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ABSTRACT

Effective communications between Government and Industry, so necessary for a successful procurement effort, have often been missing in the past. This has resulted in cost overruns, unrealistic approaches and expectations, missed schedules, and finally unuseable and inadequate deliverables. In this, the Age of Atari, the training community has used the game approach to successfully train personnel in many areas. This paper uses that same approach to reach both Government and Industry in an effort to remedy the communication situation. The game is based on some of the milestones which occur during a procurement. The rules are the policies and guidelines which both players must consider to progress toward the game's end. Both Government and Industry win through the exchange of information, increased communication, and team effort. In conclusion, it was found that effective communications are an essential key to success in the game.

SECTION I
INTRODUCTION

The procurement cycle, as both Government and Industry know it today, is often full of misunderstanding, finger pointing, and adversary relationships. Each side in this conflict traditionally spends far too much time in trying to determine who is right, rather than moving forward in a joint, mutually beneficial effort to resolve procurement problems. Effective communication from both sides which could increase the likelihood of successful contract completion is often missing.

The purpose of this paper is to aid both the Government and Industry in achieving more effective communication in this area, specifically during the procurement cycle. The approach taken has been to present the problem in a game format.

The name of this game is PC (Procurement Communication). Everyone can participate in this type of game. There are no limits on the number of players, but they are generally grouped into two teams, Industry and Government. The goal of the Government team is "to obtain a good product for a fair price," while the goal of the Industry team is "to obtain a reasonable profit."

The game setting is the Acquisition arena. The object of the game is for a team to successfully progress through five procurement milestones:

Requirements Definition
 Request for Proposal
 Contract Award
 Post Award
 Modification, Completion or Termination of
 Contract

Each milestone has its own peculiarities and associated policies which will present a communications challenge to all the participants. The risks for each team increase as they progress through the milestones.

The game consists of five innings. The Government is the visiting team. Industry is the home team. Each team will have an "up" in every inning.

To keep the game interesting, there are a few constraints to be considered. On the Government side of the board, one constraint was aptly described in a theorem by B. Schemmer, Editor of the Armed Forces Journal:

"When faced with a 20-year threat, Government responds with a 15-year program in a Five-Year Defense Plan, managed by 3-year personnel, funded with single year appropriations."

On the opposite side of the board, Industry often has high mobility of personnel during a procurement cycle. Those that understand what is required and desired in the beginning are not necessarily those who execute the contract.

Communication difficulties between Industry and Government merely add to any existent problem. Through use of the PC Game approach and effective communications, Government and Industry can both become "smart players" and end up a winning team.

MILESTONE # 1
REQUIREMENTS DEFINITION

The Government is continually considering new requirements for procurement. Mastery of Milestone #1 requires that Industry be advised of these requirements. The methods by which the Government makes its requirements known to Industry are varied. One approach is the annual Interservice/Industry Training Equipment Conference, which presents a perfect forum for advising Industry of Government's requirements. Last year's conference was attended by 668 Industry and 461 Government representatives.

The Government strives to improve its procurement practices through various methods of communication. An excellent example of this was a series of three conferences (Atlanta I, II and III) held

by the U.S. Army material acquisition community in May 1974, February 1975, and May 1976. Industry representatives met with Army representatives to review an Acquisition Process that was beset with many problems. Communications flowed freely and this was quite evident by the tone of Major General George Sammet, Jr.'s comments:

"Late in 1973, the Army's Acquisition Process was an object of increasing criticisms. The process was viewed as cumbersome, nonresponsive, and layered with bureaucracy that either couldn't or wouldn't perform. Criticisms came from every quarter.

We didn't like what we heard and didn't believe it. No manager likes criticism.

Nevertheless, the perception that we were not effective and were hard to do business with remained. Whether this perception was indicative of the true state of our acquisition capabilities or not, something had to be done. We did suspect that the outside world saw all of our weaknesses, and little of our strengths.

We decided the best course of action was to get this problem out in the open and meet directly with most of our severest critics - our industrial suppliers."

Twenty-one acquisitions/initiatives were established at these meetings. One of these initiatives, Acquisition Initiative No. 6, "Advance Research and Development (R&D) Information," recommended release of planning summaries (less funding data) and the conduct of advanced briefings. Based on the results of these three conferences, the Project Manager for Training Devices (PM TRADE) established a policy whereby their requirements documents would be released to Industry on request and briefings would be conducted informally within reasonable limits considering workload, availability of personnel, and factors of that nature.

However, before this information can be furnished to Industry, the Government must have accurately defined their requirements. Requirements should fulfill user desires and at the same time be technically feasible and affordable.

Meanwhile, before Industry can master the Requirements Definition Milestone, they must establish their corporate performance objectives and policy guidelines, as well as recognize where their capabilities lie. Performance objectives include the determination of the type of market, possible market share, anticipated dollar amount, and return on investment (ROI) desired. Policy guidelines relative to quality assurance, pricing, public relations, advertising and financing must be decided.

Once these objectives and policies are established and corporate capabilities are recognized, Industry must then obtain information about the present and future characteristics of the Government market. At the same time, they must further their own capabilities through independent research and development, updating of resident skills and/or experience through other contracts.

Milestone achievement is now measured. In the top half of the first inning, the Government is asked the following questions:

- 1) Have the requirements (not just a wish list) been accurately defined?
- 2) Has Industry been informed of the requirements?
- 3) Are the requirements achievable with state-of-the-art technology?

If the answer is "no" to any of the three, the side must retire. To continue the game and reach the milestone, the requirements must be redefined, Industry must be informed, and the technology must be available. The game continues when all answers are "yes".

In the bottom half of the first inning, Industry is asked the following questions:

- 1) Have performance objectives been determined?
- 2) Has the marketplace been identified?
- 3) Have corporate capabilities been expanded and updated?

If the answer is "no" to any of the three, the side is retired. To continue, corporate performance objectives must be determined, the marketplace where company capabilities most fit must be identified, and capabilities must be updated and expanded. The game continues when all answers are "yes."

Lack of communication with Government as to actual requirements may cause Industry to waste money in the wrong areas and elevate overhead rates, causing them to no longer be competitive. INDUSTRY LOSES.

If Government fails to communicate its requirements to Industry, research and development efforts may proceed along and not meet the needs of anyone. The GOVERNMENT LOSES.

Effective communication can turn this into an "EVERYBODY WINS" situation where Industry keeps Government informed on the state-of-the-art, as well as new research breakthroughs. In return, the Government will be able to plan developments around the latest technology while keeping Industry apprised of the requirements.

MILESTONE # 2 REQUEST FOR PROPOSAL

The next play belongs to the Government, who formally communicates with Industry by publishing a synopsis of an impending procurement in the Commerce Business Daily (CBD). This furnishes prospective offerors an equal opportunity to participate in the acquisitions.

During this milestone, Industry must obtain as much information on the Government's requirements as possible. This includes military philosophy, weapons or system requirements, declining or expanding markets, and general "G-2". Industry must obtain guidance to optimize selection of

biddable RFPs, which will maximize the ROI and utilize capabilities and available facilities. Sufficient advanced lead time in relation to the RFP can only be obtained through good communications with the Government as to its purpose and requirements as defined in Milestone'1. This intelligence can improve Industry's competitive position. Analysis of the Government requirements can aid in any Bid No Bid decision that must be made at this time.

The Request for Proposal (RFP) is a major acquisition link that must be carefully prepared by the Government. Important documents embedded in the RFP are the Statement of Work (SOW) and the Specification. These documents should be accurate and non-ambiguous, since they define the level of effort required of the offeror to accomplish the task. They also play a significant role in proposal evaluation, and ultimately become the standard for measuring the Contractor's performance.

Industry's answer to the RFP requires several types of communication. Within each corporation, the approach must be clearly communicated to all proposal writers. The requirements must be understood before they can be answered in a technically acceptable manner. Industry proposal writers must inform the Government of the offeror's intentions in a manner which cannot be misunderstood or misread. At the same time, they must persuade Government that theirs is THE best approach. Developed "Should Costs" must be accurate, and pricing inputs must be realistic.

The Government must avoid providing any information relative to proposed or contemplated acquisitions to any prospective offerors without providing it to all, since it might give them an advantage over other offerors. Not playing by these rules may earn the Government team a stiff penalty, since all prospective offerors must be provided exactly the same information.

A Pre-Proposal Conference is sometimes held to assure that the scope of work is understood or to clarify portions of the RFP. The questions and answers are recorded and furnished to all the offerors. Requirement weaknesses or ambiguities are sometimes revealed at this stage, and a formal amendment must be made to the RFP. Such changes to the solicitation package must be furnished to all firms.

The Government is responsible for safeguarding all information contained in an Offeror's proposal. This includes bids, quotations, descriptive literature/material or special technical data. In addition, any discussions held with offerors about their proposals must not disclose information relative to any other competing offeror's proposal.

Information provided in the Industry response to the RFP is privileged and confidential. When it is provided to the Government in good faith, it is assumed that Government eyes only will view it.

In the top half of the second inning, the Government must answer the following questions:

- 1) Is the RFP accurate and non-ambiguous?

- 2) Has the same information been furnished to all prospective offerors?
- 3) Has all contractor confidential information been safeguarded?

Any "no" answers cause the side to retire. The milestone can be achieved by clear and concise wording of the RFP, by assuring that all prospective contractors receive the same information, and by safeguarding the confidentiality of contractor-furnished information.

In the bottom half of the inning, Industry must answer the following questions:

- 1) Has the bid decision been decided from a thorough analysis of available intelligence?
- 2) Has the RFP been answered in a manner which cannot be misunderstood?
- 3) Have realistic costs been proposed?

Any "no" answers cause the side to retire. The milestone will be reached by using all information available to make the decision to bid, by understanding the RFP and answering it in a non-confusing manner, and by accurately projecting the price of the project.

An offeror in developing proposal costs must be very careful. Proposals that are too high may be non-competitive and proposals that are too low endanger potential profit. Either way, the OFFEROR LOSES.

Whenever Government fails to communicate its needs to Industry, the results are an item of insufficient quality (performance) or a higher than anticipated cost. The results can be equally undesirable if Government fails to understand the proposal from Industry. If such a proposal is accepted under a cost type contract and runs significantly higher than envisioned, added costs result. The total liability was not understood, and GOVERNMENT LOSES.

Both GOVERNMENT and the OFFEROR CAN WIN, through their ability to effectively communicate via the written word.

MILESTONE # 3 CONTRACT AWARD

Prior to contract award, an in-depth evaluation of all proposals received must be performed by a Government team of experts. The evaluation must be thorough, unbiased, and in accordance with the factors provided by the RFP. Industry must have confidence that the Government will follow the stated plan.

Offerors must sometimes provide clarification regarding specific areas of a proposal. Some proposals are found to be unacceptable when they fail to address the salient points of the RFP. Following clarifying discussions, offerors may be asked for their "best and final offer".

Following evaluation by the Government, the successful offeror is notified and a formal notice of contract award is published in the Commerce Business Daily.

The next major communication area is the negotiations which are conducted in accordance with strict procedures. The purpose of negotiations is to allow complete understanding regarding what the offeror proposes and whether it meets the Government's requirements, and finally to allow negotiation on the cost of the effort. The latter is of paramount importance, since the Government must be aware of its liability and the Contractor is concerned with a profit.

During inning number three, the Government must successfully answer the following:

- 1) Has the best contractor (who will supply best value) been chosen?

Obviously, the wrong choice here will result in a less than optimal procurement effort.

In their half of the inning, the winning Contractor must successfully answer the following:

- 1) Will we assure that the contract award was well deserved?

When both answers are "yes", the game progresses. The Government has successfully described its needs, and the Contractor has successfully described a method for meeting those needs.

MILESTONE # 4 POST AWARD

A Post Award Conference should be held at the Contractor's facility during the first month after contract award. Such a meeting can establish rapport between the Government and the Contractor. It sets the tone for an effective working relationship, advises the Contractor of the reporting requirements, and clarifies contractual points.

Informal communications can now proceed on a day-to-day basis at the working level. Reports, records, amendments to the scope of work, or delivery schedules are conveyed on a formal basis via the Government contracting officer. Any amendments related to deliverables or the scope of work can only be approved by the contracting officer. However, the contract also provides for various meetings between the Contractor and Government relative to particular program aspects which allow interactive communication.

Both Contractor and Government management must be effective communicators within their internal environments. Effective internal communications can lessen the possibility of external conflict when each team interfaces with the other.

By the time Post Award, the fourth milestone, is in sight, the Contractor should have his task or job clearly defined. The requirements of the RFP should be reduced to precise and detailed work statements. The Specification and any instructions necessary to undertake and complete the job should be understood.

It is now the privilege of the contractor to do the job as he sees fit within the limits of the contract. The tendency to ask for direction continually from the Government should be guarded against. Good internal communications must be established. Management should look to the

written terms of the contract for guidance and to the Government contracts administrator for interpretation.

At the same time, the Government should be in a surveillance mode, not a supervisory one. It should not dictate how the Contractor is to perform, but rather assist the Contractor when necessary to ensure that, contractually, the Government receives what it bargained for.

Probably the single most important factor during Post Award is establishing informal communication between the Government and the Contractor at the working level. Initially, the Government initiates much of this communication to assure that the Contractor fully understands what is required under the contract. However, once work commences, a flow of progress reports and problem identification and resolution is communicated back to the Government from the Contractor. Such an information exchange is required for smooth progression of the effort.

During their respective turns in inning number four, the Government and the Contractor must reply in the affirmative to the following:

- 1) Have we established effective communication methods with our Contractor/the Government?
- 2) Are we allowing our Contractor/the Government to do the job we both agreed to during contract negotiations?

If there are minimal problems and there is ready resolution for existent ones, and effective communication methods have been established, the two teams can successfully advance to the next milestone.

MILESTONE # 5 MODIFICATION, COMPLETION OR TERMINATION

The fifth inning and final milestone are a culmination of all the pluses and minuses which have accumulated throughout the game for each team. The milestone can take three separate and distinctive forms, Termination of the Contract, Modification of the Contract, or Completion of the Contract. It is during this period that each team can judge the effectiveness of their communications; and retire from the game arena to lick their wounds, regroup, or successfully complete the procurement.

A variety of reports, i.e., progress or status, expenditures, achievement of specific technical directives, etc., constitute a formal record of the contractor's performance. These reports provide details of information already known to both parties. However, future actions of both the contractor and other Government agencies are based upon these reports.

The item developed under a contract must be tested in accordance with a formal test plan. A great deal of two-way formal and informal communications are involved in the process. When the item is successfully tested, the result is contractual progress. When the test is not successful, sometimes a modification to the contract is necessary. There are a few contracts that are not successfully completed but are terminated for various reasons.

Termination of the contract may be the disastrous result of a complete failure to communicate effectively. No meeting of the minds has occurred, no real understanding of the problems has happened, and each participant in the game must retire in defeat.

The middle ground between failure and success in the Procurement Game is contract modification. Through a breakdown in the communications process, the contract has gotten off the track. The game plan is then to repair the damage by re-establishing the communication link to permit redefinition of the requirements and rethinking the problem. Progress toward completion can then begin again.

If communications have been effective, the Contractor and the Government are now a team. The final milestone has resulted in victory for both, contract completion. The Government has obtained a good product for a fair price and the Contractor has realized a reasonable profit. Effective communications have made this possible, and both have achieved success.

CONCLUSION

As the Procurement Communication game progressed, neither the Government nor Industry could advance through the milestones without communicating with the other. Milestone #1 required that communication be established between the opposing teams. Success in continuing the game depended upon awareness by Industry of Government requirements and awareness by Government of Industry's technological gains.

Milestone #2 built on that initial communication baseline. Through effective communication, the Government team achieved success in the inning by publishing a clear and concise RFP while providing all offerors the same information and the Industry team achieved success by submitting a responsive and realistically priced proposal.

Milestone #3, Contract Award, marked the mid-point in the game. Negotiations required that effective verbal communication be established by each team so that the Government could assume that its needs would be successfully met and Industry, now the Contractor, could assure that the award was deserved.

Post Award required effective communication on the informal as well as the formal level by both sides. Success in Milestone #4 was keyed to communication by all team members to each other and to their counterparts.

When the two sides reached the final milestone, each had achieved its goal. The Government had its good product at a fair price and the Contractor had its reasonable profit. Playing the game and winning required an exchange of information that was thoroughly understood by both teams. Effective communications were an essential key to success in the game.

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