



# U.S. Department of Defense Sole Source Streamlining Toolbox

“Achieving Faster, Quality Deals”

## About

- Who? This ToolBox is meant for your use as a Government acquisition professional
- What? The Sole Source Streamlining ToolBox is a Living Document currently encompassing over 40 techniques which can be leveraged to increase efficiency throughout the acquisition process. The basic principles are:
  - Obtaining the right information up front and avoiding rework
  - Avoiding duplication of effort and taking advantage of all available resources
  - Considering materiality when making decisions about the level and depth of reviews
  - Elevating major issues in a timely manner
  - Promoting open communication with Contractors
- What it is NOT:
  - A “cookbook” to teach you how to do your job
  - *A substitute for critical thinking!*
- Why? The ToolBox was created to aid DoD personnel in conducting the evaluation of large-dollar proposals as efficiently as possible without sacrificing the quality of the deal
  - Also a means to collect and share great ideas & innovative SSS techniques being used across the DoD
- When? Now!
  - Resource links still being identified and populated
  - Additional techniques being added
- What Can You Do?
  - Share the ToolBox! Tell others about it
  - [Submit feedback](#) by suggesting additional techniques, links, or examples, or report a problem

## 1.0 Techniques Prior to Request for Proposal (RFP) Release

### 1.1 Pre-RFP Kick-off Meeting with Contractor

- Purpose is for Government and Contractor to meet in advance to address the following (recommend including DCAA and DCMA)
  - Government and Contractor agree on requirements ([See Technique 1.3](#))
  - Contract Award Schedule that all parties will track to including events and dates (See [Performance Metrics](#))
  - Submission of Actual data

- Prime level – cost level as well as any breakouts that are needed Identify which major suppliers should submit actuals at total cost level
- Highest meaningful level for submission of labor Basis of Estimates (BOEs)
- Submission of working electronic cost model (See [Technique 1.6](#))
- Government expectations for Supplier matrix tracking, consent to subcontract, and level of involvement in supplier evaluations/negotiations
- Any additional applicable streamlining techniques that require contractor participation and obtain mutual commitment to utilization
- Topics will likely be repeated in Proposal Kick-Off Meeting ([Technique 2.1](#))

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|-------------|--------------------|---------|--------------------------|
| Contracting | Program Management | Pricing | Contractor Participation |
| YES         | YES                | YES     | YES                      |

### 1.2 Program Manager Validate Requirements are Firm

- Changes in requirements after RFP release can impact cost and schedule
  - Will cause delays in proposal submission, or require proposal revisions and subsequent re-accomplishment of evaluations
- The Program Manager (PM) should confirm with the user/requirement owner that the RFP meets the intent of the requirement set provided to Program Office
- The PM should confirm to the Contracting Officer (CO) that the requirements included in the RFP are firm/no changes are anticipated during the proposal preparation/negotiation process
  - Once the RFP is released, weigh cost and schedule impacts against programmatic benefits before making any changes to requirements
    - Look for alternatives to minimize schedule impacts, e.g. deferring requirement change to a subsequent mod
- CO and PM should discuss how any requirement uncertainties will be handled contractually
  - IDIQs are a good way to provide flexibility, but can complicate pricing and extend the schedule if not handled thoughtfully

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| Contracting | Program Management | Pricing | Contractor Participation |
| YES         | YES                |         |                          |

### 1.3 Program Office and Contractor Agree on Requirements

- While it is up to the Government to establish requirements, it is also necessary to have contractor understanding and buy-in on those requirements
- Prior to RFP release, the Program Office and the Contractor should ensure they have a common understanding of the requirement
  - Lack of agreement on the requirement at this stage can cause bottlenecks down the road, during both proposal preparation and subsequent evaluation/negotiations, and can potentially affect contract performance
- Questions to consider:
  - Has the Program Office held preliminary discussions with the contractor to ensure there is a common understanding of the requirement?

- Have the requirements been agreed upon by both parties?
- Is the Prime flowing down requirements to subcontractors consistent with the overall contract requirement?
- Have Acquisition Milestones been established? (See [Performance Metrics](#))

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| Contracting | Program Management | Pricing | Contractor Participation |
| YES         | YES                |         | YES                      |

#### 1.4 Contracting Office Obtain Pricing Office Input on CLIN Structure/Contract Incentives

- A complex contract structure utilizing many separately priced CLINs can add time to the schedule, during both proposal preparation and proposal evaluation phases
  - Changes to the CLIN structure after RFP release can drive submission of an updated proposal, revision of cost models, and requirement for revised evaluations
    - All these will contribute to delays in contract award
    - Best Practice: Minimize the number of CLINs to the extent possible
- The CO and PM should jointly ensure the RFP CLIN structure accurately reflects the requirements/supports program needs and is not subject to change
  - Ensure there is agreement on the breakout of basic/option requirements
  - Confirm that the assignment of CLINs to basic and options efforts is accurate
  - Ensure anticipated CLIN structure aligns with expected funds availability from the FM standpoint (year(s) of funding and color of money)
  - Consider coordinating CLIN structure with DCMA; they will administer this CLIN structure
- CO should consult with their Pricing Office (if applicable) early in RFP development
  - Ensure the anticipated CLIN structure allows for efficient analysis/negotiation while still supporting program needs
- Seek Pricing and DCMA input on any anticipated incentive structure

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| Contracting | Program Management | Pricing | Contractor Participation |
| YES         | YES                | YES     |                          |

#### 1.5 Issue a Draft RFP to Jumpstart Dialogue between Contractor and Government

- A Draft RFP is a form of early exchange of information about a future acquisition
  - FAR 15.201 encourages use of early exchanges
  - Although early exchanges are more widely emphasized in a competitive environment, they can also be very useful in a sole source context
    - Especially applicable when timeline to award is of concern
- Draft RFP can assist in getting all interested parties on the same page with respect to acquisition strategy, contract type, clauses, terms and conditions, the requirement/ requirement documentation, acquisition schedule, etc.
  - Interested parties include Government program manager, contracting officer, DCMA, DCAA, the contractor, the requirement owner, and other supporting agencies

- The draft RFP can trigger earlier identification of problem areas/concerns/disconnects
  - Problems identified earlier can be addressed/resolved earlier
- Use a Draft RFP to facilitate program office-contractor agreement on/common understanding of the requirement prior to release of the formal RFP ([Technique 1.3](#))
- Expected outcome of early exchanges is increased efficiency in proposal preparation, proposal evaluation, negotiation, and award of the contract action

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| Contracting | Program Management | Pricing | Contractor Participation |
| YES         | YES                | YES     | YES                      |

### 1.6 Obtain Electronic Cost Models via the RFP

- Purpose is to avoid unnecessary time spent by Government contracting personnel in creating electronic models
- Prime should submit a fully functional cost model that is Microsoft Excel compatible and reflective of the company's accounting/estimating system
  - Must be formula driven and user should be able to revise any of the discrete inputs, to include changes to bases and rates, factors, and Cost Estimating Relationships
  - Must mirror the manner in which the proposal was estimated
  - Same expectations for major subcontracts and interdivisional transfers
    - Communication may be needed to determine which ones are considered major
    - Due to proprietary concerns, subcontract models may be sent directly to the Government by the subcontractor
  - Models must be Excel compatible and consistent with FAR Table 15-2 or an alternative format approved by the CO (e.g., [EBS PROPRICER](#))
    - See [AFFARS MP 5315.4-1.d](#) for suggested RFP (Section L) language
- DCMA/DCAA can help verify reliability & functionality of contractor pricing model

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| Contracting | Program Management | Pricing | Contractor Participation |
| YES         | YES                | YES     | YES                      |

### Use of PROPRICER

- A significant number of contractors are utilizing Executive Business Services' [PROPRICER](#) software application for proposal pricing development and analysis
- PROPRICER provides the contractor's working electronic pricing model
- The PROPRICER working model can expedite the modeling process and facilitate constructive communications between the Government and the contractor during proposal evaluation, fact-finding and negotiations
  - If the acquisition team has ready access and working knowledge of PROPRICER Government Edition software then request the proposal's zip file from PROPRICER's External Data-Prepare for Government function
  - If the acquisition team will be pricing the effort as an Excel model, request the Exported Full Pricing report, an Excel working model version of the contractor's PROPRICER model named Detail Cost Breakdown printed to Excel

- PROPRICER has instructions in the PROPRICER manual on how to export this full working Excel model

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| YES         | YES                | YES     | YES                      |

### 1.7 Request Prior Actuals Up Front via the RFP

- If the current effort is subject to TINA, actual cost of performance under related prior contracts is cost or pricing data, even when the prior contract was FFP or competitive, and even if the actuals were not used to estimate the current effort
- For efforts subject to TINA certification, the RFP should require prior actuals from the Prime and suppliers whose proposals are subject to TINA
  - Prime’s prior actuals should include interdivisional transfers
  - Best practice – request actuals in RFP vs during proposal evaluation
- May also be able to utilize DCAA, DCMA, or OSD Cost Assessment Data Enterprise ([CADE](#)) to obtain prior actuals and other data
- Refer to [AFFARS MP 5315.4-1.d](#) for suggested RFP (Section L) language
- Coordinate with the Pricing Office in advance of RFP release to ensure it requests the scope and extent of data needed, e.g. actual cost dollars and actual hours
- Ask the PM to support/endorse request for actuals with the contractor
- Elevate contractor refusals to provide actuals - [Recommended Elevation Process](#)

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| Contracting | Program Management | Pricing | Contractor Participation |
| YES         | YES                | YES     | YES                      |

### 1.8 Require Consent to Subcontract via FAR Clause 52.244-2 for High Risk Subcontracts under UCAs

- Under UCAs, the Government is at risk with respect to prime/ subcontractor negotiations completed before UCA definitization
  - Contractors are not motivated to control costs prior to definitization
    - Government typically accepts all incurred costs
  - Negotiated subcontracts become “must-pay” bills, regardless of the quality of the deals
- Subcontracts negotiated at values the Government considers too high often become major roadblocks during negotiations
- To mitigate both the cost and schedule risk in a UCA scenario, the CO can implement the Consent to Subcontract provision in FAR 52.244-2, Subcontracts
  - Identify high risk subcontracts (by name, class, dollar value, contract type, etc.) in clause
    - Examples: Relatively high dollar subcontract, prior unfavorable subcontract deal, problematic subcontractor (program management may advise)
  - Prime will be required to obtain CO’s written consent before placing these subcontracts
    - Not a substitution for communication of evaluation of subcontracts ([Technique 3.10](#))
  - Best Practice: PCO retains authority to consent to subcontracts until UCA definitized

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| Contracting | Program Management | Pricing | Contractor Participation |
| YES         | YES                | YES     |                          |

### 1.9 Require Submission of Unredacted Supplier Proposals Prior to Receipt of Prime Proposal

- On large dollar buys, major subcontracts can be a significant driver of both cost and schedule
  - Delays in prime and/or Government evaluations of major subcontracts can significantly impact schedule
- To facilitate timely Government evaluation, the RFP should require early submission to the Government of unredacted proposals for key subcontracts
  - Key subcontracts: subcontracts  $\geq$  10% of the effort, or  $\geq$  \$100M
    - Lower dollar subcontracts when appropriate for the circumstance
  - Target: submission to the Government concurrent with submission to prime, but NLT five days after the prime's receipt of the subcontract proposal
- Early receipt will enable the Government team to initiate any required audit/field support requests
  - Team can focus on subcontract proposals prior to receipt of prime proposal
  - Should enable teams to finalize objective and get to business clearance/negotiations more expeditiously

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| Contracting | Program Management | Pricing | Contractor Participation |
| YES         | YES                | YES     | YES                      |

### 1.10 Establish Certification Timeframe via the RFP

- Delayed submissions of Certificates of Current Cost or Pricing Data can delay contract award
- Acceptable estimating systems provide “procedures to update cost estimates and notify the Contracting Officer in a timely manner throughout the negotiation process” [DFARS 252.215-7002\(d\)\(4\)\(xiv\)](#)
- If the contractor is proactive/diligent about disclosing current data during negotiations, there should be no delays, e.g. weeks, in the submission of the Certificate of Current Cost or Pricing Data
- Some contractors elect to accomplish a sweep prior to submitting a TINA certificate
  - However, this is not a Government requirement
  - New DPAP direction is for Contracting Officers to defer consideration of impact of sweep data until post contract award ([DPAP Policy Memo dated 7 Jun 2018](#))
- RFP should set expectations with respect to current data submittals
  - Submittal of TINA certificate within 5 business days upon the conclusion of negotiations as addressed in the [DPAP Policy Memo dated 7 Jun 2018](#)

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|-------------|--------------------|---------|--------------------------|
| Contracting | Program Management | Pricing | Contractor Participation |
| YES         | YES                | YES     | YES                      |

### 1.11 Consider Incorporation of FPIF Contract Type in RFP in lieu of FFP

- [DFARS PGI 216.403-1\(1\)\(ii\)\(B\)](#) directs contracting officers to consider use of FPIF where actual costs on prior FFP contracts have varied by more than four percent from the costs considered negotiated
  - If the Government team does not already have insight into actual cost of performance on related prior contracts, it may be more efficient to issue the RFP using FPIF rather than attempting to convert to FPIF during negotiations
- Use of FPIF can serve to mitigate some cost risk, and thus facilitate a quicker negotiation
  - FPIF with adequate underrun sharing can compensate for deficiencies in the contractor’s estimating system or contractor failure to adequately support the proposal
- Introduction of the FPIF contract type introduces a measure of flexibility into the extent of cost analysis required and potentially the level of supporting detail needed
  - To the extent that the Government will share in any underruns, the importance of getting the negotiated price exactly right diminishes
- See related Technique 3.13, Using Fixed Price Incentive Firm (FPIF) to Close Major Gaps in Cost Differences

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| YES         | YES                | YES     | YES                      |

### 1.12 Obtain Subcontract Proposal Tracking Matrix via the RFP

- For prime proposals subject to TINA, the contractor is required to provide its cost/price analyses of all its subcontracts
- The Government must review the prime’s analyses in development of our price objective
  - On large dollar proposals with many subcontracts, this creates a substantial workload for all parties
- When significant subcontract effort is anticipated, include in the RFP a requirement for the prime proposal to include a [Subcontract Proposal Tracking Matrix](#); the matrix should be kept up to date throughout negotiations
  - The matrix can keep both parties on track as far as status of subcontract proposal receipt, prime’s analyses, assist audits, and prime/sub negotiations
  - [See AFMC IG 5315.404-3](#) for more background
- CO/Pricer should proactively identify suppliers requiring additional Government evaluation/DCAA audit upon proposal receipt to support timely establishment of Government objectives on those subcontracts (Consult DCMA/DCAA as needed)

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|-------------|--------------------|---------|--------------------------|
| Contracting | Program Management | Pricing | Contractor Participation |
| YES         | YES                | YES     | YES                      |

### 1.13 Utilizing Firm Fixed Priced Contracts for Acceleration of Foreign Military Sales (FMS)

- DoD is currently authorized to use FFP contracts per [DFARS 225.7301-1](#)
- Purpose is to reform and accelerate the contracting and pricing processes associated with Full Rate Production (FRP) of major weapon systems for FMS customers

- Applies where prior, sole source DoD acquisitions of same product exist
- Price Reasonableness determinations will be based on actual cost and pricing data of the same product for DoD
- Reduces submission of certified cost or pricing data and provides contracting officers broad discretion in determining amount of cost or pricing data required to support the pilot procurement

| Contracting | Program Management | Pricing | Contractor Participation |
|-------------|--------------------|---------|--------------------------|
| YES         | YES                | YES     | YES                      |

## 1.14 Consider Participation in the Section 890 Pilot Program to Accelerate Contracting and Pricing Processes

- FY19 NDAA, Sec 890 authorizes a DoD pilot program under which price reasonableness determinations are based on actual cost or pricing data for prior DoD purchases of the same or similar products
  - The pilot tests whether prudent tailoring of the extent of data required under TINA can expedite the proposal, evaluation & negotiation processes, and still result in a fair and reasonable price
  - Pilot gives the PCO broad authority to strategically scope the extent, structure, and level of detail of the historical actual cost data the contractor must submit in lieu of complete certified cost/pricing data
    - Contractor only submits the cost or pricing data specifically identified in the RFP and amendments thereto
    - Contractor only certifies to the accuracy, currency, and completeness of data required to be submitted
- Pilot is best suited for recurring acquisitions for which there is reliable, historical actual cost data
  - While not required, use of FPIF contract type can reduce the parties' cost risk and provide measurable results in relation to target cost
  - Preferable that the candidate contractor has approved business systems
  - Candidate contract actions for pilot participation must be valued > \$50 million
- Approval of the Director, DPC/PCF is required to participate in the pilot
  - Apply (before issuing RFP) using Request to Participate template, Attachment 1 to [Class Deviation 2020-O0020](#)
  - The Class Deviation also provides deviation versions of applicable FAR/DFARS provision/clauses (defining the reduced scope of data required; providing wording for the Certificate of Current Cost or Pricing Data to be submitted at completion of negotiations; requiring contractor to report time/\$ savings in proposal prep/negotiation)

| Contracting | Program Management | Pricing | Contractor Participation |
|-------------|--------------------|---------|--------------------------|
| YES         | YES                | YES     | YES                      |

## 2.0 Techniques After RFP Release but Prior to Proposal Receipt

### 2.1 Set Expectations through the Proposal Kick-Off Meeting

- Hold a proposal kick-off meeting for sole source actions > \$50M (or UCAs > \$1M) as soon as practicable after the RFP/Draft RFP is issued
- Use kick-off meeting to prevent or mitigate issues that are often “long poles” in negotiations. Critical discussion areas include:
  - Confirmation of a common understanding of the requirements documents



- Minimum standards for proposal adequacy (see [DFARS 252.215-7009](#))
- Subcontract proposal submissions/evaluations
  - Address early submission of subcontract proposals, use of the [Subcontract Proposal Tracking Matrix](#), and CAR/PAR expectations with respect to quality and schedule
- Data required to establish price reasonableness for commercial items;
- Submission of actual cost data on prior efforts from prime/major subcontractors;
- Potential obstacles to meeting contract award schedule
- Include DCMA and DCAA in the kick-off meeting to ensure all parties are on the same page with respect to proposal evaluation and audit expectations
- See the [Proposal Kick-Off Meeting Checklist](#) in [AFMC IG5315.4-1](#) for assistance in planning the kick-off meeting agenda

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| Contracting | Program Management | Pricing | Contractor Participation |
| YES         | YES                | YES     | YES                      |

## 2.2 Efficient Use of Internal Resources

- Proposal evaluation is typically comprised of many interrelated activities, such as:
  - Developing cost models for the prime/major IWAs/major suppliers;
  - Coordinating with DCAA/DCMA and resolving problems noted in audits/evaluations;
  - Reviewing the prime's evaluation of subcontracts/establishing Government position;
  - Obtaining technical evaluations, and understanding basis of exceptions;
  - Integrating all evaluations/analyses to develop the Government position;
  - Writing the PPNM, obtaining business clearance, creating the offer, etc.
- To maximize efficiency, spread these tasks across the team based on individual availability and capabilities
  - Goal: avoid schedule delays due to stove-piping
    - E.g., have the buyer track audit reports/review prime evaluations of subcontract proposals for lower dollar suppliers above TINA
  - Develop a [Cost/Price Analysis Plan](#) before proposal receipt to facilitate identification of evaluator voids/obstacles to efficient evaluation (See Technique 3.3)
- Utilize existing resources where possible, e.g.:
  - Leverage existing cost models instead of creating new ones from scratch
  - Enlist the help of an experienced analyst in specific areas, such as to establish reasonableness of commercial suppliers' pricing

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| Contracting | Program Management | Pricing | Contractor Participation |
| YES         | YES                | YES     |                          |

## 2.3 Efficient Use of Defense Contract Audit Agency (DCAA)

- For repetitive follow on buys, is there a recent DCAA Audit you can leverage?
  - Coordinate with cognizant DCAA office

- A DCAA audit will be obtained for most large dollar, sole source actions – but consider whether to request a full audit, audit of specific proposal elements, or other advisory services (See DCAA Services For Pricing)
  - If not audited by DCAA, who will evaluate?
    - Ensure all costs are reviewed; minimize or avoid duplicate/overlapping reviews
  - E.g., if DCMA or the program office is performing a technical evaluation, may not be beneficial for DCAA to assess labor hours as well
    - Consult with DCAA: would its analysis be duplicative, or add benefit?
- Agree up-front on audit format to facilitate incorporation into Gov objective
  - Coordinate with DCAA to establish required completion dates for audit products
- Investigate whether the audit office can provide additional support such as modeling the prime and/or interdivisional proposals, or monitoring status of subcontractor and interdivisional assist audits
  - Work with the auditor early to establish the extent of support to be provided by DCAA
- See [DCAA Audit Manual Chapter 9](#) for types of audit services available

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| Contracting | Program Management | Pricing | Contractor Participation |
| YES         | YES                | YES     |                          |

## Defense Contract Audit Agency (DCAA) Services for Pricing

| Type of Service   | Scope of Service   | Contractor's Supporting Documentation  | Type of Report Opinion                   | Reporting  |
|---|--|--|--|--|
| <b>Attestation Examination Audit of Complete Proposal or Part of a Proposal</b><br>[Code 21000] | Examination to ascertain whether proposed amounts comply with solicitation terms                   | Certified cost or pricing data on the complete proposal or part(s) to be examined; data other than certified cost or pricing data on the complete proposal or part(s) to be examined (cost information only) | Opinion on the proposed amounts examined | Report   |
| <b>Advisory Service Specific Cost Information</b><br>[Code 25000]                               | Provide existing data in FAO files, or additional services that can be provided in 4 hours or less | Certified cost or pricing data; data other than certified cost or pricing data   | None                                     | Documentation varies (e.g. Tele-phone with written confirmation) |
| <b>Attestation Application of Agreed-Upon Procedures</b><br>[Code 28000]                        | Performance of specific procedures agreed-upon in advance with the customer                        | Certified cost or pricing data; data other than certified cost or pricing data   | None                                     | Report   |
| <b>Attestation Examination Cost Realism Analysis</b><br>[Code 27010]                            | Examination to ascertain whether amounts comply with solicitation terms                            | Data other than certified cost or pricing data   | Opinion on the proposed amounts examined | Report   |
| <b>Attestation Examination Audit of Forward Pricing Rates</b><br>[Code 23000]                   | Examination to ascertain whether proposed rates comply with solicitation terms                     | Certified cost or pricing data; data other than certified cost or pricing data (cost information only)   | Opinion on the proposed rates examined   | Report   |
| Contracting<br>YES  | Program Management<br>YES  | Pricing<br>YES   | Contractor Participation                 |  |

### 2.4 Efficient Use of Defense Contract Management Agency (DCMA)

- For major proposals, strategically utilize DCMA capabilities in order to expedite the proposal evaluation process
  - Coordinate with the cognizant DCMA office early to agree on DCMA provided support
- DCMA can be used to supplement the resources of the buying activity – it can:
  - Perform technical evaluations;

- Build cost models (including at subcontractor/IWA levels);
  - Review prime evaluations of subcontract proposals;
  - Track audit reports, including at the subcontract level;
  - Obtain subcontract rate recommendations;
  - Develop recommended “wrap” rates;
  - Assist with Should Cost evaluations; and
  - Assist in the development of some parts of the Government objective, e.g. developing the position for a subcontract
- The DCMA Commercial Pricing Team can make commerciality recommendations and assist in assessing price reasonableness (DCAA & NPF will support as needed)
  - Avoid duplication of effort between DCAA, DCMA, NPF, and the Program Office

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|-------------|--------------------|---------|--------------------------|
| Contracting | Program Management | Pricing | Contractor Participation |
| YES         | YES                | YES     |                          |

### 2.5 Efficient Use of Navy Price Fighters (NPF)

- Like DCMA, NPF can also be used to supplement the resources of the buying activity – it can:
  - Perform rigorous technical evaluations;
  - Assist with Should Cost evaluations;
  - Build cost models for prime/divisionals/subcontractors;
  - Assist in the development of the Government objective;
  - Provide negotiation support;
  - Assist in the writing of Price Negotiation Memorandums
- NPF supports non-Navy Government customers on a fee-for-service basis
  - Support provided is tailored to customer requests
- There is a fair amount of overlap in the services provided by DCMA and NPF
  - If funding is available, consider which NPF services will be most impactful in terms of expediting proposal analysis/negotiations
- More details on services provided by NPF as well as contact information can be found in the [Price Fighters Information Fact Sheet](#)

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|-------------|--------------------|---------|--------------------------|
| Contracting | Program Management | Pricing | Contractor Participation |
| YES         | YES                | YES     |                          |

## 3.0 Techniques Related to Proposal Evaluation

### 3.1 Early Identification of Proposal Inadequacies

- Upon proposal receipt, use the DoD Proposal Adequacy Checklist ([DFARS 252.215-7009](#)) to assess proposal adequacy
- Address any inadequacies in the proposal walk-through meeting ([Technique 3.2](#))
  - Require the contractor to provide a timeline for submission of data supporting unsubstantiated areas of the proposal

- Convey that failure to meet agreed-to timelines may result in elevation to leadership ([3.8](#))
- If significant inadequacies render the proposal unauditable/unusable to develop a Government objective, consider rejecting the proposal in its entirety - BUT coordinate with management (Contracts & PM chains) first
- Reserve adequacy determination until missing data is provided, or the contractor's corrective action plan is considered acceptable
- Best Practice: to the extent possible, identify all inadequacies to the contractor at one time during the proposal walk-through
- Coordinate with DCMA and DCAA regarding any significant adequacy issues
- CO should document and elevate any proposal inadequacies to senior management that jeopardize the ability to timely develop the Government objective/enter negotiations

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|-------------|--------------------|---------|--------------------------|
| Contracting | Program Management | Pricing | Contractor Participation |
| YES         | YES                | YES     | YES                      |

### 3.2 Conduct a Meaningful Proposal Walk-through

- Hold a proposal walk-through after proposal submittal and preliminary review by the Government team (for actions >\$50M/UCAs >\$1M)
- A proposal walk-through meeting is instrumental in ensuring that all Government evaluation team members understand:
  - The proposal organization, basis, and structure;
  - What data is still owed and the agreed-to timeline for submittal; and
  - The critical path to award
- The walk-through should not be the Government team's 1<sup>st</sup> look at the proposal
  - Schedule meeting ~ 7 - 10 workdays after receipt of the proposal
  - Team should use the time to review the proposal, identify inadequacies, develop clarification questions, isolate potential risk areas
    - Use the [Cost/Price Analysis Plan](#) (See [Technique 2.2](#)) to help individual team members understand which areas they are primarily responsible for
- Use the [Proposal Walk-Through Checklist](#) as a starting point
- Use the [Subcontract Proposal Tracking Matrix](#) submitted with the proposal to assess timeline for submittal of all missing prime evaluations of subcontracts

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|-------------|--------------------|---------|--------------------------|
| Contracting | Program Management | Pricing | Contractor Participation |
| YES         | YES                | YES     | YES                      |

### 3.3 Develop a Government Cost/Price Analysis Plan and Manage to It

- Use of a [Cost/Price Analysis Plan](#) can facilitate efficient and effective proposal evaluation. The Plan:
  - Identifies which member of the Government team is responsible for reviewing each component of the contractor's proposal
  - Establishes expectations (organization, format, level of detail) and due dates for evaluation products
- Best practice: treat the Cost/Price Analysis Plan as a living document

- Develop a draft Plan, in conjunction with supporting agencies, after RFP release but before proposal receipt
- Update the draft/finalize the Plan upon proposal receipt
- Use the Plan to assign responsibilities when prepping for proposal walk-through
- Track upcoming due dates, confirm evaluators are still on track
- Update Plan to annotate when evaluation products are received
- If due dates are missed, capture revised dates along with rationale/ corrective actions
- Ensure all members of the evaluation team participate in monitoring the Plan and the status of evaluation products, to include DCMA and DCAA as appropriate

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|-------------|--------------------|---------|--------------------------|
| Contracting | Program Management | Pricing | Contractor Participation |
| YES         | YES                | YES     |                          |

### 3.4 Establish Technical Evaluation Expectations

- Quality, timely technical evaluations are critical to the acquisition schedule
  - Essential for efficient development of Government objective/effective negotiations
- Best practice: Hold a technical evaluation kick-off meeting to establish expectations about the content/format/level of detail of the technical evaluation
  - This can be part of the [Cost/Price Analysis Plan](#) (See [Technique 3.3](#))
  - Address traceability to proposal and to cost model used to develop Gov't objective
    - May use model/template to ensure receipt of a product that meets user needs
  - Address extent of rationale/support required; range of positions vs a point estimate
  - Note that evaluations that don't meet expectations may be rejected
- Consider the following when establishing what technical evaluation will address:
  - Labor evaluation of prime, Interdivisional, subcontractor: labor category, skill mix, CLINs, WBS, by year, etc. (See [DAU CLC 063 - Sole Source Proposal Technical Evaluations](#))
  - Material types and quantities; technical assessment of commercial items, especially "of-a-type"
  - Travel: need for trips, number & duration of trips, destinations, number of travelers
  - WGL inputs, e.g. performance risk factors (technical & management), technology incentive
- Review draft technical evaluations to ensure final product meets expectations
- Plan for leadership review of completed tech evals to ensure quality/compliance

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| Contracting | Program Management | Pricing | Contractor Participation |
| YES         | YES                | YES     |                          |

### 3.5 Consider Materiality/Risk to the Government when Determining the Level of Analysis Required

- Big Picture: Consider risk of Government overpayment given contract type(s) used
  - More critical to have a highly accurate cost line under a firm-fixed price (FFP) contract than under cost-plus-fixed-fee (CPFF): Gov't will pay actual costs incurred on CPFF
    - CPFF: If cost line is overstated, the only impact is that fixed fee was too high (assuming incurred costs are reasonable)
    - FFP: Risk to Government is in both overstated cost and associated profit

- In a scenario where CPFF effort represents 60% of the overall price and FFP CLINs represent 40%, more prudent to focus majority of time & resources on FFP CLINs
- Cost Element Level: Consider which cost elements are significant cost drivers: what are the overall dollars for this cost element in relation to the total?
  - E.g., Travel: May not wish to spend a lot of time pricing out individual trips, per diem rates, etc. if the travel cost is relatively small in comparison to the total price (See [3.7e](#))
- Apply the same logic within each element of cost
  - E.g., focusing on a 10,000-hour Engineering BOE is a better use of resources than focusing on a 500-hour Engineering BOE

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| Contracting | Program Management | Pricing | Contractor Participation |
| YES         | YES                | YES     |                          |

### 3.6 Utilize the Results of Recent Analyses When Appropriate

- Savvy use of recent analyses for related prior buys can be a major time-saver
  - E.g., apply the results of the previous buy's analysis of Long Term Agreements (LTAs) to the instant effort
- Consider the following to determine if it's appropriate to utilize analyses accomplished for recent prior buys:
  - Are we buying the same thing in the current and prior efforts?
    - E.g., similar quantities, no major configuration changes, similar terms and conditions?
  - Are the BOEs used in the current proposal (e.g. Labor BOEs, LTAs, etc.) the same as/similar to those cited in the recent prior effort?
- If possible, have team members who supported the recent prior effort participate in the evaluation of the follow-on proposal
  - Eliminate or minimize the learning curve for the Government evaluators: those who accomplished the prior analysis already have a foundation for evaluating the current proposal

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| Contracting | Program Management | Pricing | Contractor Participation |
| YES         | YES                | YES     |                          |

### 3.7 Streamline the Analysis Cost Elements

- [3.7.a Streamline the Analysis of Subcontracts/Material](#)
- [3.7.b Streamline the Analysis of Commercial Items](#)
- [3.7.c Streamline Interdivisional Work Authorization \(IWA\) Analyses](#)
- [3.7.d Streamline the Analysis of Labor](#)
- [3.7.e Streamline the Travel Analysis](#)

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| Contracting | Program Management | Pricing | Contractor Participation |
| YES         | YES                | YES     | YES                      |

#### 3.7.a Streamline the Analysis of Subcontracts/Material

- Streamlining techniques depend on risk level of subcontract proposal
- Risk level is based on a subjective analysis of the following factors:
  - Dollar amount – absolute dollar amount and dollar amount relative to prime proposal

- Acquisition type – sole source contracts have more pricing risk than those based on adequate price competition
- Contract type – sole source fixed-type contracts have more pricing risk than cost-type
- Basis of Prime’s position for the subcontract – a position based on a proposal could have more risk than one based on an audited long term agreement
- Other Information – e.g. actuals/data obtained from DCMA/DCAA could lower risk whereas prior bad subcontract deals would increase risk, subs submitting incomplete proposals to prime because of proprietary data increase risk
- Prime Business System – disapproved systems (e.g. purchasing/estimating) increase risk
- Subcontracts will fall into 1 of 3 risk profiles
  - [High Risk Subcontracts](#)
  - [Medium Risk](#)
  - [Low Risk](#)

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| Contracting | Program Management | Pricing | Contractor Participation |
| YES         | YES                | YES     | YES                      |

**Streamline the Analysis of High Risk Subcontracts/Material**

- Applicable to major, sole source subcontract proposals
  - High risk determination could be based on:
    - Subcontract Type, e.g. cost type contracts have less pricing risk than fixed price contracts
    - Subcontract value in relation to total price, e.g. ≥10% may be significant
    - Subcontract absolute dollar value, e.g. ≥\$50M FFP on a \$1B effort may be significant
    - Previous Prime/Subcontractor negotiated deals
  - Some techniques to facilitate analysis of these high risk subcontracts include:
    - Work with prime contractor as early as possible to:
      - Determine the scope of audit needed and who will make the request to DCAA;
      - Determine necessity for and scope of DCMA support;
      - Determine need for joint fact-finding with prime;
      - Disclose Government challenges to the prime timely for inclusion in its evaluation/ negotiation of the supplier proposal (see [Major Subcontractor Partnering Process Agreement](#))
      - Observe (if warranted, participate in) the prime-subcontractor negotiations to ensure fair settlement from USG’s perspective (see [Major Subcontractor Partnering Process Agreement](#))
        - Obtain Expedited Negotiation Authority prior to prime negotiations ([Technique 3.11](#))
    - Engage DCMA Commercial Item Group (early) for assistance with pricing commercial items
    - Obtain functioning cost model (e.g. from Supplier, DCMA, DCAA) rather than develop one

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| Contracting | Program Management | Pricing | Contractor Participation |
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|     |     |     |     |
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| YES | YES | YES | YES |
|-----|-----|-----|-----|

### **Streamline the Analysis of Medium Risk Subcontracts/Material**

- Applicable sole source subcontract proposal (not considered high or low)
  - Medium risk determination could be based on:
    - Subcontract Type, e.g. cost type contracts have less pricing risk than fixed price contracts
    - Subcontract value in relation to total price, e.g. <10% may be medium risk
    - Subcontract absolute dollar value, e.g. ≥\$13.5M FFP on \$1B effort may still have medium risk
    - Previous Prime/Subcontractor negotiated deals
- Some techniques to facilitate analysis of these medium risk subcontracts include:
  - Request DCMA to conduct an evaluation and provide a Government objective
  - Disclose Gov challenges to the price for inclusion in the prime's evaluation/negotiations
  - Obtain functioning cost model (e.g. from Supplier, DCMA, DCAA) rather than develop one
  - Request DCMA/DCAA to develop sub wrap rates
  - If audit requested, rely on the Prime Audit's results for these suppliers
  - Limit analysis to shortfalls in the Prime's evaluation of the subcontract proposal(s)
  - Decrement supplier's proposed costs/hours based on review of historical actuals
  - Apply wrap rates to hours recommended by the technical evaluation to quickly derive a bottom-line objective for a subcontractor
  - Decrement proposed subcontract values based on the Prime's previous negotiation history with its suppliers (DCAA or DCMA may be able to assist by identifying appropriate decrements)

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| Contracting | Program Management | Pricing | Contractor Participation |
| YES         | YES                | YES     | YES                      |

### **Streamline the Analysis of Low Risk Subcontracts/Material**

- Low risk suppliers/material present minimal risk from a cost perspective
  - Low risk determination could be based on:
    - Subcontract Type, e.g. cost type contracts have less pricing risk than fixed price contracts
    - Subcontract value in relation to total price, e.g. <1% may be immaterial
    - Subcontract absolute dollar value, e.g. <\$13.5M FFP on a \$1B may be low risk
    - Previous Prime/Subcontractor negotiated deals
- Generally, less time would be spent analyzing these costs
- Consider the following evaluation approaches:
  - Rely on the Prime evaluation for these suppliers

- Apply Decrements based on:
  - When at least 80% of subcontract/material costs has been reviewed apply resulting decrement to the remaining 20%/low risk dollars
  - The contractor’s negotiation history (get decrement factor from DCAA or DCMA)
  - Sampling of low risk suppliers/material
  - Knowledge of previous issues, e.g. experienced labor rates are X% lower than proposed rates

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| Contracting | Program Management | Pricing | Contractor Participation |
| YES         | YES                | YES     | YES                      |

**3.7.b Streamline the Analysis of Commercial Items**

- Streamline the Commercial Item Determination
  - Rather than starting from scratch, you are expected to rely on prior DOD commercial item determinations for the same item, unless they were made in error
    - Contractor/DCMA Commercial Item Group can be sources for determinations
  - You do not need to do a deep dive on a previous CID if it makes sense on its face and you are familiar with the item
  - It is unnecessary to write a new CID when you can document reliance on a previous CID – that can serve as the record for the official contract file
- Streamline the Price Evaluation of Sole Source Commercial Items
  - Background: Analysis of Sole Source “of a type” commercial items can be time-consuming, especially when there are issues obtaining data
    - For recurring item purchases, take advantage of previous analyses and update for current market data, e.g. review recent sales data
    - Utilize the DCMA Commercial Item Group for analysis or sharing of market data
    - When requesting “information other than cost or pricing data”, be specific in your request, do not ask for data in a special government format, and if the company refuses your request, elevate to leadership to avoid slips in schedule

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| Contracting | Program Management | Pricing | Contractor Participation |
| YES         | YES                | YES     | YES                      |

**3.7.c Streamline Interdivisional Work Authorization (IWA) Analyses**

- Relationship between a prime and its interdivisional transfers is not arms-length
  - IWAs require a review similar to that performed at the prime level
- For IWAs which will be audited by DCAA, consider the following approaches:
  - Ask DCAA to provide a fully functional cost model incorporating its audit findings
  - Ask DCMA to develop a cost model incorporating the audit findings
  - Ask DCAA to audit specific parts of the proposal
    - Use your technical team or DCMA to cover the balance of the proposal
- For IWAs which will not be audited by DCAA, consider the following approaches:

- Ask DCMA to accomplish an evaluation and establish the Government objective
- Ask DCMA/DCAA to develop wrap rates for the IWA
- Decrement IWA proposed cost/hours based on a review of historical actuals
- Apply wrap rates to hours recommended by the technical evaluation team to quickly quantify the Government objective
- Apply decrements to the IWA's material/subcontract costs based on its negotiation history with its suppliers
  - DCAA or DCMA may be able to provide assistance in this area
- Obtain functioning cost model (e.g. from IWA, DCMA, DCAA) rather than develop one

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| Contracting | Program Management | Pricing | Contractor Participation |
| YES         | YES                | YES     |                          |

### 3.7.d Streamline the Analysis of Labor

- When reviewing labor, streamline the analysis by focusing on the Basis of Estimates (BOEs) that contain the largest number of hours and requesting the right data during fact-finding to avoid protracted negotiations
  - Review wisely by focusing on larger increments of hours first
    - Evaluating all labor BOEs with the same fervor could result in spending excessive time conducting the analysis with little to no payoff in getting a better deal
  - Ensure total hours make sense
    - Even if the hours at the task level make sense, it is just as important the hours make sense from a big-picture standpoint, e.g. does 200 engineers working full-time in support of the program seem reasonable?
  - If BOEs do not provide adequate data or exclude critical data, require the contractor to provide missing data during fact-finding vice negotiations
    - Example: the Contractor uses touch labor hours from a similar program rather than the actual learning curve from your program-require the relevant actuals and notify Contractor you will use them
  - Do not wait until negotiations to have these discussions

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| Contracting | Program Management | Pricing | Contractor Participation |
| YES         | YES                | YES     | YES                      |

### 3.7.e Streamline the Travel Analysis

- Before deciding on a strategy for evaluation of proposed travel costs, consider:
  - Contract type; and
  - How significant the travel effort is in the context of the total effort
- Contract type:
  - If travel is cost-reimbursable (no fee), the Government can safely accomplish a very limited evaluation
    - There is no risk from a pricing standpoint - we will pay actual cost incurred

- For CPFF/CPIF travel, scale the extent of the evaluation commensurate with the significance of travel dollars as a percentage of the total proposal
  - Consider sampling some of the large dollar trips; apply the resulting decrement to the balance of the travel dollars
  - Technical evaluation focus should be placed on validity of trip specifics, e.g. purpose, destination, duration, number of travelers, etc.
- For FFP travel, again consider the gross dollars, and sample and decrement if possible
  - Technical evaluators should verify validity of trip specifics
  - For more complex travel estimates (e.g., overseas travel/relocation) consider asking DCAA/DCMA to conduct an audit/review

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| Contracting | Program Management | Pricing | Contractor Participation |
| YES         | YES                | YES     |                          |

### 3.8 Promptly Elevate Contractor Delays in Providing Data

- Timely elevation of contractor delays in providing data is essential to efficient proposal evaluation and effective negotiations
  - Clearance reviews are too late in the process to notify senior leadership of problems getting access to needed data
    - Either the Government objective is hindered by the lack of data, or the damage to the schedule has already been incurred
- CO should elevate when data is needed to move forward in the evaluation (e.g., submission of actuals) but the contractor is not cooperating in providing the data
  - See the [Recommended Elevation Process](#) for a structured elevation approach
  - Best Practices:
    - Ensure that the Contracts and PM chains both communicate to the contractor the importance of providing needed data
    - Consider elevating issues concurrently within Contracting and PM chains of command

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| Contracting | Program Management | Pricing | Contractor Participation |
| YES         | YES                |         |                          |

### 3.9 Techniques to Move Forward on the Government Objective

#### [3.9.a Avoid Analysis Paralysis](#)

#### [3.9.b Snap the Line](#)

|             |                    |         |                          |
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| Contracting | Program Management | Pricing | Contractor Participation |
| YES         | YES                | YES     |                          |

#### 3.9.a Techniques to Move Forward on the Government Objective: Avoid Analysis Paralysis

- The Government team rarely has all Contractor data necessary to finalize its objective, but waiting for all missing data may negatively impact schedule
  - With risk mitigation, it is acceptable to move forward with incomplete data
- To move forward, it may be necessary to establish informed “placeholders” for the cost areas with insufficient data/information

- A “placeholder” allows the team to finalize the Government objective and move forward to Business Clearance and negotiations
- The “placeholder” represents a judgmental decrement to the proposed amount
  - E.g., for inadequately supported supplier values, the decrement would be based on available data such as the supplier’s historical actuals or the prime’s average negotiation decrement with that supplier
- Use the “placeholder” to focus the contractor’s attention on additional data needed to enable the Government to determine a reasonable price
- Use data obtained during negotiations to re-evaluate the Government position and increase as supported

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| Contracting | Program Management | Pricing | Contractor Participation |
| YES         | YES                | YES     |                          |

### 3.9.b Techniques to Move Forward on the Government Objective: Snap the Line

- To avoid continuously updating the Government’s pre-negotiation objective as more current information is received (and being able to finalize position for Business Clearance) the team can “snap the line” to establish an “as of” date for the objective
  - On a major buy this could be 4-6 weeks prior to Business Clearance
  - A major proposal revision (e.g. doubling of quantities) would require the establishment of a new “as of” date and revision to the Government objective
  - Contractor Data received after the “as of” date but prior to Business Clearance:
    - Should be addressed in the Business Clearance briefing to make the Business Clearance Authority aware of the overall potential impact
    - Would be reflected in negotiation offers as appropriate
- All parties must understand that changes in requirements have the potential to cause a major impact to schedule (See [Performance Metrics](#))

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| Contracting | Program Management | Pricing | Contractor Participation |
| YES         | YES                | YES     |                          |

### 3.10 Communication of Evaluation Results to the Contractor Prior to Negotiations

- Communicating issues/evaluation results to the contractor is not the same thing as negotiating prior to obtaining the Business Clearance Authority’s approval to enter negotiations
- Don’t be afraid to communicate with the contractor about areas of difference prior to negotiations
  - This puts the contractor on notice so there are no “surprises” in negotiations
  - Applies to all areas of the Government analysis (e.g. Labor and Other Direct Costs) but is especially critical to avoid bad subcontract deals
- Ensure the prime contractor is armed with information necessary to effectively negotiate with its subcontractors BEFORE the prime/sub negotiations occur
  - Challenging negotiated subcontracts after the fact is typically very ineffectual
  - [DFARS PGI 215.404-3\(a\)\(iii\)](#) actually requires subcontract evaluation information be shared and provides guidance on how to do so

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| Contracting | Program Management | Pricing | Contractor Participation |
| YES         | YES                | YES     | YES                      |

### 3.11 Obtain Expedited Negotiation Authority for Significant Subcontracts when Necessary

- The purpose of Expedited Negotiation Authority is to grant negotiation teams permission to negotiate major subcontracts w/ primes prior to Business Clearance
- Expedited negotiation authority may be necessary when subcontract negotiations will occur prior to Business Clearance and:
  - The prime contractor has historically been unable to negotiate reasonable deals with the subcontractor from a Government perspective or
  - The subcontractor has refused to provide data to the prime
- The negotiation team establishes an objective for the Subcontractor and obtains permission from the Business Clearance Authority to set Government parameters with Prime contractor on the value of the subcontract
  - This could entail Government participation in subcontract negotiations ([Major Subcontractor Partnering Process Agreement](#))
  - This can be the most effective manner for establishing Government expectations for the subcontract value due to the involvement of the Business Clearance Authority

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| Contracting | Program Management | Pricing | Contractor Participation |
| YES         | YES                | YES     |                          |

### 3.12 Adding Additional Quantities during Fact-Finding or Negotiations

- Should only be considered in a production environment where existing cost/pricing data can be used to accurately estimate additional quantities
  - If you are purchasing a quantity of 5 and wish to add on an additional 50, existing data for 5 would not be representative, whereas if you have data for 500 and need to add 50, existing data may be representative
- Understand whether non-recurring effort (NRE) is actually needed and the impact
  - Get firm quotes for NRE as opposed to estimates based on judgment – may need to include in separate pricing effort if dollars are not firm and are substantial
  - Consider potential for NRE to drive down recurring cost
- Get additional price break for all additional units being purchased
  - Consider major cost drivers that should affect price if additional quantity is added
    - Price/quantity curves for subcontract material
    - Learning curve for recurring labor effort
- Consider asking DCAA/DCMA to pull purchase order history if existing data does not demonstrate how sensitive price is to changes in quantity
- Business Clearance will be required

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| Contracting | Program Management | Pricing | Contractor Participation |
| YES         | YES                | YES     | YES                      |

### 3.13 Using Fixed Price Incentive Firm (FPIF) to Close Major Gaps in Cost Differences

- Contract type is established in the acquisition strategy

- BUT, acquisition strategy can be amended if a change in contract type is needed  
Changing contract type (e.g., from FFP to FPIF) during negotiations does not drive a requirement for a revised proposal
- However, the impact of Earned Value Management may require evaluation
- FPIF arrangements can help the parties close large differences at the cost line
  - FPIF underrun share mitigates a portion of the Government's risk, and overrun share mitigates some contractor risk
- Use of/switching to FPIF may help the parties get past a negotiation impasse/ expedite conclusion of negotiations
  - FPIF incentive structure provides a range of positions that can be negotiated vs a single point estimate that is inherent in an FFP contract type
  - All the points along the same share line are the same deal – parties can interpret the deal differently
  - Review the [AFMC FPIF training charts](#) and FPIF model for more information
  - Review [DAU CLC 135 – Understanding Incentive and Other Contract Types](#)
  - Review [DAU CLC 137 Advanced Issues in Incentive Contracting](#) and
  - Review [DFARS PGI 216.104](#) - Guidance on Using Incentive and Other Contract Types

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| Contracting | Program Management | Pricing | Contractor Participation |
| YES         | YES                | YES     | YES                      |

### 3.14 Efficient Fact-Finding Trips

- For major sole source acquisitions, it is usually necessary to travel to the company's facility to conduct in-depth fact-finding related to the proposal
- CO should ensure the primary focus is discussion of the high impact areas of the proposal (major subcontracts, large hour labor Basis of Estimates (BOEs), etc.)
  - Submit questions in advance of the fact-finding trip, since the goal is for the contractor to be prepared to provide answers during fact-finding
  - Do not send questions your team members can answer – meet in advance and see what questions are still open
  - Coordinate with contractor to ensure the right people to answer the questions are in attendance, e.g., the engineering estimator, the engineer who provided source data, supplier management, etc.
  - Best Practice: use fact-finding to discuss evaluation/negotiations of major subcontracts and level of Government participation
    - E.g. will Government participate in fact-finding? (See [Technique 3.10](#))
- Before departing the facility, get contractor agreement to response timelines for any outstanding issues
  - Place contractor on notice about any major concerns with estimates

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| Contracting | Program Management | Pricing | Contractor Participation |
| YES         | YES                | YES     | YES                      |

### 3.15 Evaluation of Contractor's Basis Of Estimates (BOE) at the Highest Meaningful Level

- A contractor's BOEs should be fact-based and include adequate supporting rationale
- Evaluating BOEs is a balancing act between looking deeply enough to fully understand what is being proposed and getting bogged down in the details
  - Evaluating at too high a level could result in the reviewer missing inconsistencies or accepting unreasonable justification
  - Evaluating at a lower level could take excessive time and the reviewer may miss opportunities for leveraging resources
- Analysis should be performed at the highest level at which the reviewer can still understand the scope and breadth of the effort
- Take into consideration:
  - The level at which prior, similar efforts were proposed
  - The level at which available actuals were accumulated and reported
  - The types and magnitude of work being estimated

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| Contracting | Program Management | Pricing | Contractor Participation |
| YES         | YES                | YES     | YES                      |

## 4.0 Techniques Related to Negotiations

### 4.1 Establish Negotiation Ground Rules with Contractor

- Establishing negotiation ground rules and sticking to those ground rules can be an effective technique for ensuring efficient negotiations
- Best Practice: PCO (with PM support) and contractor should agree to negotiation ground rules in advance. Ground rules should cover:
  - How offers will be exchanged (e.g. face-to-face) and expected level of detail
    - Face-to-face generally most effective for large, time-sensitive efforts
      - May send Government offer to Contractor prior to start of face-to-face negotiations
- Where negotiations will be conducted when face-to-face
  - It is critical for the negotiation team to have access to the data and equipment needed for effective negotiations
  - Since we are the customer, use of our facility is recommended
- A schedule for completion of negotiations
  - Will the Contractor stay until negotiations are finished?
  - Contractor negotiation participants/who has authority to commit the contractor
  - Offer turnaround time/timing of submission of updated data
  - Expectations regarding submission of sweep/Certificate of Current Cost or Pricing Data
- Negotiation ground rules are meaningless unless adhered to
  - Keep management informed/elevate issues as necessary (See [Technique 4.6](#))



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| Contracting | Program Management | Pricing | Contractor Participation |
| YES         | YES                | YES     | YES                      |

#### 4.2 Establish Internal Negotiation Ground Rules

- Establishment of internal ground rules and sticking to those rules can be critical for efficient and effective negotiations (trust between team members is a must)
- Best Practice: Government team should establish internal negotiation ground rules in advance. Internal ground rules should cover:
  - Who will attend/participate in negotiations?
    - Posture the team to strongly support the Government position
    - Technical evaluators should be prepared to defend their positions
  - Who will be the primary Government spokesperson? (Typically the PCO)
    - How will each team member contribute to negotiations?
      - Who will say what?
      - Any signals on when others may interject?
      - What should all team members avoid saying?
        - Never a good tactic for the Government team to argue amongst themselves in front of the contractor – show a united front
  - Working hour expectations
  - Will DCAA/DCMA be requested to participate in negotiations?
    - If participating, what will be their role?
    - Ensure they also understand the Government team's ground rules

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| Contracting | Program Management | Pricing | Contractor Participation |
| YES         | YES                | YES     |                          |

#### 4.3 Enlist Negotiation Support

- Effective negotiation offers should be fact-based, not arbitrary or emotional
- Negotiation offers are most effective when they are well-supported
  - Government team should be able to clearly explain basis of all exceptions
    - Make sure the right people are in the room:
      - Technical evaluators (in-house, DCMA, NPF) are often in the best position to defend the exceptions based on their evaluations
      - DCAA auditor can usually provide significant detail to support audit findings
      - The DACO/ACO can spell out the reasons for rate/factor differences reflected in their Forward Pricing Rate Recommendation (FPRR)
  - If the negotiation participants are unable to logically defend the Government positions, the right folks are not in the room, and negotiations can become protracted

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| Contracting | Program Management | Pricing | Contractor Participation |
| YES         | YES                | YES     |                          |

#### 4.4 Conduct Transparent Negotiations

- Best Practice: ask contractor for current data submission before making first offer
  - Plan ahead – make request so data submission coincides with Business Clearance
  - Set expectations that current data does not represent negotiation concessions and that the government offer is a reflection of what the contractor has supported
- The first offer is critical: it sets the stage for the entire negotiation and should be challenging but achievable
  - Be transparent in identifying exceptions to the proposal and provide details behind the Government position (numbers and rationale)
    - Differences in judgment: explain basis of government position; for profit you can provide a Weighted Guidelines analysis
    - Differences due to data gaps: reiterate what data contractor must provide, e.g. 20% decrement to subcontract value because prime did not submit analysis
    - Differences in terms and conditions
- Continue providing details and expect them from the contractor in kind – going bottom line can extend negotiations to revisit positions when an immediate agreement does not occur
- Offers should always provide breakouts between contract types and basic/options

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| Contracting | Program Management | Pricing | Contractor Participation |
| YES         | YES                | YES     | YES                      |

#### 4.5 Address Terms & Conditions in your Offers

- Failure to negotiate terms and conditions up front (concurrently with contract price) will result in additional negotiations after the price has been agreed to, likely delaying contract award
- Terms and conditions are as much a part of the deal as is cost/price
  - Often, cost and terms & conditions are interrelated
  - Changes in terms can affect price
  - Ts & Cs may be even more contentious than price
- The CO should be diligent about addressing terms and conditions in offers
- Require the contractor to address Ts & Cs in its counter-offers, as well
  - Don't want to get to a point where price is (tentatively) agreed to, but Ts & Cs impacting price are still under discussion
    - Could undo progress made on the price side of negotiations

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| Contracting | Program Management | Pricing | Contractor Participation |
| YES         | YES                | YES     | YES                      |

#### 4.6 Elevate Issues/Lack of Progress in a Timely Manner

- Government teams are typically under pressure to quickly conclude negotiations
- Contractors may try to leverage this to their benefit and prolong negotiations

- Failure to make timely counter-offers per pre-established ground rules
- Failure to make meaningful negotiation moves
- Submission of “data dumps” in lieu of meaningful data with impact statements
- When the contractor’s behavior is not conducive to effective/efficient negotiations, the CO should consider elevating the concerns to management (See [Recommended Elevation Process](#))
  - Recommended: attempt to resolve at the working level before elevating
  - If elevation is required, elevate to the contracting and program management chains concurrently
  - Best Practice: even if our management contacts their contractor counterparts to address issues/lack of progress, management should always refer the contractor back to the working level Government team to continue negotiations
  - Maintain the Contracting Officer’s authority – important for the working relationship between contractor and Government during contract administration

|             |                    |         |                          |
|-------------|--------------------|---------|--------------------------|
| Contracting | Program Management | Pricing | Contractor Participation |
| YES         | YES                | YES     | YES                      |

#### 4.7 Track the Negotiation for Purpose of Timely Communications

- Government negotiation teams are often asked to provide status of the negotiation to various levels of management
  - Both for routine reporting and when schedule slippage/issues are identified
- Best practice: use a Negotiation Tracker spreadsheet to track offer timeliness and extent of movement in offers, and capture a brief explanation of basis of movement
  - Update the tracker after each offer
  - See the Sample [Negotiation Tracker](#)
- The [Negotiation Tracker](#) will provide leadership with negotiation status at a glance
  - Constitutes a “BLUF” presentation of the history of the negotiation
  - If contractor offers are not timely, or contractor is not negotiating in good faith, this should be apparent in the tracker

|             |                    |         |                          |
|-------------|--------------------|---------|--------------------------|
| Contracting | Program Management | Pricing | Contractor Participation |
| YES         | YES                | YES     |                          |

#### 5.0 Checklists, Trackers, & Matrices

1. [Proposal Kick-Off Meeting Checklist](#)  
(See technique [2.1](#))
2. [Subcontract Proposal Tracking Matrix](#)  
(See techniques [1.12](#), [2.1](#), [3.2](#))
3. [Proposal Walk-Through Checklist](#)  
(See technique [3.2](#))
4. [Major Subcontractor Partnering Process Agreement](#)  
(See techniques [3.7a](#), [3.11](#))
5. [Cost/Price Analysis Plan](#)  
(See techniques [2.2](#), [3.2](#), [3.3](#), [3.4](#))

6. [Recommended Elevation Process](#)  
(See techniques [1.7](#), [3.8](#), [4.6](#))
7. [Negotiation Tracker](#)  
(See technique [4.7](#))
8. [Proposal Adequacy Checklist](#) (DFARS 252.215-7009)  
(See techniques [2.1](#), [3.1](#))
9. [Performance Metrics](#)  
(See technique [1.1](#), [1.3](#), [3.9.b](#))

## Performance Metrics

| Program Name   | Initial Proposal Rec'd | Adequate Proposal Rec'd | Tech Eval           | Rate/Audit | Business Clearance | Negotiations | Contract Clearance | Total Contract Award |
|--|------------------------|-------------------------|---------------------|------------|--------------------|--------------|--------------------|----------------------|
| Example Program  | 60                     | 90                      | 60                  | 90         | 19                 | 31           | 25                 | 255                  |
|  |                        |                         |                     |            |                    |              |                    |                      |
|  |                        |                         |                     |            |                    |              |                    |                      |
|  | *Concurrent Actions    |                         | *Concurrent Actions |            |                    |              |                    |                      |
| <b>DoD Goals</b>   | <b>90</b>              |                         | <b>90</b>           |            | <b>30</b>          | <b>30</b>    | <b>30</b>          | <b>270</b>           |
| (*) Notes: <ul style="list-style-type: none"> <li>• Some events are concurrent, so time from RFP release to contract award is not a sum of the time to complete each individual event</li> <li>• Initial proposal submitted is expected to be an adequate proposal with a Subcontract Proposal Tracking Matrix</li> <li>• Adequate Proposal Received indicates total days from RFP release to receive an adequate proposal with all CARs/PARs</li> </ul> |                        |                         |                     |            |                    |              |                    |                      |

## Submit Feedback

[Submit feedback](#) to:

- Suggest a new Sole Source Streamlining Technique
- Provide links to related resources or examples
- Report a problem