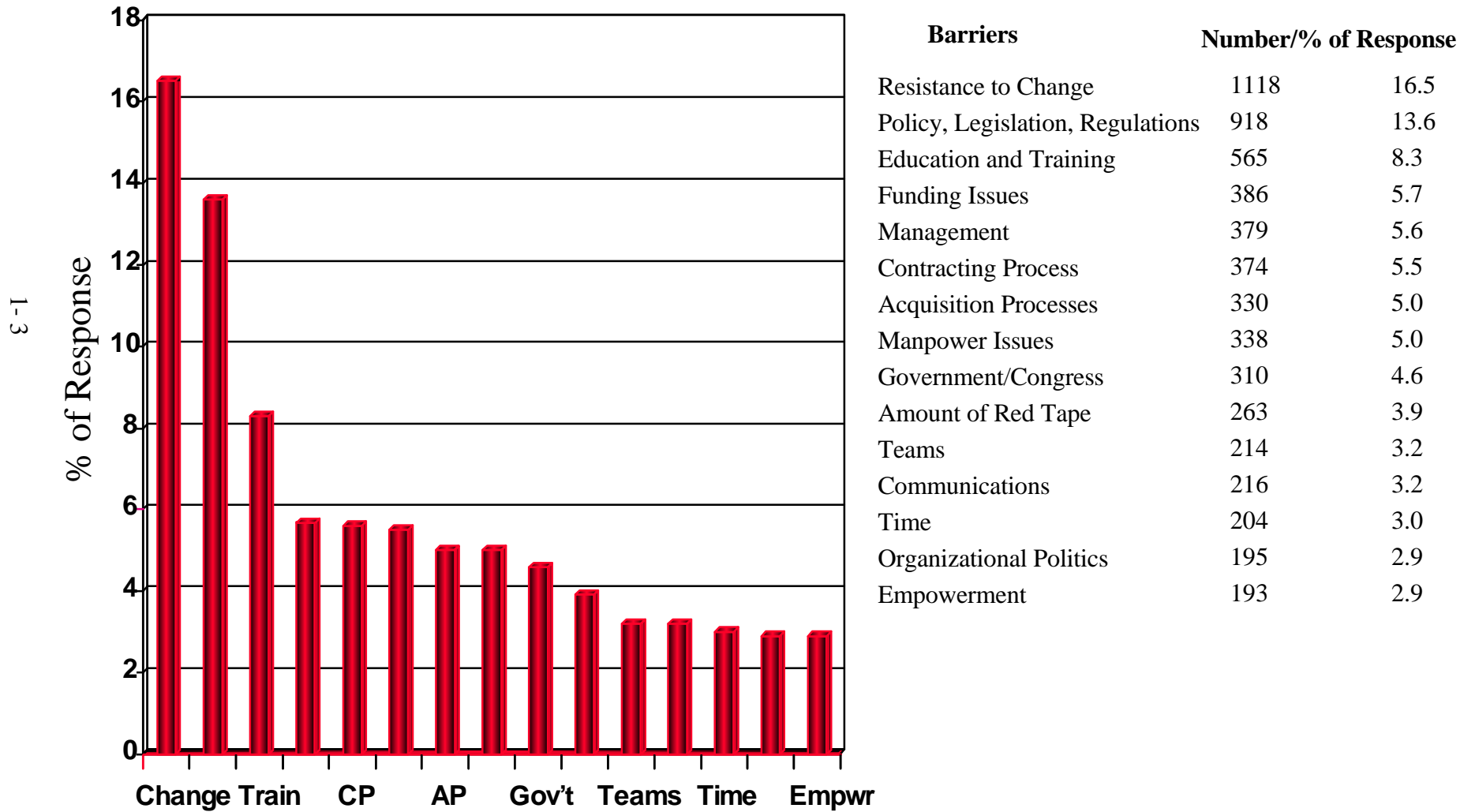


Individual Survey

Total = 13,109

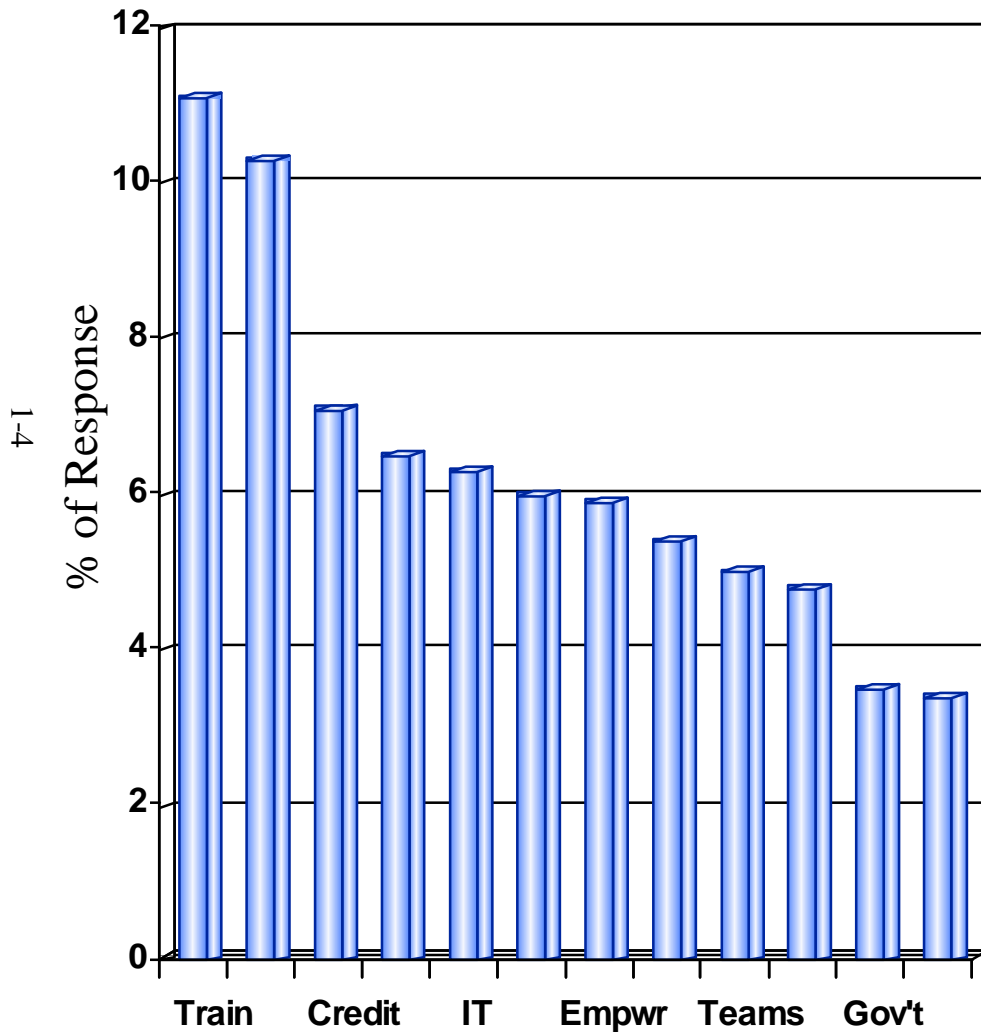
Individual Survey Response Barriers

Pareto Analysis



Individual Survey Response Recommendations for Change

Pareto Analysis



| Recommendations for Change | Number/% of Response |
|----------------------------------|----------------------|
| Education and Training | 605 11.1 |
| Contracting Process | 559 10.3 |
| Credit Card Purchases | 388 7.1 |
| Acquisition Processes | 353 6.5 |
| Information Technology | 343 6.3 |
| Manpower Issues | 327 6.0 |
| Empowerment | 322 5.9 |
| Funding Issues | 296 5.4 |
| Teams | 270 5.0 |
| Policy, Legislation, Regulations | 261 4.8 |
| Government | 190 3.5 |
| Communications | 186 3.4 |

Section Two

Contracting Issues Across Acquisition Systems

PROCESS

A team, led by the Acquisition and Business Management Office (ASN(RDA)), consisting of representatives from System Command contracting offices reviewed approximately 3000 contracting related comments and suggestions. The team grouped them into five major areas and identified 36 recommendations. The System Command Deputy Commanders for Contracts reviewed each recommendation and, where they agreed, identified actions to be taken. The final product was sent to each Systems Command to facilitate lessons learned.

ACTIONS

Enclosure (1) identifies the contracting related recommendations, current initiatives, and the activity responsible for the action. The recommendations and initiatives are organized into five major areas, as follows:

| | |
|--|----|
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POINT OF CONTACT: Ed Callaway, ASN(RDA)ABM, (703) 602-2795

Section Three

Director, Acquisition Career Management (DACM)

Assistant Secretary of the Navy
for
Research, Development, and Acquisition (ASN(RDA))

PROCESS

Feedback from Acquisition Reform Acceleration Day highlighted four major barriers to acquisition reform relating to career management of the workforce. They were: applicability of training, commitment of leadership to training, training availability, and training of “certified” and “grandfathered” acquisition personnel. The Acquisition Career Management Office evaluated the recommendations contained in the Acceleration day survey responses and identified actions that were needed to overcome those barriers. These actions, be they planned or in-progress, are described below.

ACTIONS

Applicability of Training. Preliminary work has begun with the DoN functional boards to outline problems in this area. DoN functional boards will assist the DACM in identifying problem courses in the mandatory curriculum, and the DACM will develop and distribute a random survey to DoN attendees of these courses. Functional Board Chairs have been apprised of the tasking, and requested to discuss it at their respective board meetings. Target Completion: 1 October 1997.

Commitment of Leadership to Training. The DACM prepared a letter for Mr. Douglass’ signature requesting that managers emphasize their commitment to leadership by allowing employees the opportunity to attend mandatory training despite workload constraints. However, recent feedback from individuals responsible for acquisition training indicated that this letter has not received wide distribution within their respective organizations. Mr. Douglass should incorporate the comments from his letter into his Acquisition Reform Day remarks. Target Completion: 15 November 1996 with quarterly reports thereafter.

The DACM has also provided to each major acquisition activity commander a report on the number of students who were canceled out of training during FY 1996. During the week of February 24, 1997, the DACM instituted a policy that supervisors who cancel employees out of training must signify that they have read Mr. Douglass’s letter on

commitment. The DACM will issue a report on the first quarter FY 1997 cancellations to each acquisition organization in March.

Training Availability. The first action in this areas was quarterly reporting to the acquisition organizations regarding their use of quotas in mandatory training classes. The first report has been issued and the second report will be provided during March to allow the commands to monitor progress.

The second action in this area was for the DACM to negotiate the FY 1998 course schedule with the DAU to relocate training to employee work sites. As a result of these negotiations, over 3900 course quotas have been requested in the on-site mode. Approval of the DACM request is expected in mid-April, pending availability of capacity within the DAU consortium.

Training of “Certified” and “Grandfathered” Acquisition Personnel.” The DACM asked acquisition organizations to review their policy documents to ensure that employees were not inadvertently “grandfathered” from the requirement to take training, and to request that these organizations notify employees of the requirement to complete mandatory training. This action, targeted for completion on 15 February, was deferred pending the outcome of the DoN acquisition training representatives conference during the week of 24 February. This action was discussed, and group consensus was that leadership needs to commit to the training requirement. Target Completion: 1 April 1997.

POINT OF CONTACT: Anne Alexander, ACM Office, (703) 602-9943

Section Four

Marine Corps Systems Command

PROCESS

MARCORSYSCOM reviewed the Individual Survey Data Reduction Package (ISDRP) and Organization Survey Data Reduction Package (OSDRP) to establish focal points for our efforts. Our review of the ISDRP revealed that more than two-thirds of all of the "Identified Barriers to Acquisition Reform" were in ten of the thirty-one response categories (resistance to change, policy issues, education & training, funding, management, contracting process, manpower, acquisition process, miscellaneous and government issues). Similarly, over 60 percent of the "change recommendations" were in ten of the thirty-one categories (education & training, contracting process, acquisition process, credit card purchases, manpower, information technology, empowerment, funding, teams and miscellaneous). Five of these categories (education & training, the contracting process, the acquisition process, funding issues and manpower) appear in both the "Top Ten" barriers and recommendations.

The MARCORSYSCOM responses in the Organization Survey Data Reduction Package were reviewed to determine any correlation between our organization's responses and the overall DoN responses. MARCORSYSCOM's most frequent responses were in the areas of the acquisition process, teams, funding issues and education and training. Since our organization's most important concerns match those of the DoN overall responses, the Command placed the greatest emphasis on assessing the recommendations in these three categories and implementing those with merit. .

The MARCORSYSCOM ARO will continue to review the Acceleration Day survey recommendations to determine other opportunities for implementing Acquisition Reform. recommendations with merit will be sent organization teams or Quality Management Boards for implementation.

ACTIONS

Acquisition process:

- 3 The MARCORSYSCOM Program Managers Acquisition Procedures Handbook is undergoing a rigorous revision. The handbook is available on the LAN and will be aligned to the Deskbook.

- 3 The Defense Acquisition Deskbook and Acquisition Training Modules are also available on the Command local area network. Additionally, Command personnel have access to the Turbo Streamliner on the Internet or CD ROMs.

- ⌘ MARCORSYSCOM is holding a series of Marine Corps - Industry Conferences to improve our acquisition process, open communications, and enhance the opportunity for government/contractor team building. The initial conference was held on 12 December 96. As a result of industry input, four industry requirements seminars are planned for the year which will focus on commodity areas. The first is scheduled for 18 March 97.
- ⌘ The Ammunition Program developed a Contractor Performance Certification Program to evaluate and certify contractor's commitment to quality. This enables the program office to waive or combine some inspections in order to accelerate the process of receiving ammunition.
- ⌘ The Marine Corps is ahead of schedule in the conversion of MILSTDs to commercial standards. In connection with this effort, the Assault Amphibious Vehicle (AAV) Program Manager reviewed military specifications used in the acquisition of spare and replacement parts and was able to replace original equipment manufacturer fan belts with commercially available off the shelf items, for example.

Teams:

- ⌘ MARCORSYSCOM established an overarching partnership agreement during February 1996 and has an ongoing effort with the Marine Corps Combat Development Command to improve the integration of doctrine, organization, training and education, equipment requirements, and support development for systems acquisition through the application of the integrated product team approach.
- ⌘ MARCORSYSCOM assembled a "Road Show" team led by the Commander to present information briefs to the Fleet Marine Force at their locations. The Road Show Team will include a variety of subject matter experts to respond to customer questions. The initial Road Show visited Camp LaJeune the week of February 24.
- ⌘ A MARCORSYSCOM team recently completed a worldwide customer satisfaction survey to evaluate the quality of service we provide. The results of the survey will be provided to the organization to develop a service improvement plan.

Funding:

- ⌘ MARCORSYSCOM reduced the variety of funding formats previously in use to one streamlined form. The Command is investigating the use of electronic transfer of funds within the organization.
- ⌘ The Light Armored Vehicle Program instituted the use of Performance Based Payments vice progress payments to reduce funding administration expenses. Performance payments also provide incentive for successful performance and reduce Government financial risks.

Education and Training:

- 3 The AR Day feedback emphasized the need for continuous acquisition education and training. In order to most accurately assess MARCORSYSCOM needs, an organization education and training survey was conducted. As a result of the survey, MARCORSYSCOM initiated an effort to conduct more on-site training. In December, the Defense Acquisition University conducted the ACQ 101 course to 60 students and will conduct two ACQ 201 courses to 120 students in March and June.

POINT OF CONTACT: Sandy Smith, MARCORSYSCOM, (703) 784-4662
x2040

Section Five

Naval Air Systems Command

PROCESS

The Naval Air Systems Team (TEAM) has incorporated Acquisition Reform Day survey data into ongoing mechanisms for reviewing and evaluating acquisition reform feedback. Recommendations resulting from that feedback have been evaluated, and good suggestions are integrated into strategic and business plans, incorporated in Command acquisition guidance or identified for immediate implementation. At the conclusion of the evaluation process corporate metrics were adjusted so that progress toward implementing acquisition reform can be measured and assessed.

ACTIONS

The TEAM has taken, is taking, or plans to take the following relating to Acquisition Reform Day feedback:

June 1996

- ⌘ The TEAM created a homepage for acquisition reform.
- ⌘ The TEAM created the PEO/PM forum to disseminate lessons learned.

July 1996

- ⌘ The results of the TEAM's "Town Hall Wall" were distributed to top management for incorporation into the next planning cycle.
- ⌘ The TEAM formalized its Single Process Initiative in response to government and contractor feedback.

September 1996

- ⌘ The TEAM incorporated significant acquisition reform ideas into its Reinvention Lab initiative.

October 1996

- ⌘ The TEAM established its "People Focus Group," chaired by the Commander, Naval Air Systems Command, largely in response to the Acceleration Day Feedback categories of "Manpower" and "Personnel."
- ⌘ At its annual "Commanders' Conference," the TEAM's top leaders worked with a management consultant to integrate Acquisition Reform Acceleration Day Feedback into the TEAM's Strategic and Business Planning documentation.

- ⌘ At a three-day “Strategic Simulation,” the TEAM’s top management and industry leaders isolated areas of deficiency in the TEAM’s operations, using Acceleration Day Feedback.

December 1996

- ⌘ The TEAM released its updated **Integrated Program Team Manual**, incorporating feedback in the “Empowerment,” “Communications,” “The Bureaucracy,” “Approval and Review Process,” and “Management Oversight” categories.
- ⌘ The TEAM updated its Corporate Metrics to include Acceleration Day Feedback.

January 1997

- ⌘ The TEAM, other Services, Coast Guard, Federal Aviation Administration, and National Aeronautics and Space Administration, through their Joint Aeronautical Commanders’ Group forum, completed their “Performance Based Business Environment Guide.” This state-of-the-art, working guide to acquisition reform, commissioned by the Defense Manufacturing Council, included Acceleration Day feedback in the categories of “Contractors” (particularly contractor performance), “Regulations,” “Resistance to Change,” “Specifications and Standards Process.”
- ⌘ The TEAM established its Business Office as a response to feedback on “Funding” issues.

January 1997 to October 1998

- ⌘ Turbo Streamliner, developed as a guide, is in the process of being converted to a comprehensive training tool. This modification of Turbo Streamliner is slated for completion in March 1997; all DAWIAN’s (11,000 people) will be trained in its use by October 1998. This expansion of Turbo Streamliner and training DAWIAN’s in its use is in direct response to Acceleration Day Feedback.

POINT OF CONTACT: Tom Eden, AIR 1.1D, (703) 604-2525

Joint Strike Fighter Program Office

PROCESS

The Joint Strike Fighter (JSF) Program Office has maximized the benefits of acquisition reform. During the first Acquisition Reform Stand-Down Day on 31 May 1996, we received core briefings on acquisition reform legislation, DOD 5000 series, integrated product and process development (IPPD), specifications and standards reform, and Cost as an Independent Variable (CAIV). Following the core briefings we formed focus groups and discussed the impact of acquisition reform at the working level. In addition, Dr. Kaminski presented the Joint Meritorious Unit Award to the JSF Program Office and commended the JSF program for their acquisition reform and streaming efforts.

ACTIONS

Specific acquisition reform implementation actions provided by the focus groups are as follows:

DODD 5000.1/DODI 5000.2

The JSF program was designated an ACAT 1D program on 23 May 1996 by Dr. Paul Kaminski. The focus group discussed the milestone documentation required for an ACAT 1D program. The group looked at tailoring the required documentation for Milestone I since we were already beyond that point in our program and discussed a phased approach to provide documentation for Milestone II. Following discussions, the group recommended that the JSF program establish a plan for providing documentation for Milestone I.

The plan included review of the new DODD 5000.1/DODI 5000.2 to identify the documentation requirements for the Milestone I. We identified documentation requirements for a “moral equivalent” Milestone I and decided to use the Single Acquisition Management Plan (SAMP) as the single document to capture the milestone documentation. The SAMP would address Milestone I statutory requirements along with the Acquisition Strategy, CAIV objectives, Phase I exit criteria, Test and Evaluation Master Plan statute plus other information as “tailored in” by the Overarching IPT to complete the requirements of a Milestone I review. Dr. Kaminski approved our plan and we proceeded using an Integrating IPT (I-IPT) process to review and build the Milestone I SAMP (4- I-IPT sessions). The I-IPT process (working level IPTs with a lead or “integrating” IPT) allowed us to identify issues early that could have stopped the coordination process. We provided the completed SAMP to the OIPT for review and coordination. After successful OIPT review, Dr. Kaminski signed the JSF Milestone I

Acquisition Decision Memorandum approving to entry into the Program Definition and Risk Reduction (PDRR) phase. We were able to accomplish this action in a relatively short period of time due to our “tailored” approach and the latitude given us by the new DODD 5000.1/DODI 5000.2.

Cost as an Independent Variable (CAIV) / Integrated Product And Process Development (IPPD)

The JSF was designated as one of the flagship programs for implementation of CAIV by Dr. Kaminski and the Milestone I SAMP allowed us the opportunity to document our CAIV objectives. An essential element of the CAIV process is the requirement or warfighter/technology cost trade studies. The major elements of the cost performance trade process include requirements development and implementation, and oversight. The JSF approach encompasses working level IPTs conduct and exercise Cost and Operational Performance Trades (COPT) and providing results and recommendations to the operators (Operational Advisory Group) and the Program Office (Program Affordability Council (PAC). The OAG uses the trades to draft the Joint Initial Requirements Document (JIRD). Eventually the Joint Operational Requirements Document (JORD). The draft JIRD along with the COPT information is then used by the Services to staff and finalize the document through the established requirements process ultimately resulting in JROC validation of the JORD. During the requirements (i.e., JIRD/JORD) validation process, any new requirements will be considered in the context of affordability with cost/performance trades provided by the OAG/PAC.

The PAC uses the COPT information and user requirements to build and recommend program strategies, reform measures, CAIV targets, and acquisition plans to the Program Director. The Cost/Performance IPT (CPIPT) then evaluates the cost performance trade-off analyses and makes recommendations to the Program Director on resulting acquisition issues or desirable further trades. Any acquisition issues or lessons learned from this process will be carried to the OIPT and the DAB as appropriate. This process ensures a program balance between affordability and the Service users’ needs of lethality, survivability, and supportability.

Earned Value Management

The JSF Concept Demonstration Program (CDP) contract requires contractors to use earned value management as the tool for integrating cost, schedule, and technical performance. It became evident through a questionnaire on acquisition reform initiatives, completed by JSF personnel, that additional training on earned value management was needed. Following contract award earned value training was provided to JSF program management teams and systems engineering IPTs. The training was conducted at DSMC by an earned value management instructor over a three day period. Contractor representatives were invited to participate in the training session and asked to provide an overview on how they were implementing earned value management. The contractor

overview proved to be extremely beneficial in preparing the program office for the upcoming Integrated Baseline Review (IBR) at each contractor facility.

Although there were no major issues identified during our acquisition reform day, many initiatives were discussed and we used the stand-down day to further educate JSF personnel on acquisition reform initiatives. As a result the JSF program has an approved tailored SAMP (including CAIV objectives using an IPPD approach), and a better understanding of earned value management.

POINT OF CONTACT: Lt Col Bruce E. Caughman (703) 602-7390, ext 6681.

Section Six

Naval Facilities Systems Command

PROCESS

NAVFAC formed a team to evaluate the feedback from Acquisition Reform Day. The team assessed recommendations for improving the acquisition process within the Command, identified those with value and assigned them to specific activities within the Command for implementation.

ACTIONS

Listed below are the actions taken in response to the analysis of feedback contained in the Organizational Survey Data Reduction Package identifying eleven subject areas whereover 50 percent of the responses were from NAVFAC activities and to the analysis of feedback contained in the Individual Survey Data Package identifying the five most prominent barriers and recommendations for change concerning contracting issues received from the Navy acquisition community.

Actions Taken Based on the Organizational Survey Results

1. Communications:

- ⌘ The Contracts News Bulletin has been started.
- ⌘ Engineering Field Divisions and Engineering Field Activities have held joint meetings/conferences that included the industry.
- ⌘ Some nominations for the Certificate of Excellence Awards included contractors in the teams.
- ⌘ NAVFAC is planning its annual meetings with the American Consulting Engineers Council (ACEC) and with the Associated General Contractors (AGC).
- ⌘ NAVFAC HQ Contracts is planning its annual Senior Procurement Conference with the Chiefs of Contracting Offices from the major commands- EFDs, EFAs, & PWCs.

2. Funding/Contracts:

- ⌘ Positive responses were received as a result of two recently issued procurement policy letters: NAVFAC Procurement Policy (5-96) of 11 Jan 96, issued as a result of the NAVFAC Improvement Plan, and Senior Procurement Initiatives Conference (23-96) of 5 Apr 96, issued as a result of a senior procurement working group.

3. Federal Acquisition Streamlining Act (FASA):

- ⌘ Feedback from the field indicated that their participation in Acquisition Reform Acceleration Day did improve implementation of FASA changes.
 - ⌘ The NAVFAC nominations for Certificates of Excellence Awards indicated that field activities are implementing FASA changes, particularly in the area of multiple awards.
4. Miller Act Bonds/Alternate Payment Protections for Construction Contracts Under \$100,000
- ⌘ The final rule gives the contracting officer the flexibility to choose at least two alternate payment protections, out of five listed, to be included in the solicitation.
5. Market Research:
- ⌘ NAVFAC provided additional guidance on market research in its revision to the P-68 Contracting Manual published Oct 1996.
6. Performance Requirements:
- ⌘ NAVFAC is revising its “Facilities Support Contracting” Course to reflect performance based contracting.
 - ⌘ NAVFAC is using performance based specifications for facilities support contracting.
 - ⌘ NAVFAC is emphasizing performance in source selection evaluations.
 - ⌘ NAVFAC utilizes the ACASS, CCASS, and SCASS data bases to collect past performance information.
7. A-E Short Selection Process:
- ⌘ NAVFAC delegated authority to subordinate activities to use this process.
 - ⌘ Feedback indicates that the subordinate activities are using this process.
8. Simplified Acquisition Procedures (SAP):
- ⌘ Purchase card training has been provided to all major subordinate commands who are responsible for training and issuing purchase cards.
 - ⌘ Feedback indicates that subordinate activities are using SAP procedures.
9. Risk Taking/Accepting Change:
- ⌘ NAVFAC’s Improvement Plan was the first step in changing the culture to one of risk taking/accepting change.
 - ⌘ Nominations for Certificates of Excellence Awards indicate that the culture is changing to one of risk taking/accepting change.
10. Davis-Bacon Act:
- ⌘ DOD labor advisors are working to promote contract labor standards reform.
 - ⌘ Davis-Bacon Act (DBA) and Service Contract Act (SCA) wage determinations are now available from an on-line subscription service.
 - ⌘ NAVFAC labor advisor is in the process of training all in its use.
11. Policy and Guidance:
- ⌘ The NAVFAC P-68 Contracting Manual has been revised and reduced in both volume and complexity.
 - ⌘ Review of the revised NAPS is underway.

Actions Taken Based on the Individual Survey Results

1. Acquisition Reform Implementation and Lessons Learned:

- ⌘ Guidance has will be provided in NAVFAC Acquisition Reform Day-2 brief to subordinate activities.
- ⌘ Information and the solicitation on the Engineering Service Center, which combined innovative source selection techniques and a 20 page design-build performance specification was provided to all subordinate activities as a “lessons-learned” success story.
- ⌘ NAVFAC continues to emphasize education and training of the workforce.
- ⌘ NAVFAC distributed 2 compact disks on Acquisition Reform to subordinate activities for their use in training.

2. Process Improvements:

- ⌘ NAVFAC utilizes data bases ACASS, CCASS, and SCASS for contractor performance information.
- ⌘ Purchase Card training has been provided to major subordinate commands who are responsible for issuing purchase cards and training users.
- ⌘ NAVFAC’s Source Selection Course emphasizes use of “best value” procurement.
- ⌘ NAVFAC subordinate activities report the use of the short selection process for A-E selections under \$100,000.
- ⌘ NAVFAC subordinate activities report use of new Two-Phase Design-Build procedures.
- ⌘ The use of Design-Build packages, which include performance specifications, with other methods of procurement is increasing with savings in both time and effort.

3. Communications:

- ⌘ NAVFAC activities continue to partner on construction and A-E contracts.
- ⌘ NAVFAC activities are expanding the use of partnering to facilities support service contracts.
- ⌘ NAVFAC has establishing a home page.
- ⌘ NAVFAC Headquarters is planning its annual meetings with the American Counsel of Consulting Engineers (ACEC) and the Associated General Contractors (AGC). Field activities also have regular meetings/conference with industry representatives from their particular areas.
- ⌘ NAVFAC Headquarters Contracts has established a newsletter, News at Eleven, to provide field activities updates and information concerning contracting and acquisition issues.

4. Interaction Between Program/Requirements and Contracts:

- ⌘ NAVFAC activities have improved communications through increased IPT/PAT team interaction.
- ⌘ NAVFAC activities form teams for specific procurements, which include the customer in acquisition planning, source selection, and contract administration.

5. Oversight, Empowerment, And Risk Management:

- 3 NAVFAC has delegated contracting officer authority to the EFDs, EFAs, and PWCs. This increased delegation of authority is reflected in the revised NAVFAC Contracting Manual P-68.
- 3 NAVFAC's Improvement Plan was the first step in changing the culture to one of risk management.
- 3 NAVFAC's nominations for the Certificates of Excellence Awards indicate a changing culture to one of risk management as nominations included many innovative practices and initiatives.
- 3 NAVFAC's Acquisition Reform Day-2 brief documents the innovations, initiatives, and updates .

NAVFAC Implementation of Acquisition Reform

Enclosure (1) provides a detailed description of the most significant NAVFAC acquisition reform innovations, initiatives, updates, and new regulations. Highlights include the expanded use of multiple award contracts, performance based contracting, innovations in source selection, updates on conversion of military specs and standards, and new regulations which give our activities a new tool the Two-Phase Design Build Selection Procedures for selection of contractors.

POINT OF CONTACT: Joyce Runyan, NAVFAC, (703) 325-9019

ACQUISITION REFORM DAY 2

1997

- NAVFACENGCOM INNOVATIONS
 - SOLUTION ORDER CONTRACTS
 - MULTIPLE AWARD OF MULTI-TRADE
 - MULTIPLE AWARD OF CONSTRUCTION
 - REDUCING ENERGY AND UTILITY COSTS
 - PRIVATIZATION

ACQUISITION REFORM DAY 2

1997

- NAVFACENGCOM INITIATIVES

EEC/EDI

PD2

SOURCE SELECTION

PERFORMANCE BASED SERVICE CONTRACTING

USING PERFORMANCE EVALUATION IN SOURCE SELECTIONS
OUTSOURCING

PARTNERING

PERFORMANCE MEASUREMENT AND ASSISTANCE PROGRAM

ACQUISITION REFORM DAY 2

1997

- UPDATES

COMMERCIAL ITEMS

CONTRACT LABOR STANDARDS

SPECS AND STANDARDS

DAWIA

ACQUISITION REFORM DAY 2

1997

- NEW REGULATIONS

SIGNIFICANT P-68 REVISIONS

TWO-PHASE DESIGN-BUILD SELECTION
PROCEDURES

BONDS AND ALTERNATE PAYMENT
PROTECTIONS

PROPOSED: BUY AMERICAN ACT
CONSTRUCTION & GRIMBERG

INNOVATIONS

MULTIPLE AWARDS OF TASK/DO

CONTRACTS EXAMPLES

- SOC CONTRACTS AT SOUTH DIV FOR CONSTRUCTION
 - CONTRACTORS & GOVT. VISIT SITE TO DEVELOP SCOPE
 - CONTRACTORS PROPOSE SOLUTION AND PRICE
 - AWARD MAY BE “BEST VALUE” OR “LOW PRICE”
 - ELIMINATES UNNECESSARY DESIGN COSTS
 - USES COMPETITION TO OBTAIN BEST VALUE/LOW COSTS

INNOVATIONS

MULTIPLE AWARDS OF TASK/DO CONTRACTS EXAMPLES (CONT.)

- MULTIPLE AWARD OF MULTI-TRADE
CONSTRUCTION IQ AT NEWPORT, R.I.

PROJECT DESIGN DOCUMENTS SENT TO 4 CONTRACTORS

GUARANTEED MINIMUM OF \$200,000 A YEAR PER CONTRACT

SAVES TIME

COMPETITION KEEPS PRICE REASONABLE

CONTRACTORS ARE ALL TOP NOTCH

INNOVATIONS MULTIPLE AWARDS OF CONSTRUCTION BY EFA CHES

- EFA CHES AWARDED 4 TO CONTRACTS
- MAX AMOUNT - \$100 MILLION A YEAR WITH BASE 2 OPTION YEARS
- EVALUATION CRITERIA: PAST PERFORMANCE, RELEVANT EXPERIENCE, QUALITY OF MANAGEMENT,
- AWARDED TO CONTRACTORS WITH EXCEPTIONAL PROPOSALS

MULTIPLE AWARDS OF CONSTRUCTION BY EFA CHESAPEAKE (CONT.)

- BENEFITS INCLUDE:
 - FASTER EXECUTION
 - COMPETITIVE PRICES
 - FUTURE WORK DEPENDS ON CONTRACTOR'S PERFORMANCE TODAY
- ALL TASK ORDERS AWARDED ON "BEST VALUE"
- SIGNIFICANT REDUCTION IN PALT FOR EACH TO
- ALLOWS FOR A VARIETY OF SPECIFICATIONS (DESIGN-BUILD, PERFORMANCE, FULL DESIGN)

INNOVATIONS REDUCING ENERGY AND UTILITY COSTS

ACCOMPLISHMENTS

- SOUTHWEST UTILIZED SPECIAL STATUTORY AUTHORITY IN 10 U.S.C. 2865 AND ENERGY POLICY ACT OF 1992 TO REDUCE ENERGY AND UTILITY COSTS
- BOA NEGOTIATED WITH SAN DIEGO GAS AND ELECTRIC TO IDENTIFY, DESIGN, FINANCE, AND IMPLEMENT VARIOUS ENERGY AND WATER CONSERVATION PROJECTS IN SOUTHERN CA
- NAVY INFRASTRUCTURE EFFICIENTLY UPGRADED
- DESIGN, CONSTRUCTION, AND IMPLEMENTATION COSTS FINANCED BY THE UTILITY AND PAID FOR FROM SAVINGS GENERATED

INNOVATIONS PRIVATIZATION

- FAMILY HOUSING CORPUS CHRISTI & KINGSVILLE, TX SUCCESS
- LIMITED PARTNERSHIP AGREEMENT WITH PRIVATE DEVELOPER TO BUILD 400 UNITS OF QUALITY AFFORDABLE HOUSING
- PROJECT COST IS APPROXIMATELY \$30 MILLION
- NAVY TOTAL EQUITY CONTRIBUTION IS \$9.5 MILLION - ONE - THIRD THE FUNDS NORMALLY REQUIRED BY
- SCHEDULE FOR PLANNING AND CONSTRUCTION OF APPROXIMATELY ONE-THIRD THE TIME USUALLY TAKEN
- APPROXIMATELY 16 SIMILAR PROJECTS HAVE BEEN IDENTIFIED FOR FUTURE CONSIDERATION OF PRIVATIZATION

INITIATIVES

EC/EDI

- TWO ACTIVITIES HAVE BEEN FACNET CERTIFIED: EFA MIDWEST AND NAVFACCO
- CALL CDR. RON GROVER, 703-325-9231 FOR INFO ON APPLICATION FOR FACNET CERTIFICATION
- ELECTRONIC BID SET PROGRAM:
 - CENTRAL CONTRACT WEB SITE ADVERTISEMENT
 - PLACING THE SOLICITATION ON THE CD ROM
 - AND THE INTERNET

PD2 INITIATIVE

- STANDARD PROCUREMENT SYSTEM AWARD -
1 APRIL 1997
- IMPLEMENTATING PD2 ON THE AUTHORIZED
PROCUREMENT SOFTWARE: SPS COMPATIBLE
- FOCUS & FIS INTEGRATION
- CONFIGURATION BOARD ESTABLISHED FOR CHANGES TO
SOFTWARE
- DEVELOPMENT OF STANDARD BUSINESS PRACTICES AND
CLAUSE PACKAGES

SOURCE SELECTION INITIATIVES

- EMPHASIS IS ON APPLYING “BEST VALUE”, IN ALMOST ALL COMPETITIVE NEGOTIATIONS/ SOURCE SELECTIONS
- EMPHASIS ON TIMELY EXECUTION OF PROCUREMENT USING SOURCE SELECTION PROCEDURES: (1) AMENDMENTS SHOULD BE EXCEPTION NOT THE RULE; (2) NO AMENDMENTS REDUCES PROCUREMENT TIME
- MINIMIZE COMPLEXITY IN EVALUATION PROCESS
- MAXIMIZE COMPETITION
- COMMITMENT OF TEAM MEMBERS
- EMPHASIS ON USING PAST PERFORMANCE IN ALL SOURCE SELECTIONS; REQUIRED IN THOSE OVER \$15M

INITIATIVES

PERFORMANCE BASED SERVICE CONTRACTING

- EXTENDS TO THE ENTIRE ACQUISITION PROCESS
- UTILIZES SOURCE SELECTION TO SELECT QUALITY CONTRACTORS
- UTILIZES AWARD FEES AND EMPHASIZES CUSTOMER INPUT AND SATISFACTION THROUGH CONTRACTORS QC
- QC IS A CONTRACTOR RESPONSIBILITY
- PERFORMANCE WORK STATEMENTS:
 - DESCRIBE REQUIREMENTS IN TERMS OF MEASURABLE PERFORMANCE STANDARDS (OUTPUTS) RATHER THAN PROCESS
 - SOW INCLUDES STANDARDS OF PERFORMANCE
 - SOW INCLUDES ACCEPTANCE QUALITY LEVELS
 - STANDARDS MUST BE MEASURABLE

PERFORMANCE BASED SERVICE CONTRACTING (CONT.)

- ADVANTAGES:

 - PROMOTES COMPETITION

 - GIVES CONTRACTOR INCENTIVES TO PERFORM WELL

 - LESS RISK USING PERFORMANCE SPEC VICE DETAILED SPEC

 - QUALITY IMPROVES

 - INSPECTION IS FASTER

 - REDUCES COST

 - INCREASES CUSTOMER SATISFACTION

- TRAINING:

 - EFFORT IS UNDERWAY TO STANDARDIZE NAVFAC TRAINING -- A

 - REVISED COURSE IS BEING DEVELOPED ENTITLED "FACILITIES

 - SUPPORT CONTRACTS"

INITIATIVES USING PAST PERFORMANCE EVALUATIONS IN SOURCE SELECTIONS

- ALL NAVFAC PROCUREMENT USING SOURCE SELECTION PROCEDURES OVER \$1M REQUIRE PAST PERFORMANCE AS AN EVALUATION FACTOR-SEE FAR 15.605
- PAST PERFORMANCE IS A SELECTION EVALUATION CRITERIA FOR SELECTIONS OF A-E CONTRACTS

OUTSOURCING INITIATIVES

- NAVFAC AND NAVSUP TEAMED TO JOINTLY OPERATE OUTSOURCING SUPPORT OFFICE (OSO) 15 NOV. 96 (NEW FAC 70)
- CNO TASKS OSO TO STREAMLINE A-76 ACQUISITION TO 12 MONTHS OR LESS
- A-76 IS PROCESS TOOL TO MINE SAVINGS OUT OF INFRASTRUCTURE COSTS AND TO CHALLENGE PEOPLE TO DEVISE WAYS TO DO THEIR JOBS MORE EFFICIENTLY
- NAVY TO STUDY A MINIMUM OF 80,000 FULL TIME POSITIONS - 50,000 CIVILIANS, 30,000 MILITARY - TO FIND POTENTIAL BUDGETARY SAVINGS OF UP TO 30 PERCENT BY YEAR 2004

OUTSOURCING INITIATIVES (CONT.)

- OSO STAFF IS SMALL CADRE LOCATED AT NAVFAC HQ AND OUTSOURCING SUPPORT COORDINATORS (OTCs) AT VARIOUS NAVFAC/NERVOUS FIELD ACTIVITIES TO PROVIDE TRAINING AND DIRECT SUPPORT TO A-76 COMPETITIONS AND OUTSOURCING INITIATIVES
- OSO MISSION IS TO ASSIST NAVY CUSTOMERS WITH IDENTIFICATION AND USE OF COMPETITIVE OPPORTUNITIES AND OTHER ALTERNATIVES TO REDUCE INFRASTRUCTURE COST AND OBTAIN THE BEST PUBLIC SOURCE FOR A PARTICULAR PRODUCT

CONTINUING PARTNERING INITIATIVE

- PARTNERING SUCCESS IN CONSTRUCTION CONTRACTS EXPANDED TO INCLUDE SERVICE CONTRACTS
- PARTNERING MAY BE FORMAL OR INFORMAL
- ESTABLISHES MUTUAL CONTRACTOR-GOVT GOALS
- VOLUNTARY
- BOTH PARTIES SIGN UP TO GOALS IN PARTNERING AGREEMENT
- TEAMWORK THROUGH COMMITMENT, TRUST, COMMUNICATIONS AND SHARED OBJECTIVES
- WIN-WIN SITUATION

CONTINUING PARTNERING INITIATIVE (CONT.)

- ADVANTAGES:

EARLY FORMATION OF WORKING RELATIONSHIPS

EARLY RECOGNITION OF CONCERNS OF PARTIES INVOLVED

TIMELY PROBLEM IDENTIFICATION AND RESOLUTION

TIMELY SUBMITTAL PROCESSING REDUCED REQUESTS FOR
INFORMATION

MINIMIZATION OF PROJECT COST GROWTH MORE COMMUNICATION
AND EFFORT IN ACHIEVING COMMON OBJECTIVES AND BENEFITS

PARTNERING HELPS US SERVE OUR CUSTOMER BETTER, FASTER
WITH LESS COSTS

PARTNERING MAKES OUR PEOPLES JOBS MORE ENJOYABLE BY
REDUCING CONFLICT WITH CUSTOMERS AND SUPPLIERS

PERFORMANCE MEASUREMENT & ASSISTANCE PROGRAM (PMAP) INITIATIVE

- FEDERAL GOVT HAS SHIFTED FROM RIGID RULES TO GUIDING PRINCIPLES TO PROMOTE DECISION MAKING AT LOWEST LEVEL
- INITIATIVES DEVELOPED TO RETHINK/ REDESIGN WORK PROCESSES TO OPTIMIZE CUSTOMER SUPPORT
- GOVT PERFORMANCE & RESULTS ACT OF 1993 & NATIONAL PERFORMANCE REVIEW MANDATE AN OUTCOME-BASED APPROACH TO PERFORMANCE MEASUREMENT
- ACQUISITION OVERSIGHT PRIOR TO SPRING OF 1996 FOCUSED ON REGULATORY COMPLIANCE (PMR)
- PMAP ESTABLISHED BY NAVFAC IN SPRING OF 1996 TO REENGINEER THE OVERSIGHT PROGRAM BY PROVIDING OVERALL EVALUATION OF THE ACQUISITION PROCESS
- FOCUS IS ON CUSTOMER SATISFACTION. THE MANDATE IS TO ASSIST IN MAXIMIZING CONTRACT MANAGEMENT PERFORMANCE; ENCOURAGES RISK MANAGEMENT AND ACQUISITION PROCESS INNOVATION.
- UTILIZES CONCEPTUAL APPROACH OF AUTHORS KAPLAN/NORTON USING A “BALANCED SCORECARD” APPROACH AS FIRST SEEN IN THE HARVARD BUSINESS REVIEW.

PMAP INITIATIVES (CONT.)

- NEW APPROACH USES 5 PERSPECTIVES WITH CORRESPONDING GOALS
 - CUSTOMER PERSPECTIVE - GOALS: TIMELINESS, QUALITY, SERVICE PARTNERSHIP
 - INTERNAL BUSINESS PERSPECTIVE - GOALS: ACQUISITION EXCELLENCE, ACCURATE, TIMELY & EFFICIENT DATA COLLECTION
 - INNOVATION & LEARNING PERSPECTIVE - GOALS: ACQUISITION EXCELLENCE, ACCURATE, TIMELY & EFFICIENT DATA COLLECTION
 - EMPLOYEE PERSPECTIVE - GOALS: QUALITY WORKFORCE, QUALITY WORK ENVIRONMENT, EXECUTIVE LEADERSHIP
 - FINANCIAL PERSPECTIVE - (TO BE DETERMINED)

PMAP INITIATIVES (CONT.)

- USING THE PERSPECTIVES, PMAS WORKS AS FOLLOWS:
 - (1) EACH CONTRACTING ACTIVITY MUST PREPARE A QUALITY MANAGEMENT PLAN (QMP).
 - (2) THE QMP IS A LIVING DOCUMENT REFLECTING THE CURRENT BUSINESS PRACTICES OF THE ORG
 - (3) ANNUAL BASELINE/BENCHMARKING
 - MANAGEMENT COMPLETES SELF-ASSESSMENT SURVEY
 - EMPLOYEES AND CUSTOMERS COMPLETE A SURVEY
 - SURVEY RESULTS ARE COMPILED/CHARTED FOR BENCHMARKING PURPOSES
- COMPARISONS WILL BE MAKE AMONG ACTIVITIES FOR “BEST IN CLASS” PURPOSES

PMAP INITIATIVES (CONT.)

ANNUAL BASELINE/BENCHMARKING(CONT.)

- DURING AN ON-SITE ASSESSMENT VISIT, THE PMAP TEAM PERFORMS THE FOLLOWING:
 - VALIDATES THE QMP USING FILE REVIEW AND INTERVIEWS WITH EMPLOYEES, CUSTOMERS AND MANAGEMENT
- VALIDATES CONFORMANCE TO STATUTORY/ REGULATORY REQUIREMENTS AND MANAGEMENT SELF-ASSESSMENT
- SURVEY WITH FILE REVIEW AND INTERVIEWS COMPARES RESULTS OF ACTIVITY SURVEYS WITH PROCESS ACTIONS TAKEN TO DATE
- PROVIDES INFORMAL FEEDBACK TO THE ACTIVITY
- PREPARES AN ASSESSMENT REPORT OF THE RESULTS OF THE ON-SITE VISIT BY THE PMAP TEAM. REPORT REFLECTS “HEALTH OF THE ORGANIZATION” (NO RATING ASSIGNED)
- 3 ACTIVITY PILOT TESTS COMPLETED AS OF 21 FEBRUARY 97
- OFFICIAL NAVFAC-WIDE PROGRAM ROLL-OUT - 01 APRIL 97

COMMERCIAL ITEMS UPDATE

- MAY USE SAP PROCEDURES FOR ACQUISITIONS UP TO \$5M
- NOTWITHSTANDING FAR PROVISIONS, SERVICE CONTRACT ACT APPLIES TO BOTH PRIME AND SUBS
- CURRENTLY, CONSTRUCTION IS NOT CONSIDERED A COMMERCIAL ITEM

CONTRACT LABOR STANDARDS UPDATES

- WDOL PROGRAM: GET ON INTERNET, GET THE TRAINING, USE THE PROGRAM ASAP!!
- PENDING: NAVFAC INITIATING A PILOT PROGRAM TO REMOVE THE SF98 FOR ALL SERVICE CONTRACTING
- SCA HEALTH & WELFARE RATES ARE SIGNIFICANTLY CHANGING ON 1 JUNE 1997
- INSTRUCTIONS WILL BE PROVIDED BY DESKGUIDE ISSUED BY CODE 112C
- IMPORTANT: KNOW WHEN AND HOW TO MODIFY EXISTING CONTRACTS AND WHICH RATE TO BE INCORPORATED INTO SOLICITATIONS
- SCA PRICE ADJUSTMENTS: USE THE PUBLISHED GUIDE; BE CONSISTENT.

SPECS AND STANDARDS UPDATE

- INTEGRATE ALL ENGINEERING AND DESIGN GUIDENCE IN HANDBOOKS CITING COMMERCIAL BUILDING CODES AND ADDING EXPLICIT OWNER'S REQUIREMENTS
- INTEGRATE COMMERCIAL GUIDE SPECIFICATIONS SYSTEMS WITH NAVFAC HEAVY CONSTRUCTION SECTIONS UNABAILABLE COMMERCIALY
- REFERENCE STANDARDS REMAIN, AS REFORMED METHOD OF CONVEYING THE NAVY'S REQUIREMENTS
 - USE REFERENCE STANDARDS TO IMPLEMENT DOD AND NAVFAC POLICY
 - AVOID PRESCRIPTIVE REQUIREMENTS/USE PERFORMANCE REQUIREMENTS
 - USE COMMERCIAL SYSTEMS
 - RETAIN A CORE OF LEADERSHIP FOR THE DEFENSE STANDARDIZATION PROGRAM
 - MAINTAIN THOSE FEW DOCUMENTS FOR DOD-UNIQUE ITEMS IN NAVFAC
 - PARTICIPATE IN THE TECHNICAL COMMITTEES FOR NON-GOVT STANDARDS

SPECS AND STANDARDS UPDATE (CONT.)

- Done
 - Comply with Construction Specifications Institute (CSI) format for solicitations
 - Eliminate/restrict Class 1 ODS
 - Plan for 269 S/S Reform action Mil-Specs/184 Fed-Specs
- On-going
 - Revise design guidance to use commercial building codes explicitly, adding necessary owner's requirements
 - Align scopes of NFGS with private sector standard (CSI MasterFormat)
 - In NFGS: Reduce prescriptive requirements; emphasize performance requirements; reduce submittals
 - Convert 96% of Military Specifications to non-Detailed Specifications
 - Identify and reduce toxic pollutants; foster sustainable design
 - Extend S/S reform beyond facilities business (Crane Center, CESO, etc.)
- Future (near term)
 - Integrate engineering and design guidance and guide specs for various contract strategies and all purposes
 - Name responsive commercial products in NFGS, based on Building Product Preapproval Program
 - Produce Design-Build guidance based on commercial format/practice. (Possible: Adopt CSI/DBIA guide specs for Design Build)
 - Convert most Federal Specs, mostly to CID

DAWIA UPDATE

- NEW DOD MANDATORY CONTRACTING COURSES:
CORE COURSES AT EACH CERTIFICATION LEVEL FOR 1102S
ASSIGNMENT SPECIFIC COURSES APPLY TO TYPE OF WORK PERFORMED:
CONSTRUCTION CONTRACTING
A-E CONTRACTING
BASE OPERATING SERVICE CONTRACTING
TASK ORDER CONTRACTING
SEALED BIDDING
CONTRACT FINANCING
GRANTS, COOPERATIVE AGREEMENTS, & OTHER
TRANSACTIONS
- GRANDFATHERING FOR CERTIFICATION WILL APPLY
- CONTINUING EDUCATION UNIT (CEU) PROGRAM BEGINS 1 OCTOBER 1997. ALL ACQUISITION WORKFORCE MEMBERS WHO ARE CERTIFIED TO LEVEL III SHOULD OBTAIN EITHER 40 HOURS IN ONE YEAR OR 80 HOURS IN TWO YEARS OF ADDITIONAL ACQUISITION TRAINING.
- FULFILLMENT PROGRAM ENDS 30 SEPTEMBER 1987. ALL ACQUISITION WORKFORCE SHOULD BECOME AS SOON AS POSSIBLE.
- TUITION ASSISTANCE FUNDS ARE AVAILABLE FOR WORKFORCE MEMBERS TO ATTAIN EITHER THEIR 24 HOURS IN BUSINESS OR THEIR UNDERGRADUATE OR GRADUATE DEGREE

NEW REGULATIONS: SIGNIFICANT P-68 REVISIONS

- COMMANDERS/COMMANDING OFFICERS MAY AUTHORIZE THE USE OF A SINGLE SLATE/SELECTION BOARD FOR ALL ACTIONS -- EVEN THOSE THAT REQUIRE NAVFACHQ APPROVAL
- EFD/EFA/PWC COMMANDERS/COMMANDING OFFICERS ARE APPOINTED OMBUDSMAN FOR MULTIPLE-AWARD CONTRACTS

NEW REGULATIONS: TWO-PHASE DESIGN-BUILD SELECTION PROCEDURES

- FINAL RULE PUBLISHED 2 JANUARY 1997
- DETERMINATION THAT USE OF TWO-PHASE IS APPROPRIATE
- SOLICITATION MAY COVER BOTH PHASES, OR TWO SOLICITATIONS MAY BE ISSUED IN SEQUENCE
- PHASE ONE:
- EVALUATION CRITERIA ESTABLISHED IN FAR: TECHNICAL QUALIFICATIONS SPECIALIZED EXPERIENCE, CAPABILITY TO PERFORM, PAST PERFORMANCE OF OFFEROR'S TEAM, AND OTHER APPROPRIATE FACTORS
- EXCLUDES COST OR PRICE RELATED FACTORS

TWO-PHASE DESIGN-BUILD SELECTION PROCEDURES

- SOLICITATION STATES MAXIMUM NUMBER OF OFFERORS SELECTED TO SUBMIT PHASE-TWO PROPOSALS - USUALLY 5
- PHASE TWO:
- SUBMISSION OF TECHNICAL AND PRICE PROPOSALS
- TECHNICAL EVALUATION FACTORS INCLUDE DESIGN CONCEPTS, MANAGEMENT APPROACH, KEY PERSONNEL, AND PROPOSED TECHNICAL SOLUTIONS

NEW REGULATIONS:

BONDS AND ALTERNATE PAYMENT PROTECTIONS

ALTERNATE PAYMENT PROTECTIONS FOR CONSTRUCTION
UNDER \$100,000:

- A PAYMENT BOND
- AN IRREVOCABLE LETTER OF CREDIT
- A TRIPARTITE ESCROW AGREEMENT
- CERTIFICATES OF DEPOSIT
- TYPES OF SECURITY LISTED IN FAR 28.204-1 AND 28.204-2

ALTERNATIVES IN LIEU OF CORPORATE OR INDIVIDUAL
SURETIES:

- U.S. BONDS OR NOTES
- CERTIFIED OR CASHIER'S CHECKS, BANK DRAFTS, MONEY ORDERS OR CURRENCY
- BOND SECURED BY AN IRREVOCABLE LETTER OR CREDIT

BONDS AND ALTERNATE PAYMENT PROTECTIONS (CONT.)

NEW CLAUSE AT 52.228-15, IRREVOCABLE LETTER OF
CREDIT, IS REQUIRED IN SOLICITATIONS AND CONTRACTS
REQUIRING BONDING

**BUY AMERICAN ACT
CONSTRUCTION & GRIMBERG
FINAL RULE NOT YET
PUBLISHED
PROPOSED CHANGES**

- **CONTRACTING OFFICER WILL BE ABLE TO APPROVE PRE AND POST AWARD EXCEPTIONS, BASED ON UNREASONABLE COSTS, TO THE BUY AMERICAN ACT**
- **UNREASONABLE COST FOR THE NAVY IS 6% DIFFERENTIAL**

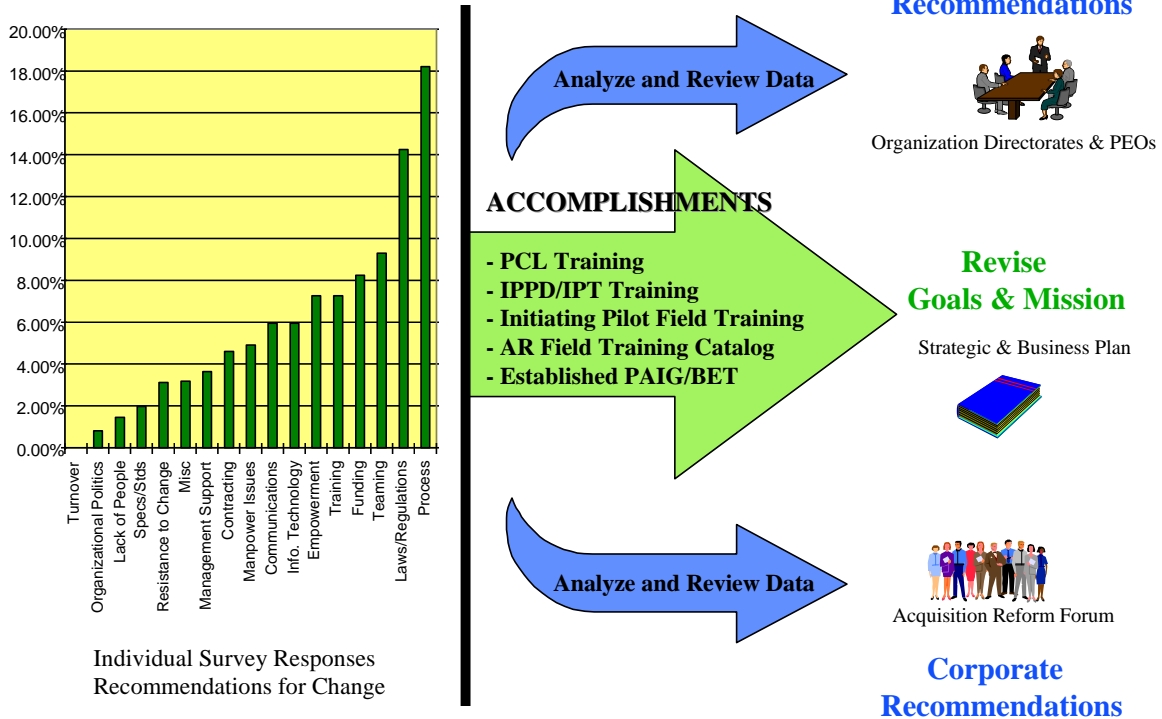
Section Seven

Naval Sea Systems Command

PROCESS

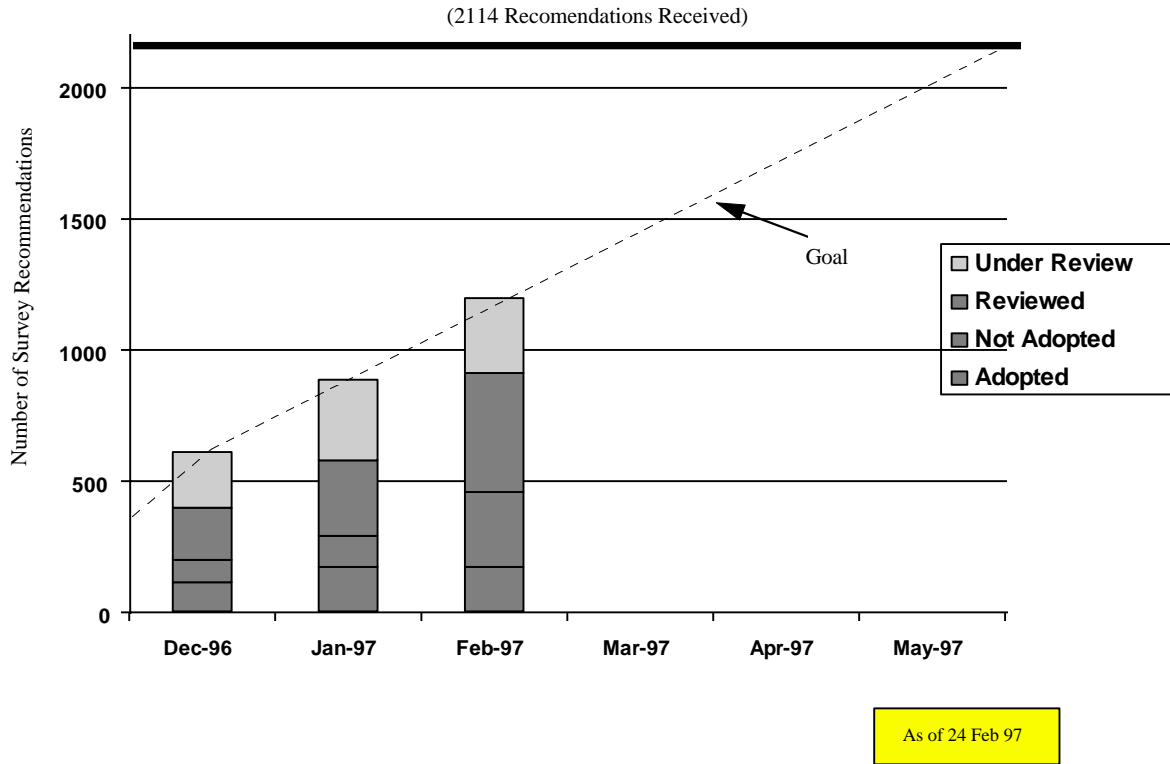
NAVSEA has integrated the review and response to the DAU survey and the DoN organizational and individual surveys into on going internal reviews (Baldrige, IG, etc.). From the analysis we identified the top five "areas of opportunity" as management, laws/regulations, resistance to change, field training, and teaming. The Command is in the process of reviewing all recommendations generated by the survey and moving out aggressively to implement all suggestions with merit. Those recommendations that have the largest return on investment are or will be developed into long term objectives and incorporated into the Command's strategic plan. NAVSEA's Acquisition Reform Forum and each organizational directorate and PEO have been analyzing and reviewing the collected data. Figure 1 shows our analysis and implementation process and Figure 2 indicates the current status of reviewing the Acquisition Reform Day recommendations.

Acquisition Reform Day 1996 Buried Treasure Process



Buried Treasures

Results of Acquisition Stand Down



ACTIONS

NAVSEA has developed Principle Centered Leadership training for our workforce to help breakdown management's resistance to change. The Command also developed a formal Integrated Product and Process Development training course to improve the success of our IPPD/IPT teams. We have accomplished training on legislation/regulations through the DAU CD-ROM training module. In addition we have developed an acquisition reform training catalog for use by field activities that provides training when the Commanding Officers need it and to the right people (we call this just in time training). Furthermore, NAVSEA has initiated a Pilot Field Training Program to facilitate improved training and communication within the field activity community.

POINT OF CONTACT: Tom Demus, NAVSEA, (703) 602-0719

PEO(CU)

PROCESS

- 3 PEO(CU) reviewed the ASN(RDA)ARO Acceleration Day Survey Results briefing dated 4 October 96, and tailored this feedback to areas of interest to the PEO. This tailored feedback data was briefed at a PEO(CU) all hands meeting.
- 3 PEO(CU) reviewed the Acceleration Day Report which provided a compilation of all organizational and individual feedback from Acquisition Reform Day. From that report, the most significant “recommendations for change” and “barriers” were identified and a process to capitalize on the feedback was developed.
- 3 PEO(CU) identified issue areas which would provide the largest return on investment to both the individual and the organization. It was felt that the recommendation for additional education and training and the resistance to change barrier where the most significant issues for the PEO to address.

ACTIONS

PEO(CU) has initiated a training seminar for all members on acquisition reform issues. This seminar series is intended to educate PEO(CU) personnel on acquisition reform with the added expectation that when people understand the new initiatives, they will be less resistant to change.

PEO(MIW)

ACTIONS

The following actions have been taken or are in process in response to the barriers and recommended changes since acquisition reform day # 1:

| <u>Category</u> | PEO-MIW Barriers Ranking | <u>Actions Taken</u> |
|------------------------|---|---|
| Funding Issues | 1 | <ul style="list-style-type: none"> ⌘ Streamlined the PEO-MIW program execution process ⌘ Improved the Financial Management Information System (FMIS) ⌘ Provided associated field activities full visibility of funds status via FMIS ⌘ Improved use of small purchase credit cards (made recommendations that are being Implemented across the board in parent command) ⌘ Via use of Mine Warfare (MIW) Campaign Plan added improved stability to programs ⌘ As result of MIW Plan submission process to Congress received adequate program funding which also helped improve program stability |
| Education and Training | 2 | <ul style="list-style-type: none"> ⌘ Simplified the PEO-MIW acquisition documentation process/requirements (deleted lengthy paper reports and substituted one page summaries) ⌘ Provided formal team training to some of our IPTs ⌘ Gave wide distribution of all acquisition reform information to PMs ⌘ Initiated 7 Habits of Highly Effective People Training in efforts to help people work better together ⌘ Increased number of DAWIA certified personnel in primary career field <p>Provided information and increased number of DAWIA certified personnel in secondary career fields</p> |

| | | |
|----------------------|---|---|
| Management | 3 | <ul style="list-style-type: none"> ⌘ Emphasized teaming throughout the PEO MIW organization ⌘ Emphasized establishment of formal charters for the IPTs ⌘ Approved numerous acquisition documentation streaming/tailoring initiatives ⌘ Established Mine Warfare Acquisition Coordination Team (ACT) to help promote interaction among the requirements, operational and acquisition system ⌘ Established Mine Warfare Systems Engineering Group to provide engineering studies and analysis of issues across the mine warfare community ⌘ Established Mine Warfare Technology Team to provide coordination among the suppliers of mine warfare technology, the acquisition and customer communities. ⌘ Provided PEO-MIW Notice on Mine Warfare Standard Metrics as an aid to performance measurement |
| Resistance to Change | 3 | <ul style="list-style-type: none"> ⌘ Displayed openness to proposed changes most of which were approved as noted elsewhere in this summary |
| Communications | 4 | <ul style="list-style-type: none"> ⌘ Emphasized at every opportunity need for Improved communications between PEO, PMs and external customers ⌘ Opened communications further by rearranging office layouts to provide for quicker and easier access to personnel ⌘ Improved communications with OPNAV sponsor by attendance at staff meetings etc. ⌘ Provided WEB access to all personnel ⌘ Established teams (ACT, SEG, MWTT etc.) as discussed elsewhere in this summary to improve communications |

| | | |
|----------------------------------|---|---|
| Empowerment | 4 | <ul style="list-style-type: none"> ⌘ Provided more empowerment to PMs ⌘ Restructuring Financial Management System(FMIS) to give PMs more financial responsibility ⌘ Reduced fear of failure ⌘ Encouragement via use of incentive awards |
| Policy, Legislation, Regulations | 5 | <ul style="list-style-type: none"> ⌘ Successfully achieved changes in rules for use of credit cards |
| Government | 6 | <ul style="list-style-type: none"> ⌘ Where possible reduced formal program oversight |
| Contracting Process | 7 | <ul style="list-style-type: none"> ⌘ Used streamlined source selection procedures for our largest procurement in FY96 ⌘ Used electronic proposal process ⌘ Used electronic (paperless) contract deliverables ⌘ Used contracting personnel on IPTs |
| Contractors-General Comments | 8 | <ul style="list-style-type: none"> ⌘ Reviewing for possible contractor support reductions ⌘ Using contractors on IPTs ⌘ Improved relationships with contractors |
| Organizational Politics | 8 | <ul style="list-style-type: none"> ⌘ Recognized acquisition improvements via use of numerous team and individual awards |
| Acquisition Process | 8 | <ul style="list-style-type: none"> ⌘ Used streamlined source selection procedures for our largest procurement in FY96 ⌘ Used electronic proposal process ⌘ Used technical demonstrations (fly-offs) to evaluate competing systems ⌘ Approved PM acquisition streamlining/reform proposals ⌘ Simplified the PEO-MIW acquisition documentation process/requirements (deleted lengthy paper reports and substituted one page summaries) |

| | | |
|------------------------------------|---|--|
| Acquisition Process (Continued) | 8 | <ul style="list-style-type: none"> ⌘ Gave wide distribution of all acquisition reform information to PMs ⌘ Approved numerous acquisition documentation streaming/tailoring initiatives |
| Sole Source Issues | 9 | <ul style="list-style-type: none"> ⌘ ⌘ Competed all new procurements |

Section Eight

Naval Space and Warfare Systems Command

PROCESS

The SPAWAR process for reviewing the data obtained from the workforce during Acquisition Reform Day and implementing recommendations is as follows:

- 3 **Gathering Data:** SPAWAR created a questionnaire to obtain additional information from our workforce. The Command obtained 38% total response rate to ARO questionnaire and a 55% response rate to SPAWAR questionnaire by headquarters workforce.
- 3 **Analysis:** We performed an initial quick look analysis and sent results to PDs/PMs. To facilitate an in depth analysis, we simplified and categorized data from the SPAWAR survey and created an auxiliary database. During the analysis we identified the top categories for action.
- 3 **Implementation Planning and Execution:** The results of the analysis were presented to the Executive Steering Group (ESG). With guidance from the ESG, a Plan of Action and Milestones was prepared. This plan and the data summaries were distributed throughout SPAWAR, NRaD, and NISE East for review and comment. In October, the SPAWAR data was correlated with ARO survey data. From the recommendations and initiatives “gold nuggets” were identified for future investments and metrics were developed for measuring progress toward implementing the improvement objectives.

ACTIONS

As a result of the above process, SPAWAR generated a “Gold Nuggets” Implementation Plan to address the critical issues identified from Command and DoN acquisition reform feedback. The plan identifies the most frequently noted issues in the feedback, establishes actions to respond to those issues and provides metrics for determining progress toward the stated objectives. Enclosure (1) is a draft of the presentation on implementation of “Gold Nuggets.”

POINT OF CONTACT: Paul Sabina, SPAWAR 07-8B, (703) 602-1805

“GOLD NUGGET” RESULTS: FREQUENTLY NOTED ISSUES

- **Increase command flexibility to:**
 - extend contract period of performance
 - increase in funding ceiling
 - modify work being performed
- **Automate contracting processes
(SPAWAR 02 - SPS)**
- **Delegate approval authority to lowest level
(SPAWAR 02 - Review)**
- **Foster better workforce communications
(SPAWAR 02 - ABM)**

“GOLD NUGGET” RESULTS: FREQUENTLY NOTED ISSUES

- **Review/simplify internal processes (e.g., procurements) (SPAWAR 02 - ABM)**
- **Provide source selection training. (SPAWAR 02 -ABM)**
 - **Improve TEB/CARP products**
- **Assign contracting officer & lawyer to each Program Office**
- **Reduce acquisition/contracting process for NDI/COTS**
- **Delegate some ACAT IV MDA to Flag/SES/PMs.**
- **Establish better communications between contracting office and program offices (SPAWAR 02 - ABM)**
- **Examine different organizational models (e.g., matrix)**

“GOLD NUGGET” RESULTS: FREQUENTLY NOTED ISSUES

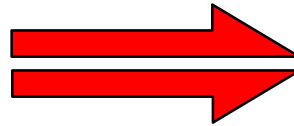
- **Empower IPT members (PD18)**
- **Eliminate legal review of selected contract documents as determined by SPAWAR 02 and OOC**
- **Reduce acquisition processes**
- **Develop computer resource plan**
- **Groom future PMs. Use more civilians**
- **Review effectiveness of acquisition professionals**
- **Provide continuous training on IPT process**
- **Update orientation and PM courses with Acquisition Reform (AR) changes**
- **Train personnel on SPAWAR organization and functions**
- **Provide facilitators to help IPTs**
- **Develop IPT workshops**

Gold Nugget Implementation Plan

- Being developed for next metrics brief
- Will address CY 97 focus/priorities considering...
 - Impact of move to San Diego
 - Evolving SPAWAR strategic planning process
 - Leveraging off of initiatives already underway
 - Standard Procurement System (SPS)
 - Source selection training materials in process

Weighing Our Gold Nuggets

Initiative



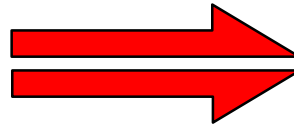
Metrics

- Automate contracting process
- Delegate approval authority
- Improve communications
- Simplify internal contracting process

- Maintaining schedule; reduced cycle times
- Reduced cycle time
- Customer feedback-survey
- # steps eliminated; reduced cycle time

Weighing Our Gold Nuggets

Initiative



Metrics

- Source selection training
- Delegate MDA on some ACAT IV programs
- Empower IPT members

- Maintaining schedule; reduced cycle time for source selection
- # APBA breaches (cost/sched/perf)
- # IPT decisions “overturned”; maintaining schedule

SPAWAR Implementation of “Gold Nuggets”

STATUS

27 Feb 97

Section Nine

Naval Supply Systems Command

PROCESS

NAVSUP evaluated the recommendations contained in the feedback from the Acquisition Reform Acceleration Day and began implementing those suggestions that were consistent with the goals and objectives of acquisition reform. More training and better communication were clearly identified as “threshold issues” currently impeding the implementation of acquisition reform and as necessary adjuncts to the correction of most other specific impediments. NAVSUP’s response to this pervasive concern led, in part, to the formulation and establishment of its own Acquisition Reform Office (ARO). NAVSUP’s commitment to the goals delineated under the acquisition reform initiatives is paramount.

ACTIONS

Communications. One of the first actions of NAVSUP’s ARO was to publish the The Streamliner (enclosure (1)). This quarterly newsletter provides acquisition reform information to field activities and other interested agencies and identifies action taken in response to Command workforce recommendations and suggestions. It provides feedback and additional information/ knowledge on issues that were identified during last year’s acceleration day. We will continue to focus on these issues throughout the year via this newsletter. To further encourage and facilitate communication, we have established an Internet “mailbox” providing a mechanism for our field activities to contact us directly with concerns and with success stories. We have already begun to receive questions and comments through this process. In fact, we have heard not only from our own activities, but also from the Army and Environmental Protection Agency.

Training. To address the need for additional acquisition reform training, NAVSUP has been instrumental in working with AMC/CARTE to develop the “Performance Based RFP” course, and are presently working with them to further refine and improve version two. We have scheduled facilitator training on “Performance Based RFPs” for both the East and West Coasts in April. The facilitators will then provide the training to all NAVSUP activities world-wide. Training is also planned in April for “Writing Performance Specifications” followed by “Performance-Based Statements of Work” in May. We further anticipate training on more effective “Teaming and Integrated Product Teams” in June. In conjunction with all the foregoing we have conducted numerous training sessions in use of “Turbo Streamliner” which will continue throughout this year at our field activities. Finally, in order to better meet the unique training needs of

NAVSUP and its claimancy, we have instituted a field survey of requirements which will be prioritized and added to our existing training tools. Enclosure (2) provides our summary plan as included in our quarterly metrics brief to ASN(RDA).

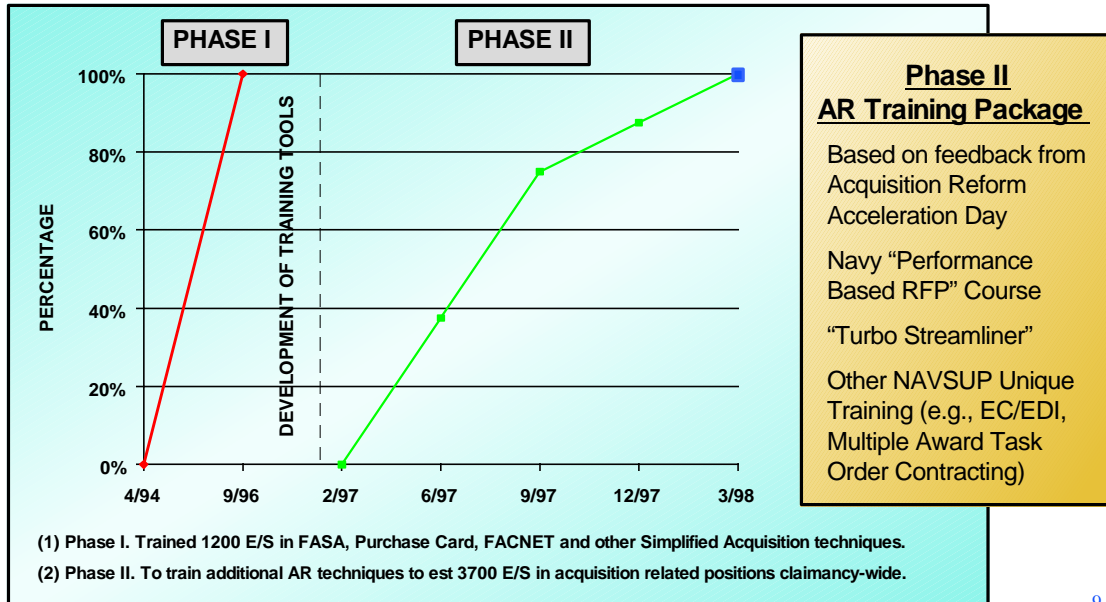
Field Actions. NAVSUP field activities have also individually responded to issues identified by their personnel from the last acceleration day. They are reviewing requirements, expanding use of streamlined contracting processes such as oral presentations, empowering the workforce by increased contract review thresholds, revising and streamlining local forms, increasing utilization of the Internet, establishing more individual process teams and/or partnering agreements, and expanding the use of automated tools for training. We will track their progress and assist them to address all issues/impediments identified as pertaining to NAVSUP. Results will be shared with all field activities as described in paragraph (1) above.

NAVSUP and its field activities are addressing the barriers that hinder the acquisition process. Efforts are ongoing to promote the reform initiatives to streamline and improve our processes.

POINT OF CONTACT: Mary Thomas, NAVSUP AROA, (717) 790-2551.

Workforce for the 21st Century

Acquisition Reform Training for Field Personnel



9

1. NAVSUP has implemented AR training in a 2 phase approach. **Phase I** concentrated on Simplified Acquisition, an area which accounted for all but 3% (70,000) of Navy's 1.9 million acquisitions in FY95. NAVSUP was recognized by DUSD(AR) as the only Command to immediately address AR needs for other than Systems Acquisitions. Between 4/94 and 9/96 we trained our entire claimancy procurement workforce, our major customers, and issued for **ASN(RDA) Navy-wide guiding principles for simplified acquisition...**emphasizing Purchase Card, FACNET, and other Simplified Procedures.

2. **For Phase II**, we are presently developing a training package for major acquisitions with emphasis on practical applications of AR guiding principles---NO "Universal Solutions", just lots of good implementation level techniques and tools. This will include "Performance Based RFPs", a course NAVSUP is developing at Acquisition Reform Office's (ARO) request for use Navy-wide (delivery in January 1997), "Turbo Streamliner", and ARO net/CD compendium of lessons-learned from a year of RFP reviews. **A number of topics were identified by the NAVSUP Field Activities as a result of the Acquisition Reform Acceleration Stand-Down Day surveys. We are developing training tools and process improvement recommendations/techniques that address these needs. These include such topics as:**

- 1 - Increased awareness of Commercial Item acquisition
- 2 - Expanding the use of the Purchase Card

- 3 - Expanding the use Simplified Acquisition Procedures
- 4 - Better use of EC/EDI tools
- 5 - Review of oversight and empowerment concerns
- 6 - Past Performance measures
- 7 - Multiple Award Procedures
- 8 - Changes in the Truth in Negotiation requirements.

These materials will be used to train trainers at each major field site and field management office. We will train entire workforce that touches the acquisition process (estimated at approximately 3700, 33% of our existing claimancy personnel), not just those who currently occupy DAWIA positions (approximately 1600 billets). In addition to providing specific guidance and tools on topics identified by the surveys, we have published the ARO newsletter, "The Streamliner" an informal forum providing information on the topics identified by the surveys. The newsletter provides updates on AR issues. "The Streamliner" is available to and directed at both Headquarters and Field Activity personnel. It is also posted on the NAVSUP Homepage. We have also established an ARO Internet address: ARO@navsup.navy.mil. We encourage Field Activities to forward their AR concerns to us so that we can better address their training needs as well as publicize and share success. We have established a NAVSUP ARO who will lead this effort. This office is staffed at both Mechanicsburg and Crystal City.



The Streamliner



Volume 1 Issue 1

QTR: JAN-MAR '97

ACQUISITION REFORM OFFICE (ARO) NEWSLETTER



it out!

WELCOME to "*The Streamliner*," NAVSUP's ARO Newsletter. This is the first of what we hope will be an informative medium providing you with acquisition reform updates. It is not our intention to set policy or dictate implementation for your job. It is our intention, however, to furnish you with practical information that will help streamline the way you do your job. We will provide training information, resources and points of contact that can assist you.

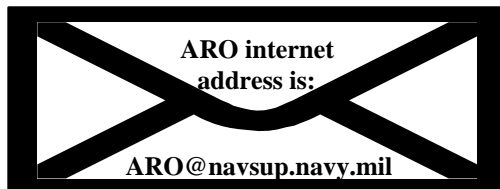
We want to hear from you. If you have success stories or unique AR anecdotes that you are willing to share, we will be happy to publish them.

AR Stand-Down Survey Results

During the previous Stand-Down, you were asked to identify what you thought were barriers to the success of AR and to identify areas that need additional change. Lack of training, inadequate or ineffective communication, resistance to change and empowerment concerns were all raised as areas of frustration.

Your concerns and suggestions are receiving close attention, and practical corrective actions are being tracked regularly by ASN(RDA), Mr. Douglass. There are working groups at ASN looking at the surveys to determine where they can assist in providing additional training and/or information. Actions which impact the NAVSUP claimancy will be worked by field subject matter experts. We will keep you informed as we continue to study your comments & suggestions. Status reports on several pertinent survey items are included in this issue of *"the Streamliner."* Additional information will be published in future *"Streamliners."* We also plan to forward your recommendations up the chain of command identifying areas that need further attention.

We've also included a training survey which we ask you to complete. We are trying to better define the kind of training you want as well as to insure that we cover the appropriate topics. Therefore, please take a few moments and complete the attached survey and return it to the ARO as soon as you can. You can fax your responses to the ARO office at (717) 790-2081, email them to ARO@NAVSUP.NAVY.MIL or mail them to NAVSUPSYSCOM, ED-ARO, PO Box 2050, Mechanicsburg, PA 17055-0791.



RECENT DEVELOPMENTS AFFECTING THE ACQUISITION OF COMMERCIAL ITEMS

TRUTH IN NEGOTIATIONS ACT (TINA) REQUIREMENTS FOR COMMERCIAL ITEMS

A proposed Federal Acquisition Regulations (FAR) rule issued August 7, 1996 would prohibit contracting officer's from requiring contractors to submit certified cost or pricing data when selling commercial items to the Gov't. TINA

The Streamliner

requirements have been cited as a major deterrent to commercial companies that might otherwise sell to the Gov't. Therefore, this proposed rule would eliminate the TINA certification requirement allowing the offerors to submit, at a minimum, either historical or price information that is adequate for evaluating and determining price reasonable-ness. Additionally, the Federal Acquisition Reform Act (FARA) exempts contracts and subcontracts for commercial items from the application of the cost accounting standards.

COMMERCIAL OFF THE SHELF (COTS) ITEMS

The Office of Federal Procurement Policy has re-emphasized federal agencies need not compete each delivery order under multiple award contracts for COTS items. Under multiple award Indefinite Delivery Indefinite Quantity contracts for COTS items, as long as the contracting officer or customer can easily compare the various prices and products being offered under these contracts, and document its basis for order issuance, no further action is required.

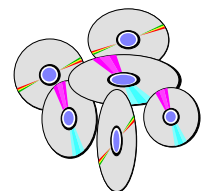
USE OF SA PROCEDURES IN THE PROCUREMENT OF COMMERCIAL ITEMS

Regarding the FARA initiative permitting the use of Simplified Acquisition (SA) procedures for procurements up to \$5M, the committee chartered with developing those procedures is statutorily required to report out January 1, 1997. To that end, portions of this committee's efforts have been published for review and comment over the past year.

One issue the FAR committee developing the proposed rule on commercial items is addressing, is whether "Auctioning" is permissible in the procurement of commercial items. The proposed rule contemplates the use of auctioning techniques; it would allow contracting officers to inform offerors of the price they believe must be met in order for those offerors to remain competitive. The impetus behind this proposed rule is to give the contracting officer the discretion and flexibility to solicit and evaluate commercial items in a simplified manner that more closely resembles commercial practice.



**TURBO
STREAMLINER**



An Acquisition Reform RFP Evaluation Tool

Turbo-Streamliner has been developed by the Navy Acquisition Reform Office to facilitate the review of acquisition solicitation packages for compliance with the latest AR policies. As an evaluation tool it orients the reviewer to



MILITARY SPECS AND STANDARDS

Before the Acquisition Reform Initiatives directed by the Secretary of Defense in June 1994, NAVSUP was the preparing activity for 72 military standardization documents, mainly in the areas of material handling equipment, shipboard food service equipment and packaging materials and/or procedures. The "Blueprint for Change" report, published in April 1994 as a result of a DOD-wide Process Action Team on Military Specifications and Standards, directed a 100% review of all military specifications and standards. As a result of that review, NAVSUP canceled 11 documents, transferred 18 to NAVSEA and DLA, and is currently working on converting 40 documents to performance specifications and converting 3 documents to Non-Gov't Standards.



Single Process Initiative

The Single Process Initiative (SPI) is an initiative to consolidate or eliminate multiple management and manufacturing requirements across existing defense contracts on a facility-wide basis. Historically contractors have often maintained many different methods of performing the same process for same and/or similar supplies and services due to the insistence of different industry and Gov't customers. On occasion as many as 13 methods of performing the same process was required to satisfy different contracts/customers. Given the fact that defense contractors may on average employ 250 or more discrete processes, any multiplication of alternate methods rapidly introduced technical and cost inefficiencies. SPI addressed this problem by allowing contractors to propose use of its preferred single process facility-wide. Such proposals are referred to a review team of DCAA/DCMC/Military Services personnel to analyze its feasibility and tech/cost impact. Administrative Contracting Officers are then authorized to execute class contract modifications (block changes) to implement the approved SPI. SPI is a key streamlining initiative to accomplish the AR goals of cost, schedule and performance improvement by eliminating unnecessary overhead and reducing inefficiency. Although this initiative was announced by Secretary of Defense Dr. William Perry just one year ago, it has rapidly become popular with many of the larger DOD contractors.

NAVSUP and NAVICP are involved both as a team leader role when the NAVICP has the largest contract dollar involved and as a contract holder which requires a technical decision and reporting back to the team leader. NAVICP has received fifty concept papers containing 127 SPI issues. The majority of the proposals are for commercial quality systems, soldering and calibration practices.

In addition, NAVICP Philadelphia has been assigned team leader responsibility for six contractors: Allied Signal-Engines, Allied Signal-Aerospace Equipment Systems, Allied Signal-Aircraft Landing Systems, Lockheed Martin-Contractors Systems, B.F. Goodrich-Landing Gear Division, and GEC Marconi-Electronic Systems. Contract modifications resulting from this effort include:

Allied Signal Engines:

MIL-Q-9858 to ISO 9001

MIL-I 45208 to ISO 9001

MIL-STD-1520 to ISO 9001

MIL-STD-1535 to ISO 9001

MIL-STD-105 to ANSI/ASQC Z1.4-1993

Northrop Grumman Corp., Electronic Systems:

MIL-C-45662A to ISO 10012-1

SIMPLIFIED ACQUISITIONS

The Federal Acquisition Streamlining Act (FASA) 1994 and FARA 1996 created several opportunities for change in SA. As Program Manager for SA, including the Purchase card, for the Department of the Navy (DON), we strive to implement policy changes in a straightforward, user friendly manner as quickly as possible. Your Stand-Down comments and suggestions gave us insight into your concerns. We hope you will continue to provide feedback to your activity points of contact and to us. Below are **answers** to some of your **specific comments** and **suggestions**:

Suggestion: (a) Increase dollar threshold for posting written solicitations from \$5K to SAT; (b) Remove requirement for GSA schedule price comparisons on "orders" over \$2,000. Revert to previous regulation requiring GSA price comparisons only on those "line items" exceeding \$2,500.

Response: (a) This superb recommendation has already been implemented. The posting threshold was raised under FARA to \$10,000 and is effective January 1997 or 30 days after issuance of final rule whichever is sooner; (b) We have done that...comparison is required on orders \$2,500 or more, not \$2,000. The changes are included in the NAVSUPINST 4200.85C, SA Procedures.

note: You can find NAVSUP 02 instructions & policy letters at <http://quads-www.std.caci.com/navdoc4/>

PURCHASE CARD

Suggestion 1: Management should endorse the Purchase card program; allow program managers to use the card.

Response: The Chief of Naval Operations and the Assistant Secretary of the Navy (ASN) have provided their strongest endorsement for the DON Purchase card program. NAVSUP and other SYSCOMS continually market the Purchase card to field activities and encourage use of the Purchase card at the requirements level. Program managers should take advantage of the Purchase card. It is a great tool that can be used by all Command-designated personnel, not just supply or purchase personnel. Purchase Card expansion and usage has been included as part of NAVSUP's quarterly "Metrics Brief" to ASN(RDA) to ensure the continued commitment of all field activities.

Suggestion 2: Mandate Purchase card use.

Response: The DON has decided to use a "buy in" approach vice mandating use of the Purchase card. This approach enables Navy activities to use the tools that best suit their needs. NAVSUP will continue to monitor program growth on a monthly basis to insure a steady increase in usage. The DON goal is that 90% of all eligible micro-purchases will be purchased with the card by 1998. NAVSUP will continue to make improvements to the Purchase card program through several on-going initiatives which will expand usage. Expect more news on this point from NAVSUP 02.

Suggestion 3: Develop an automated tracking system for Purchase card management.

Response: This is an excellent idea already endorsed at the OSD level. NAVSUP is participating in efforts to recommend particular automated Purchase card management systems and the development of a future standard system. Four management systems have been evaluated to date. NAVSUP will update the field on this initiative as information becomes available.

Suggestion 4: Reduce paperwork.

Response: This is recognized as an on-going need. NAVSUP is working to reduce existing paperwork requirements. NAVSUP is preparing changes to NAVSUPINST 4200.85C, Chapter 6A, Purchase Card Procedures, which reduce paperwork requirements. Publication is anticipated in January 1997.

Suggestion 5: Establish procedures for validating invoices, including what constitutes acceptable charges such as shipping charges and sales taxes.

Response: We agree with you...SUP 02 is working with the Navy Financial Management Office to develop reconciliation procedures that will be incorporated into the revised Purchase card guidance to be published in January 1997.

WHERE TO REACH US:

Acquisition Reform Office
Naval Supply Systems Command
Bldg. 9, rm. 103
Mechanicsburg, PA 17055-0791
Phone: (717) 790-2837 Fax: (717) 790-2081

| <u>ED-ARO Acquisition Reform</u> | <u>Phone</u> |
|--|--------------|
| ARO-Acquisition Reform Executive, Mr. William A. Mackinson | x2450 |
| ARO-A-Procurement Analyst, Ms. Mary M. Thomas | x2551 |
| ARO-B-Mgmt Specialist/Interpreter, Ms. Jody Johnston | x2521 |
| ARO-S-Mgmt Assistant, Ms. Cathy Smith | x2837 |

Acquisition Reform Office (Branch)
2211 S. Clark Place
Crystal Plaza 5, rm. 924
Arlington, VA 22244

| | |
|--|---------------|
| <u>ARO Acquisition Reform Office</u> Fax (703) 602-5481 | 602-3376/2728 |
| ARO-Acquisition Reform Executive, Mr. William A. Mackinson | x207 |
| ARO-C-Consultant (Engineer), Mr. Vance Saige | x202 |
| ARO-D-Legal Counsel/Consultant, Ms. Sandy Medlin | x203 |
| ARO-E-DCMC Representative, Mr. Anthony Lee | |

**UNDER SECRETARY OF DEFENSE DESIGNATES
ACQUISITION REFORM DAY 2**

Last year's AR Stand-Down Day was so successful that DOD has already scheduled March 19 as Acquisition Day 2. The theme for the day is "Teaming--the Catalyst for Making Acquisition Reform Initiative the Norm." We're working on this day gathering training tools, videos, information, and case studies. We want to ensure that we take advantage of this opportunity so we can share our expertise with all the team members. Acquisition Reform affects not only contracting offices but also logisticians, item managers, program managers, finance offices, technicians, etc. As you can see from the following letter from Dr. Kaminski, he wants our full participation and support. So mark that day on your calendar...March 19...Acquisition Reform Day 2.

The following letter signed by Paul G. Kaminski:

THE UNDER SECRETARY OF DEFENSE
3010 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-3010

DEC 6,

1996

MEMORANDUM FOR SECRETARIES OF THE MILITARY
DEPARTMENT
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
DIRECTOR, DEFENSE RESEARCH AND ENGINEERING
ASSISTANT SECRETARIES OF DEFENSE
GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE
DIRECTOR, OPERATIONAL TEST AND EVALUATION
DIRECTOR, ADMINISTRATION AND MANAGEMENT
DIRECTORS OF THE DEFENSE AGENCIES

SUBJECT: Acquisition Reform Day 2 - March 19, 1997

Last spring, we were able to significantly increase the awareness of our Acquisition Reform Initiatives by holding an Acquisition Reform Day, a day dedicated to sharing Techniques and benefits of our many Acquisition Reform Initiatives.

In the spirit of continuous process improvement, I have designated March 19, 1997 as the Defense Department's second Acquisition Reform Day. The theme this year is "Teaming - the Catalyst for Making Acquisition Reform Initiatives the Norm." In addition to the government efforts we sponsored last year, my goal is to include industry where appropriate. Inclusion of Industry will facilitate further our implementation of these initiatives and help accelerate the benefit stream.

I would appreciate your full support and participation in this event. Further details will be provided as the date approaches.

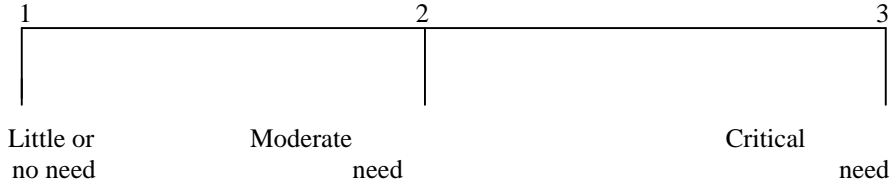
Signed 6 DEC 96

PAUL G. KAMINSKI



TRAINING SURVEY

Rate your need for training in order to perform your duties from 1 to 3. If the subject area is not applicable to your specific needs, indicate N/A.



- Simplified Acquisition Procedures
- Purchase Card
- FACNET/EDI/EC
- Past Performance (Including Red/Yellow/Green)
- Internet Based Acquisition Reform Tools
- Use of Oral presentations
- Specifications and Standards
- Single Process Initiative
- Commercial Items
- Best Value Source Selection
- Market Research
- Processes and Empowerment
- Business Clearance Preparation
- Cost and Price Analysis
- Cost as an Independent Variable
- Mandatory DAWIA

Other: Please note and rate other areas of training you need.

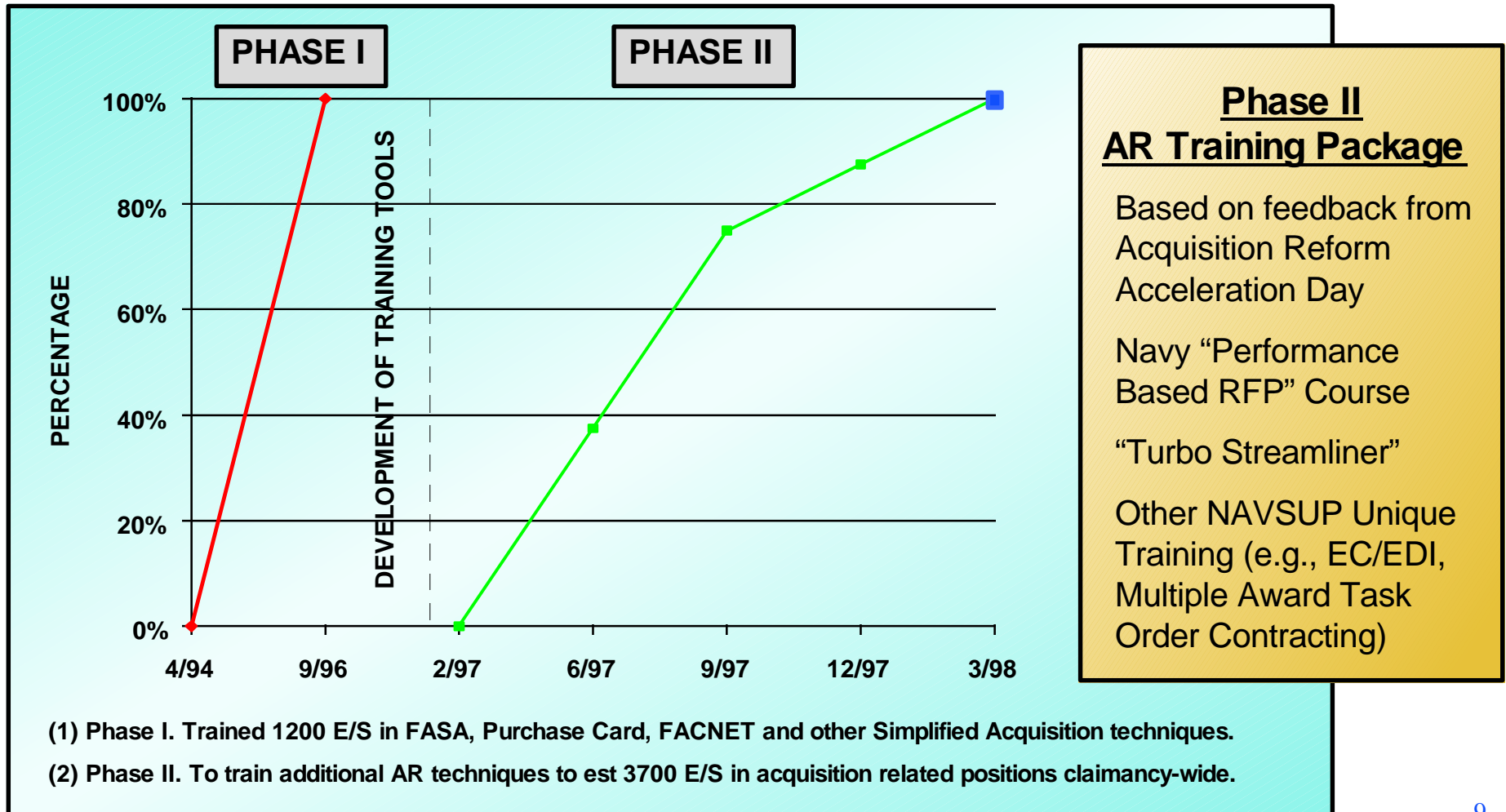
Please note and rate other areas of training that are needed within your Command:

Comments:



Workforce for the 21st Century

Acquisition Reform Training for Field Personnel



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Section Ten

Naval Information Systems Management Center

PROCESS

NISMC reviewed the Acquisition Acceleration Day 1 Feedback Surveys and compiled the results according to the guidelines of the Acquisition Reform Training Working Group (ARTWG). Although comments addressed several areas, the primary focus of the comments was on the need for improved communication, training of the workforce in acquisition reform initiatives, and management support/encouragement of innovation and the taking of acceptable risk.

ACTIONS

Communication: NISMC uses technology extensively as a tool to communicate with its own workforce and throughout the federal government and industry. This tool has broad applications, including the provision of updates to employees on new and revised acquisition policies and items of interest to the Command and Department of the Navy in general. Additionally, the Command makes extensive use of Video Teleconferencing technology to communicate among geographically dispersed groups (IPTs, evaluation teams, etc.). All employees have access to the Internet and the World Wide Web. This capability permits them to stay current in acquisition issues through the NISMC Web Page, and other pages of interest, such as the Web pages within Navy and DoD, the National Performance Review, the General Services Administration, Office of Management and Budget/OFPP.

Training: NISMC continuously trained its workforce. In addition to the use of Defense Acquisition University schools, training has been sponsored on such topics as Performance-Based Contracting, Best Value, and Conflict Resolution and Confrontation Skills.

Support of Innovation: NISMC employees have extensive experience in working with multi-discipline, multi-Command teams and are encouraged to adopt innovative practices while maintaining the integrity of the process. An example is the precedent-setting use of Blanket Purchase Agreements under General Services Administration Federal Supply Service Multiple Award Schedules to bring commercial practices to the purchase of Information Technology. As a result of the pioneering efforts of NISMC and some of its customers, Information Technology professionals throughout the federal government are following NISMC's lead. Electronic Commerce is facilitated through the NISMC-managed ITEC Direct Electronic Shopping Mall. Through ITEC Direct's pilot project,

customers with Information Technology needs throughout DoD can place government IMPAC purchase card orders up to \$100,000.

External Forces Influencing NISMC Acquisition Reform Initiatives.

Several external events have influenced the NISMC workforce significantly since May 1996 and have shaped the actions taken to further institutionalize acquisition reform. These include the signing of the Clinger-Cohen Act of 1996 (formerly the Information Technology Management Reform Act) which repealed the Brooks Act and requires the establishment of a Department of the Navy Chief Information Officer (CIO).

The impact of the Clinger-Cohen Act is still unfolding. However, the most significant effect on the NISMC workforce is the decision to disestablish the Command. The challenge for the Navy acquisition community is to continue and build on the reforms instituted at NISMC.

POINT OF CONTACT: Floyd V. Groce, NISMC 022, (202) 433-4533.

Section Eleven

Navy International Programs Office

PROCESS

The survey data for IPO identified five principal barriers to success: resource constraints, physical barriers, lack of financial incentives, lack of international program awareness, and resistance to change. Navy IPO is moving in each one of these areas in a concrete manner, with process reengineering, technological innovation, integrated product team participation, training, outreach programs, and strategic planning.

ACTIONS

This is how the IPO is addressing each specific barrier:

Resource constraints: IPO is significantly impacted by the downward trend in Foreign Military Sales (FMS) Administrative Funds. We are responding in three ways. First, we established an IPT with the SYSCOMs, other DoN organizations, and the Defense Security Assistance Agency to reengineer selected FMS processes, reducing steps and raising thresholds. We are currently running a test case of the reengineered Letter-of-Request (LOR) to Letter-of-Offer-and-Acceptance (LOA) process with hopes to prove efficiencies realized by further empowering the SYSCOMs and PEOs. Second, we are continuing to modernize our information technology through improved local and wide area networking (LAN/WAN) in order to obtain and disseminate better information more efficiently. By the end of March 1997, we should be totally integrated into the SECNAV LAN. Third, we are on track to meet the SECNAV goal of a 25% workforce reduction by the year 2000. Using a VSIP/VERA program, by 3 January 1997 we vacated and eliminated 9 billets from the IPO workforce as compared to FY96.

Physical barriers: The relocation of the SYSCOMs and IPO challenged us to find ways to retain close coordination despite the geographic dispersion. We established an IPT with the SYSCOMs and NETSAFA and are continuing to develop a plan for improving interconnectivity within the international program community through a WAN, video-conferencing, web sites and other links.

Lack of incentives for program savings through reform initiatives: This is a difficult challenge but we are exploring ways in which programs can recover and retain some measure of the savings from international collaboration so it can be invested back into the programs. We will be providing input for ASN(RDA) to use in his March 1997 Posture

Statement regarding the need to repeal protectionist legislation such as Buy American, Berry Amendment, and appropriations act restrictions.

Navy-wide lack of international program awareness: With diminishing acquisition budgets, many programs will find international collaboration to be essential to their survival. Navy IPO facilitates international collaboration. On 13 December 1996, we convened the first ever RDA International Programs Summit with RDA principals (DASNs, SYSCOM Commanders, PEOs, and DRPMs) to strategize the DoN's international programs vision. Additionally, IPO is seeking to broaden DoN awareness through participation in early program and requirements planning, RDA offsites, regional conferences with N3/5, quarterly IPO/industry conferences, DSMC training sessions, and broader dissemination of the international program story.

Resistance to change: All organizations encounter this. We are attempting to engage the entire workforce in every step of reform. Last Fall, we held an all-hands meeting, which will be repeated periodically, to explain the changes, current and anticipated, and to help the workforce prepare for them. We are using our improved internal communications links to get the right information to employees sooner.

Summary: Contributing to the success of each of these initiatives will be the DoN International Programs "outreach" publication and Strategic Plan currently under development by Navy IPO. The Strategic Plan and associated processes will be linked directly to overarching U.S. national security policy, military strategy, the CINCs' regional strategies, ASN(RDA) strategic objectives, and PEO/DRPM/SYSCOM business plans, in a top-down and bottom-up architecture. Reform is constant, and the Strategic Plan will give our reform initiatives a strategic context through which we can prioritize our objectives and measure our success.

POINT OF CONTACT: Hank Swiencinski, Navy IPO, (703) 604-0206

Section Twelve

Strategic Systems Programs

PROCESS

The Strategic Systems Programs (SSP) process to review and understand the feedback on acquisition reform from Acquisition Acceleration Day, 31 May 1996 was to examine the reduced and raw data in their entirety and to recall the comments generated within SSP headquarters and field activities to determine which of the DoD-wide comments were most applicable to the SSP community. The areas identified as most in need of attention were dissemination of information to field activities and Acquisition Reform (AR) training.

Dissemination of Acquisition Reform Information. The SSP response comprised near-term actions and longer-term plans. SSP took immediate steps to improve the flow of AR information, particularly on the Single Process Initiative (SPI). Specifics included the following:

- ⌘ Dissemination of AR information and discussions at meetings of the SSP Steering Task Group (STG). (The STG is a quarterly meeting of top SSP management, senior corporate officials of TRIDENT subsystem contractors, and representatives of DoD and Navy management.)
- ⌘ Dissemination of AR information and discussions at internal Division Head staff meetings.
- ⌘ Bi-monthly meetings between the Chief Engineer (SSP's CSIE) and SSP field activity heads, all of whom are the ASN (RDA) Acquisition Reform Executive appointed Navy Representative on the Management Council at SSP prime contractor facilities. Distribution of information on SPI activity monthly to all participants, which affords them a complete picture of all the SPI activity happening within the Strategic Weapon System.
- ⌘ Active participation of headquarters and field activity personnel in ASN (RD&A) ARE sponsored SPI seminars.
- ⌘ Emphasis on information flow during AR and Standards Improvements (SI) Roadshows held after AR Acceleration Day.

Acquisition Reform Training. FY96 AR Roadshow training opened with a video in which Director, SSP highlighted the challenge and opportunity inherent in AR. To further address the feedback received in 1996, current year AR training plans were modified to incorporate production of a follow-on video in which Director, SSP will again emphasize his support of AR, describe SSP efforts to implement the AR initiatives on SSP programs and address new developments in AR since his 1996 presentation. The new video will be recorded during a live

presentation on AR Day #2. the FY96 SSP AR Roadshow will include this video and will focus on any shortfalls in training identified in an SSP-specific survey that SSP Acquisition Workforce Members will complete during AR Day #2.

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Section Thirteen

References

1. Memorandum for Distribution, Feedback from Acquisition Reform Acceleration Day, ASN(RDA), 18 Oct 1996 (enclosure (1))
2. Memorandum for Distribution, Feedback from Acquisition Reform Acceleration Day, DoN Acquisition Reform Executive, 13 Feb 1997 (enclosure (2))
3. Acquisition Reform Acceleration Day Organizational Survey Data Reduction Package, DoN Acquisition Reform Office, August 1996
4. Acquisition Reform Acceleration Day Individual Survey Data Reduction Package, DoN Acquisition Reform Office, October 1996