Pre-Award to Contract Award in a Competitive Environment

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Objective

- Explain the Air Force's approach to developing successful competitive contract award strategies using a fact-based analysis of the many factors influencing acquisitions.

- Recognize:
  - Market research is conducted throughout acquisition process
  - Importance of acquisition planning for a successful contract and source selection
  - Key elements of source selection process
  - How the contracting process relates to acquisition strategy and planning process
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Acquisition Process

- Requirements
- Market Research
- Risk Assessment/Analysis
- Acquisition Planning
- Building your RFP
- Source Selection
- Award
Source Selection Process Roadmap

Start

Market Research & Exchanges w/Industry
- One-on-ones
- Tech. Library
- Industry Days
  Draft RFP

Plan the Approach
- Acquisition
- Strategy/Plan
- SSP
  MIRT/OSD Peer Review

Final RFP

Plan the Evaluation

Prepare Proposals
  Proposals
  SSEB Plan

Evaluate Proposals
  Competitive Range
  (or SSA Selects Source)
  Brief

Contract

Complete Discussions
  Debrief

End

Complete Discussions

SSAC Complete Discussions
  Past Perf
  Tech. Exp.
  Price
  SSDD
  Brief

SSAC

Analyze Proposals
  CAR
  Brief

Evaluate FPRs
  SSEB Eval Report

Request Final Proposal Revision (FPRs)

Complete Discussions
  Brief
Requirements
Requirements Documents
Typical Content

- Descriptions, specifications, and criteria that define minimum needs of agency for supplies or services
- Specific requirements to allow offeror(s) to determine levels of expertise, manpower, and other resources needed to develop proposal
  - Clearly identifies offeror’s obligated tasks
- Avoids directing how tasks are to be performed; states only what results are wanted
- Examples include:
  - Technical Requirements Document (TRD)
  - Systems Requirements Document (SRD)
  - Statement of Work (SOW)
Requirements Documents
Typical Content (cont.)

- Describe Government needs in terms of:
  - Functions to be performed
  - Performance level required
  - Essential physical characteristics

- Documents are basis for:
  - Risk assessment
  - Market Research
  - Development of evaluation criteria
  - Preparation of solicitation and proposal
  - Contract type selection, formation and execution
Market Research
Why Conduct Market Research?

- **Identify**
  - Sources to meet government requirements
  - Commercial practices, terms and conditions, best practices
  - Technological developments, industry advances, commercial items
  - Industry trends
  - Government leverage in the market
  - Factors influencing doing business with Government
    - Laws and recent policies (AT&L, DPAP, SAF/AQ)

- **Support decision to**
  - Acquire or modify commercial items
  - Develop items exclusively for Government use
Benefits of Market Research

- Business intelligence for informed decisions impacting:
  - Acquisition strategy and planning
  - Source selection planning
  - Contract type selection and incentives

- Reduce business risks
Market Research Activities

- Gives offerors opportunity to ask questions in a way Government may not have originally considered
- Provides Government additional opportunity to review and ensure its requirements are clearly defined

Activities may include:
- Pre-solicitation notices
  - Source Sought Synopsis
  - Requests for Information
- Industry Day(s) – include Q&A session(s)
- Draft Request(s) for Proposal
- Internet searches of marketplace/prices
- Networking with trade associations in specific market sectors
- One-on-one meetings with potential offerors
- Review GSA schedules, catalogs, etc.
- Consulting subject matter experts in Government and Industry
Risk Assessment/Analysis
Purpose of Risk Assessment

- **Identifies:**
  - High-risk areas for Government and Industry
    - Impact and probability
    - Examples: Business/programmatic risk, technical risk, and funding risk
  - Discriminators for source selections
  - Incentive areas
- **Foundation for evaluation criteria**
  - Link risks to requirements
Conducting Risk Assessment

- Consider all sources of risk in relation to key requirements (e.g., technical, programmatic, business, operational, schedule, cost, management, etc.)
  - Determine probability of each risk occurring
  - Determine consequences of each risk, if it occurs, in terms of cost, schedule, performance
    - Use “if/then” statements (e.g., “If funding is not released, then contract award will be delayed”)

- Obtain industry input
  - Methods include, but are not limited to:
    - Request for Information
    - Industry Days
    - Risk assessment workshop with Industry participation
Acquisition Planning
Acquisition Planning – 4 Ws

- **Who**
  - Acquisition team, led by program/requirements manager

- **What**
  - Commercial items? Non-developmental items? Developmental items?
  - Full and open competition
  - Document acquisition strategy

- **Why**
  - Satisfy government needs in most effective, efficient, economical, and timely manner

- **When**
  - As soon as requirement is identified
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Contract Type Selection
Spectrum – Contract Type and Risk

<table>
<thead>
<tr>
<th>Cost Risk</th>
<th>HIGH</th>
<th>LOW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Requirements Definition</td>
<td>POORLY DEFINED</td>
<td>WELL DEFINED</td>
</tr>
<tr>
<td>Acquisition Phase</td>
<td>RESEARCH</td>
<td>SUSTAINMENT</td>
</tr>
<tr>
<td>Contract Type</td>
<td>CR</td>
<td>CPFF</td>
</tr>
</tbody>
</table>

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Factors to consider:

- Type, complexity, urgency
- Period of performance/length of production run
- Technical capability of potential offerors
- Financial capability of potential offerors
- Adequacy of offeror’s accounting system
- Acquisition history
- Concurrent contracts
- Extent and nature of anticipated subcontracting

Contract type can drive cost/price factors
Source Selection Planning
Source Selection Processes

Lowest Price Technically Acceptable (LPTA) and Tradeoff
LPTA process is used when:

- “Best value” is expected from lowest-priced, technically acceptable proposal
- Procuring commercial or less-complex supplies or services
- Requirements are firm, clear and definitive
- Minimal risk of unsuccessful performance
- No benefit is expected from proposals exceeding minimum technical or performance requirements
Tradeoffs are not permitted

- Factors/sub-factors evaluated on an objective (Acceptable/Unacceptable)

Evaluate proposals against minimum technical requirements (Acceptable/Unacceptable)

- Clearly state minimum requirements in the RFP

Past Performance may be an evaluation factor (Acceptable/Unacceptable)

- If evaluated, ‘neutral’ past performance is considered acceptable

Proposals cannot be ranked on non-cost/price factors

Exchanges may occur

Comparative analysis not conducted
- Used when in best interest of Government to:
  - Award to other than lowest-priced proposal
  - Award to other than highest technically rated proposal

- Process permits:
  - Tradeoffs among cost/price and non-cost factors
  - Only subjectively evaluated (color/adjectival rated) factors/sub-factors can be included in the SSA’s award decision
  - Best combination of technically superior, low risk proposals and, if included, past performance confidence
Subjective tradeoff
- Proposals evaluated using relative importance
- May include minimum (thresholds) and maximum (objective) performance or capability levels

More complex process
- Best value decision is based on comparative assessment of proposals
- DoD Source Selection Procedures allow use of a combination of evaluation methodologies
Value Adjusted Total Evaluated Price (VATEP)

- Includes objective, monetized evaluation factors
  - Monetizes different levels of performance corresponding to minimum (threshold) and maximum (objective) performance/capabilities for “valued requirements”
  - RFP identifies percentage or dollar amount assigned to valued requirements (downward adjustment to offeror’s total proposed price only)

- Can be used in conjunction with any source selection process

- Not every requirement can/should be monetized

VATEP is a structured technique for objectivizing how some (or all) of the requirements will be treated in the tradeoff process and then communicating that to offerors in the RFP
Factors must address:
- Cost/price
- Quality of product or service
  - Technical
  - Technical risk
  - Past performance (if not waived)
  - Small business participation (if applicable)

Evaluation factors and subfactors must:
- Be critical areas of importance and emphasis
- Be kept to minimum (3 to 5 factors/subfactors, limit elements within subfactors)
- Be definable and measurable in readily understood quantitative and/or qualitative terms
- Provide meaningful comparison and discrimination between competing proposals – key discriminators
Rating Methodology

- Determine factor rating methodology and relative importance based on brainstorming

- Technical
  - Sub-factors
  - Acceptable/Unacceptable (no subjective tradeoff)
  - Subjective (color/adjectival) ratings
  - VATEP valued requirements (Acceptable/Unacceptable with downward TEP adjustment, no subjective tradeoff)
  - Separate technical/risk ratings or combined technical/risk ratings (range of colors/adjectival ratings; subjective tradeoffs permitted)
  - Combination (can vary by sub-factor)
Rating Methodology (cont.)

- Past Performance (unless PCO waives, with PM and SSA concurrence)
  - Acceptable/Unacceptable (no subjective tradeoff)
  - Performance Confidence Assessment (subjective tradeoff permitted)

- Small Business Participation
  - Evaluate as a stand-alone factor or stand-alone technical sub-factor
    - Full range of color ratings
    - Acceptable/Unacceptable ratings
  - Evaluate within a technical sub-factor
    - Considered in assignment of technical rating

- Cost/Price (evaluated but not rated)
  - Total Evaluated Price (TEP) – The value the SSA uses to determine the best value decision.
Source Selection Streamlining

Recommendations

- Simplify, simplify, simplify
  - Source selection process
  - Minimize number of evaluation criteria, factors/subfactors, and elements within each subfactor
    - Key discriminators and critical performance aspects
    - Do not ask for more than you can/will evaluate
  - Maximize use of objective vs subjective evaluation criteria
  - Tailor documentation to necessary level of detail
  - Clear, concise, complete, contemporaneous documentation

- Staff the team with the right people
  - Experience, continuity, stability
Pre-Solicitation and RFP Planning Activities
Developing Sections L and M

- Section L – Proposal Instructions to Offerors
- Section M – Evaluation Factors and Criteria
- All stakeholders should be involved
- Sections L and M are tailored to each source selection
  - Consider program risks
- Ensure clear linkage and consistent language between requirements, acquisition documents, and evaluation factors to maximize accuracy and clarity
  - Use a Cross Reference Matrix showing crosswalk between requirements documents and Sections L and M
Draft RFP recommended but not required

Government’s formal tool to:
- Communicate technical and contractual requirements to industry
- Solicit proposals from industry to satisfy requirements

Final solicitation cannot be released until:
- AP, SSP, LCMP, or LCSP is approved
- Source Selection Plan signed
- Business clearance obtained

Notification required concurrent w/issuance of RFP

RFP is the foundation of the binding contract
Source Selection
To select the offeror(s) (the source)

- Whose proposal meets our requirements and provides the best value
  - “Best value” is the expected outcome of an acquisition that provides greatest overall benefit in response to requirement

- That is most likely to perform all requirements

- That is best able to handle problems that might occur during contract performance

- That provides most realistic plan for contract performance
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Source Selection Process Roadmap

Start

Market Research & Exchanges w/Industry
- One-on-ones
- Tech. Library
- Industry Days
- Draft RFP

Develop Req’ts
- SOW/ SOO
- Specs

Plan the Approach
- Acquisition Strategy/Plan
- SSP

Plan the Evaluation
- Final RFP
- SSP
- Brief
- RFP
- SSEB Plan

Prepare Proposals
- Proposals

Evaluate Proposals
- SSAC
- SSA

Competitive Range
(or SSA Selects Source)
- Brief

Discussions w/ Offerors
- ENs

SSAC
- MIRT/OSD Peer Review

Complete Discussions
- Past Perf
- Exp.
- Technical
- Price
- SSDD
- Brief

SSA
- L&M

SSAC
- Analyze Proposals
- CAR
- Brief

Evaluate FPRs
- SSEB Eval Report

Request Final Proposal Revision (FPRs)
- Brief

Complete Discussions
- MIRT/OSD Peer Review

END
Basic Evaluation Guidelines

Evaluate only against criteria in solicitation

- Factors and sub-factors in RFP Section M
- What we requested – not what we wish we had
- Ensure evaluation does not expand scope of requirement or published criteria
- Do not compare proposals or transfer one offeror’s technical solution to another offeror
- Findings must be supported with narratives that are fact-based, fair and consistent across all proposals
Establish Competitive Range

- Comprised of all the most highly rated proposals
  - Each proposal must be rated against all evaluation criteria
  - May recommend elimination of one or more offerors
  - May be reduced for purposes of efficiency, if stated in RFP
- Must be initially established prior to discussions
  - Subsequent to initial competitive range and conduct of exchanges, if an offeror’s proposal is no longer included, proposal must be eliminated from consideration for award
Conduct Discussions

Objective – Maximize Government’s ability to obtain best value

Release ENs

- May hold face-to-face meeting with each offeror to ensure ENs are understood before offeror responds
- Receive and evaluate EN responses from offeror(s)
- Follow-up may be via written ENs or face-to-face or telephone discussions
- EN responses to weaknesses may result in deficiencies
  - Must be identified to offeror when discovered
Request for Final Proposal Revision (FPR)

- Issued at conclusion of discussions
  - Gives offeror opportunity to submit a FPR
- Establishes common cut-off date
- Proposal revisions form baseline for final evaluation
  - Technical baseline
  - Terms and conditions
  - Business arrangement
  - Notify offerors that all changes in their FPR should be traceable to the original proposal
Final Evaluation Activities - Proposal Evaluation

- SSEB evaluates FPR
  - Reassesses ratings including strengths, deficiencies, and weaknesses relative to any proposal revisions
  - Presents results of evaluation to SSAC (when used) and SSA
    - Documents SSEB Final Report
- SSAC conducts comparative analysis and prepares Comparative Analysis Report and Award Recommendation (CAR) with award recommendation
- SSEB begins preparing Final Decision Briefing
- PCO obtains legal review and contract clearance from Clearance Approval Authority
Decision Briefing

- Must include sufficient detailed narrative descriptions of the strengths, deficiencies, weaknesses, and past performance of each offeror in the competitive range
  - Relevant charts from competitive range briefing
  - Final ratings for all evaluation factors/sub-factors
  - Cost/price
  - Resolution of unresolved disagreements (if any) between evaluators to ensure SSA is aware of those disagreements and how they were addressed before making SS decision
  - Contracting considerations and any exception to terms and conditions
  - SSAC award recommendation
Award
Award and Notifications

- Synopsis of contract award
- Contract award announcement
  - Prepare 1279 Report ($>7M)
- Notification to Unsuccessful Offeror(s)
  - Pre-award notice for small business programs
  - Postaward notice
  - Upon notice of award, unsuccessful offerors have 3 calendar days to request a debriefing and 10 calendar days to file a GAO protest (or 5 days after debriefing)
- Award to Successful Offeror
  - Successful offeror may also request a debriefing
Government must debrief offerors if:
  • Offerors make written request
  • Request received within 3 calendar days after offeror received notice of contract award; Government may consider untimely requests

Debriefing should be conducted within 5 days or as mutually agreed

PCO shall allow opportunity for offeror to submit additional questions related to the debriefing within 2 business days after receiving the debriefing
  • Agency has 5 business days to respond to questions
  • Post award debriefings are considered concluded when written responses are provided to offerors
Clearance
Clearance Reviews

- **Business Clearance**
  - Approval to issue solicitation
  - Ensures solicitation effectively implements approved acquisition strategies
  - Ensures actions result in fair and reasonable business arrangements
  - Ensure the solicitation follows laws, regulations, and policies
  - Provides an independent review and assessment of the proposed action

- **Contract Clearance**
  - Award without discussions – approval for SSA to make award decision
  - With discussions – approval to request Final Proposal Revisions, then again for approval to award contract
OSD Peer Reviews (DFARS 201.170)

- Competitive solicitations > $1B (including options)
- Comprised of senior contracting officials from DoD external to the department, agency, or component

Pre-award Peer Reviews conducted in three phases:

- Prior to issuance of solicitation
- Prior to request for final proposal revisions (if applicable)
- Prior to contract award
Summary

- Market Research is an ongoing activity that promotes informed decision making

- The identification of risk is the foundation for developing solid Evaluation Criteria

- Analysis of all pre-solicitation activities is critical in crafting a sound acquisition strategy

- Acquisition Planning is essential in building a concrete strategy to execute your contract and to ensure a successful source selection