

# New Acquisition Initiatives

Kenneth A. Sateriale

NASA has been at the forefront of the acquisition reform movement. Many of these reforms will have a profound effect on how the Agency does business in the near future.

Ken Sateriale of the Contract Management Division in the Office of Procurement describes five key acquisition reforms: Performance-Based Contracting, Single Process Initiative, Consolidated Contracting Initiative, Commercial Item Acquisition and Streamlined Source Selection. A brief description of each follows.

**Performance-Based Contracting** consists of four elements: the statement of work (SOW) or specification, the appropriate contract type, incentives for results (not best efforts) and two types of surveillance, insight or oversight.

Writing the SOW involves performance standards such as power, speed, weight, size, capacity, accuracy or repeatability that specify the minimum acceptable level of performance. The SOW can specify input (resources applied), output (product or activity) or outcome (ultimate objective). Requirements should specify function (the need), performance, essential physical characteristics and detail or design. If requirements are under-specified, the result could be poor performance and expensive changes in work requirements; over-specified requirements can hamper the flexibility needed to meet performance standards. Incentives can be offered when performance is above the minimum level if it is a significant value to the government, worth the additional cost and clearly within the control of the contractor. Figure 4 shows when to use insight surveillance (a process of gathering a minimum set of product or process data that provides adequate visibility) or the more intrusive on-site oversight surveillance such as inspection with implicit or explicit review and approval authority.

**Single Process Initiative** attempts to reduce contractor operating costs by transforming multiple government-unique management and manufacturing systems into common, facility-wide processes. Using a “block change” modification approach, SPI unifies requirements existing on a facility-wide basis rather than on a contract-by-contract basis

The Department of Defense adopted SPI in December 1995 and NASA followed suit on May 17, 1996. For each project, the manager will review each proposed block change for approval. A Block Change Management Team has been set up at NASA Headquarters.

**NASA’s Consolidated Contracting Initiative** is a process that emphasizes developing, using and sharing contract resources, whenever practicable, to meet Agency objectives. The approach calls for participants to capture and list CCI-like contracts, look for reasonable conversions (up to the Centers), post planned awards to develop new CCI contracts and list them on the CCI homepage, such as leasing arrangements for photocopy machines. Users then check the Bulletin Boards for existing or planned contracts before initiating, purchasing or developing sealed bids or RFPs.

Planned changes to CCI include a scrub of other Agency contract lists to eliminate “bad” contracts, electronic enhancements and additional CCI contracts from contractors.

**Commercial Item Acquisition** is defined as any item “of a type” used for nongovernmental purposes that has been sold, leased, licensed or offered to the general public. It would include such items off the shelf requiring customary or minor modifications as well as services “of a type” sold competitively based on catalog or market prices. Commercial items do not include construction nor “true” R&D.

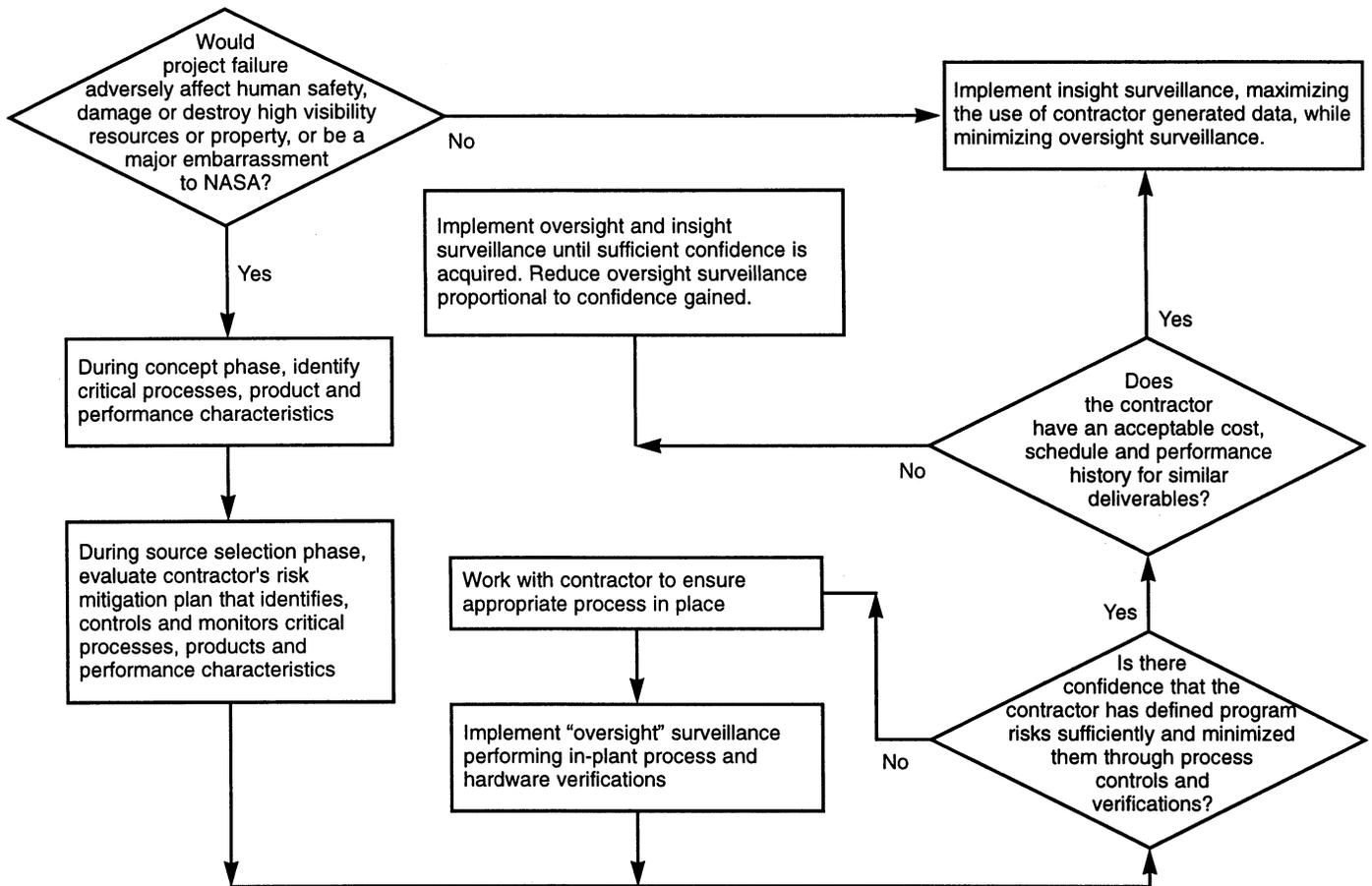


Figure 4. Developing Surveillance Strategy

Market research should determine if NASA's need can be met by a commercial item, one modified, or an item used exclusively for government purposes. If one commercial item or source is found, procurement proceeds in accordance with FAR Part 12, but if none is found, the requirement should be reviewed to see if it can be restated to permit a commercial item. Only Firm Fixed Price (FFP) or FP (EPA) contract types apply to this process.

**Streamlined Source Selection** procedures became effective in October 1996 (PN 89-88). They establish basic requirements for all procurements over the mid-range threshold (usually \$1 million) and additional requirements of the Source Evaluation Board threshold (\$50 million).

Standard evaluation factors include mission suitability, cost/price, and relevant experience and past performance. The last factor is adjectivally scored (Figure 5), but firms without relevant experience or

past performance can be asked in the RFP to submit a list of references or forward a questionnaire to prior customers.

The goals of this and the other new acquisition initiatives are to meet user needs faster, reduce user time spent on acquisition-related tasks, shorten acquisition-related tasks, shorten acquisition lead time, minimize contract duplication, save resources and improve cooperation with other government agencies. Since these initiatives are processes and not new contract types, they are compatible with most contracts and with other initiatives, depending on the amount needed or requested.

*Ken Sateriale*  
*NASA Headquarters*  
*Code HC*  
*Washington, DC 20546*  
*(202) 358-0491*  
*ken.sateriale@hq.nasa.gov*

<b>Adjective</b>	<b>Definition</b>
Excellent 91-100	A comprehensive & thorough proposal of exceptional merit. One or more major strengths. No weaknesses or only minor weaknesses.
Very Good 71-90	Demonstrates overall competence. One or more major strengths and strengths outbalance any weaknesses.
Good 51-70	Reasonably sound response. There may be strengths or weaknesses, or both. As a whole, weaknesses, not off-set by strengths, do not significantly detract from the offeror's response.
Fair 31-50	One or more weaknesses. Weaknesses outbalance strengths. Major weaknesses can probably be improved or minimized.
Poor 0-30	One or more major weaknesses which are expected to be difficult to improve or minimize.

*Figure 5. Adjective and Point Equivalents*