

# Procurement Countdown

Spring 2000, No. 118

## Brave New World - Fixed Price Maintenance

By Tracy Spruill, Contracting Officer (and SEB Voting Member) And Tim Marshall, Contracting Officer's Technical Representative (and SEB Chairman)

NASA Langley Research Center (LaRC) has accomplished the ultimate contract conversion – converting a level-of-effort, cost-plus-award-fee (CPAF) contract to a hybrid firm-fixed-price (FFP)/fixed-price indefinite-delivery-indefinite-quantity (IDIQ) contract with an award fee feature. The Facility and Equipment Support Services (FESS) contract, awarded September 30, 1999, to Johnson Controls World Services, Inc. provides maintenance, repair, and selected operations of buildings, structures, research facilities, and related systems and equipment at NASA LaRC. The total maximum contract value including all options is \$133.6 million.

The FESS contract had been operating as a CPAF for over 20 years, and its conversion was undertaken in direct response to Performance Based Contracting (PBC) initiatives from NASA Headquarters Codes J and H. For NASA LaRC, the most attractive

benefits of PBC included better up-front definition of contract performance requirements, more competitive pricing from offerors during the procurement cycle, projected reductions in government involvement with the contractor's day-to-day operations, and mutual agreement on the most effective contract management tools. But drastic shifts in contract type require drastic shifts in culture. Both NASA LaRC and its new FESS contractor, Johnson



Controls World Services, Inc., are now very busy working to bring about those necessary culture shifts, while striving to maintain the level of quality and performance to which the Center has grown accustomed.

### RFP/Contract

The first step in establishing the Request for Proposal (RFP) was a major effort in the development of the Performance Work Statement (PWS). NASA LaRC assembled a top-notch project team composed of experienced project management, facility management, and procurement personnel. We also availed ourselves of Code JX contract advisory support. EMR, Inc. was contracted to furnish experienced advisory support in the development of the specific performance requirements and also provided assistance in collecting, analyzing, and tabulating the historical data from the records for the previous contract. This ambitious approach to developing the requirements documents resulted in clear and precise performance requirements and performance standards, and relatively few changes or clarifications to the PWS were required during the procurement phase of the project.

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### Highlights...

A message from Tom Luedtke appears on page 2.

PBC recently underwent an Agencywide assessment. Read all about it beginning on page 2.

A new feature on managers in NASA procurement highlights JSC's Ginger Darnell on page 6.

What about the people who get the job done? Another feature beginning this month focuses on contract specialist, Sherri Stroud of MSFC, on page 8.

The third new feature is about the SSC Procurement and Business Management Office. Learn about it on page 10.

Procurement award winners are honored on pages 10 and 16.

A fascinating look at another Agency's troubled procurement starts on page 12.

How are NRAs different when foreign participation is part of the deal? Find out on page 14.

# A Message from the Associate Administrator

As all of you know, we held our first procurement training conference in Tyson's Corner, Virginia, March 27 – 30. It was a great success. I'd like to take this opportunity to thank all of the people who worked so hard to get the conference ready, especially Rebekah Brewer and Celeste Dalton, from Code H and HK, respectively.

I'd also like to thank everyone who attended the conference and those of you who filled out the questionnaires and provided feedback. Based on all evidence of how well the conference went, it is safe to say there will be another one. In fact, planning for it is already underway. We are looking at holding the next Procurement Training Conference in early December 2001. The location has yet to be determined.

One area that stood out in the comments was about breakout sessions. Your feedback told us that you found the breakout sessions very helpful and wanted more. So future conferences will feature additional breakout sessions, as you requested.

The next issue of the *Procurement Countdown* will carry several articles about the conference. If any of you are interested in writing articles about what the experience was like for you, please call Susie Marucci on (202) 358-1896.

Tom Luedtke

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## Performance Based Contracting: Boom or Bust

By Dean Patterson, GSFC, on detail to the Headquarters Operations Division

I am going to go out on a limb here and assume everyone in procurement is aware that Headquarters recently sent to every Center a team to review how we as an Agency are doing with our implementation of Performance Based Contracting (PBC). If you haven't by any chance gotten the word, the review was conducted from September 1999 through January 2000. The draft final report is out for comment at Headquarters, and the final is expected to be released in April.

The assessment consisted of reviewing contracts and conducting interviews with NASA and contractor personnel. The team reviewed contracts for the

following essential elements of the contract to be classified as PBC: completion form contract, performance requirements and performance standards, a surveillance plan, and incentives designed for results not best efforts. In addition the team reviewed the PBC coding to verify the integrity of the contracts reported by the Agency as PBC. Enough suspense already, the Agency in aggregate did very well in the assessment.

### Best Practices

What the team found were a number of solidly crafted contracts that contained the benchmark elements. Every Center was found to have some

best practice that it can share internally or externally. These contracts with best practices contain one or more features, such as performance requirements, performance standards, surveillance plans, and incentive/fee structures that are worth considering for use in existing or future procurements.

Let me address the perception that all contracts should be written as PBC. When the Headquarters PBC White Paper was issued it did not say that PBC will be used on all contracts, it said and continues to say that PBC be considered

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## People on the Move

**ARC:** Mr. Thomas J. Kolis, ARC Small Business Specialist, received a special award in recognition for his outstanding contributions to the Small Business Administration's (SBA) socioeconomic contracting programs. James Gambardella, SBA Deputy Area VI Director for government contracting, presented the award during the Ames hosted NASA Aero-Space Technology Small Disadvantaged Business Forum on March 14, 2000.

**DFRC:** Betty J. Hall passed away after a long fight with cancer. Ms. Hall started her DFRC career in the Acquisition office as a procurement clerk, converted to the GS-1102 series and worked her way through the ranks to become the contract specialist (Lead). Along the way, Ms. Hall earned a bachelor's and master's degree. During her career she was known for her no nonsense attitude and as a tough fair-minded negotiator. In her personal life, Ms. Hall was known as a very generous, giving, and caring person. Ms. Hall, spent most of her life raising and caring for her younger siblings after her parents passed away. Also, Ms. Hall opened her home to numerous college students who worked at DFRC as co-op students. Though never married, she was a generous mother figure to countless students, family members, sorority sisters, and friends.

Always expecting the best, and encouraging people to continue with their education, she was a consummate professional. Thank you for years of dedication and service to DFRC and NASA.

**GSFC:** Rosa Acevedo and Karen Weaver received a Goddard Honor Award for Civil Service Excellence. Hettie Courtney received recognition as an Outstanding Mentor.

Mindy Goeres is a new contract specialist at Goddard and works in the Headquarters Procurement Office at Goddard. She came to Goddard from Phillips Laboratory of Kirtland Air Force Base, in Albuquerque, NM. Just before leaving New Mexico, she took her CPCM exam. Shortly after arriving at Goddard, she got the good news about passing. Jeanne Stevens is a new contract specialist - she transferred to Goddard from Ames. Carlos McKenzie is a new contract specialist - he came to Goddard from the Army, stationed in Panama. Andrew Dennis is a new contract specialist - he came to Wallops from the Patuxent River Naval Air Station. Joseph Gray is a new contract specialist - he came to Goddard from the Henry M. Jackson Foundation.

Bob Kirk, Procurement Manager at Goddard, retired on March 3, 2000.

Jim and Theresa Becker, both contract specialists at Goddard, had a baby boy, Cole James, on October 15, 1999, which happens to be Theresa's birthday - what a great birthday gift! Rhea Frazier had a baby boy, Osirys Xavier, on October 6, 1999.

**KSC:** David Culp was awarded employee of the Quarter. David has excelled in

working with JSC to develop Surveillance Plan processes that combine the expertise and lessons learned from both centers. This project was as a result of a request for improvement of business processes at KSC and although not completely implemented, the initial coordination activities are proceeding very smoothly. In addition, David has provided exceptional support to SFOC activities at KSC and as acting lead in OP-MSO.

**JSC:** George Hyde, who retired recently, had been with the procurement organization since his arrival at JSC in 1980. George arrived at JSC from Kelly Air Force Base in San Antonio and, based on his extensive military procurement experience, moved directly into the Space Shuttle Program. During his career with NASA, George continued to progress through management levels of ever-increasing responsibility. George served as the procurement lead for the Shuttle and Space Station Procurement Offices, and is well known across NASA as an expert in program procurement activity. George retired from the position of Assistant Director, Office of Procurement. George was a cornerstone for JSC procurement since his arrival. His work ethic, intelligence, common sense and extraordinary wit made him invaluable to the organization and his retirement is a significant loss to the organization both professionally and personally.

**LaRC:** The Source Evaluation Board for the Facilities and Equipment Support Services (FESS) procurement recently

The list of **People on the Move** only includes those names that were submitted to the *Procurement Countdown*. If you know people who should be listed in this column, contact your Center *Procurement Countdown* point of contact, or send the names to the editor, Susie Marucci, on (202) 358-1896, or e-mail at susie.marucci@

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# PBC

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for use on all contract. There is a difference. The assessment team reviewed contracts reported as PBC and non-PBC. Not surprisingly, there are instances when PBC is not appropriate, or at least cannot be implemented 100 percent. That is why PBC can be reported for coding in increments of 10 percent.

## Breaking New Ground

Now then, before everyone starts patting themselves on the back, or nodding and winking and thinking they fooled those Headquarters folks again, remember that the team was not rigidly conservative in applying the benchmark elements. The reason is simple, PBC implementation is not always easy; the team recognized time and again the frustration and struggle that people are facing on the frontline in making it happen. These heroic efforts are not unappreciated. In many instances procurement personnel are “going where no one has gone before.” The simple fact is that procurement, as is often the case, is the gatekeeper and forcing function for change. Not only do we have to convince ourselves, but also our technical customers that this is the right thing to do or at least to seriously consider.

The technical customer can certainly make procurement’s job easier or harder. At almost every Center, top management supported PBC and this support is filtering, with varying speed, down through the technical community. However, the one fundamental issue, perhaps the real sticking point, is trying to change a culture that has been

used to doing business a certain way for more than 20 years. Level-of-effort contracting has served the technical community well. They understand it, they like it, and it gets them the results they want most of the time. That viewpoint was well and good when budget was not an issue. As we know times have changed, but not everything has changed. NASA program/project managers repeatedly stated that they have the final accountability for mission success, therefore, they are reluctant to turn over whole



activities or some part thereof to the contractor. NASA managers are wrestling with completely breaking away from the traditional “business” model where they manage the contractor’s workforce along with the project or program itself. It is hoped that life will be a little easier if PBC implementation decisions are predicated on a documented risk-based acquisition approach. (NPG 8705.x Risk Management Procedures and Guidelines is currently out for comment.)

## Struggling?

Hopefully I have not digressed too much. While some folks are breathlessly waiting for the final report, I hate to disappoint, but it does not contain all the answers. In many instances it recommends further actions to

be taken over the course of this year. Obviously you shouldn’t wait until completion of those actions. What can you do today? Whether you have been made aware of it or not, Headquarters has sent to every Center the matrix from the draft final report listing best practices at each Center, identifying elements, contracts, and points of contract. If you are struggling with some aspect of PBC, check the list. Also, you can contact the new Headquarters Procurement Analyst lead for PBC, Jeff Cullen at (202) 358-1784. The former PBC Lead, Ken Sateriale, is at GSFC on a year’s detail, but I am quite certain that if you have a PBC question he would also be willing to help. His number is (301) 614-5604. The report also recommends that the Center Procurement Officers help with training and awareness (procurement and technical personnel), not just of PBC, but also of personal services contracts.

There is a wealth of talent and experience at the centers and people are more than willing to share their experiences, just give them a chance. Benchmarking can be done formally with a full entourage or as informally as just a phone call from one person to another. In any case, “you are not alone.”

Let me close by thanking Messrs. Cullen and Sateriale whose badgering, I mean encouragement, has resulted in

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# People on the Move

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received an Acquisition Improvement Award. This team successfully converted the FESS procurement from a cost-plus-award-fee, level-of-effort contract to a hybrid firm-fixed-price, fixed-price indefinite-delivery-indefinite quantity contract with an award fee feature. See the article on the front page regarding this conversion.

Joann (Joani) Crepps retired from NASA Langley Research Center on December 31, 1999, as a Senior Contracts Specialist. Joani came from the Air Force in 1985 and worked primarily on ADP and R&D contracts. She is now heavily involved in judging gymnastics throughout the East Coast. Joani will be sorely missed, but joins us frequently for lunch! Departures: Darlene Baxter - went to LaRC Office of the Chief Financial Officer; Barbara Thomsom - retired in January.

Roberta Hollifield joined NASA Langley Research Center in February from the Defense Commissary and Exchange Activity, Fort Lee, Virginia. Roberta replaces Joani Crepps. New hires in

Grants and R&D Studies Contracting Branch: Rich Cannella contract specialist - came from Langley Air Force Base.

**MSFC:** Congratulations to Contracting Officer Mark Stiles, who was recently selected for promotion to Supervisory contract specialist in the Space Transportation Support Department. Mark's duties include oversight of MSFC's programs that pursue the development of revolutionary advancements in space access via the X-33 and X-34 reusable launch vehicles.

Congratulations to T. Jerry Williams who was selected for promotion to Supervisory Procurement Analyst in the Policy and Information Management Department. From Team Lead contract specialist in Science & Center Operations Support Department to Manager of the Policy Department, Jerry's new assignments for policy establishment and implementation are very diverse. Contract specialist Earl Pendley was also selected for promotion to Team Lead in the Engineering Support Department. Earl's team in the Advanced Concepts and Engineering Group in the Space

Transportation Support Department support these projects: X-38 Deorbit Propulsion Stage; International Space Station Propulsion Module; Rocket Based Combined Cycle; and Next Generation Launch Services. And last but not least, five contract specialists, previously working in Simplified Acquisitions, were selected for promotion and duties other than the SAT. They are, Sue Depew, Jan Matthews, Ollie Ragland, Debbie Matthews, and Kim Day. Congratulations to all!

**NMO:** In March 2000, NMO welcomed two new contract specialists who are making the transition from DoD to NASA. Pamela Jackson came to the NMO from the Defense Contract Management Command office in Van Nuys, California, where she developed an expertise in both contract administration and software quality assurance. Suzan Moody hails from the Air Force Space and Missile Systems Center at Los Angeles Air Force Base, and brings to NASA a solid background in space systems procurement. As part of their orientation program, Pamela and Suzan both attended the Procurement 2000 Conference.

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## PBC

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my writing this article. In all seriousness, on behalf of the PBC Assessment Team we wish to extend our thanks one more time to the Center's personnel for their cooperation and candor, without that help

we would not have been able to do the review and hopefully diagnosed those concerns for everyone's benefit.

And finally, on behalf of the team we would like to thank those individuals who recom-

mended a number of excellent restaurants at every Center locale. Let me just say that after completing the Center reviews, the team carries a bit more weight around Headquarters.



## A CLOSER LOOK:

# Ginger Darnell — Procurement

Ginger Darnell, Manager of the Institutional Procurement Office at the Johnson Space Center, has been selected as the Procurement Supervisor of the Year under the NASA Procurement Awards Program. Ginger manages a diverse range of procurement functions at JSC which support the Center's daily operations and infrastructure, including base operations; information technology and services; construction and modification of facilities; safety, reliability, and quality assurance; technology transfer; and public affairs. Ginger is extremely proud of the accomplishments achieved by the procurement professionals in her office in the areas of Performance Based Contracting, the utilization of Small Business/Small Disadvantaged Business in meeting Center requirements, the use of commercial and Midrange procedures to expedite the procurement process, the implementation of the credit card program at JSC, and the reduction in the backlog of contracts to be closed out. Although she enjoys the many challenges and complexities that come with managing such a diverse area, her greatest enjoyment by far is working with and developing the people in her organization.

### A Varied Career

Ginger began her federal service career in 1973 with the Internal Revenue Service and joined NASA in July of 1980. A majority of her NASA career has been spent in the field of procurement supporting the Space

Shuttle Program, the Space Operations Program, Research and Engineering activities, and Center Operations. She also worked as a Policy Analyst for a short while in the Lunar and Mars Exploration Office and as a Branch Chief in the Center Operations Directorate, serving as a Contracting Officer's Technical Representative and overseeing a wide range of administrative functions at the Center. Ginger feels that her



experience working in other areas has allowed her to see the procurement process from a totally different perspective and that this greatly enhanced her effectiveness once she returned to procurement. "I like to encourage people to take some risks and to try new things occasionally," she said. "Although it's great to be an expert in one particular area, I feel that you really need to stretch yourself and to broaden your experience base in order to expand your career opportunities."

Ginger is also a firm believer in the value of actively participating in professional organizations such as the National Contract Management

Association. Ginger has been a member of the Space City Houston Chapter for almost 20 years, serving as the Chapter President in 1995, holding various other offices through the years, and receiving the honor of NCMA Fellow in 1997. "I can't begin to tell you how valuable NCMA has been to me as a procurement professional. The educational benefits have been wonderful, but most importantly, the friendships and networking opportunities have been extremely significant in my career. Not to mention all the fun I've had along the way planning and attending conferences and sharing good times with other members!" She continued, "I encourage those of you who are just starting out in your career to get involved and to play a leadership role in the future."

### Making an Impact

From a procurement standpoint, Ginger feels that the greatest challenge she has faced so far in her career was working on the Agencywide Consolidated Space Operations Contract. Along with Contracting Officer Roberta Beckman, Ginger was a member of the Acquisition Strategy Team, as well as a member of the Source Evaluation Board. The goal of CSOC is to substantially reduce the overall cost to NASA for sustained high quality and reliable space mission operations and data services. CSOC is intended to shift the end-to-

# Supervisor of the Year

end management responsibility and performance accountability from the five NASA centers to the CSOC contractor.

According to Ginger, “This was a unique experience to pull off this multi-billion dollar procurement to consolidate all or part of 16 existing NASA contracts. Not only were the cultures of the centers quite different, we had the huge complexity of moving primarily level-of-effort contracts into a performance based contract. Needless to say, there were some pretty tense moments in our strategy sessions and SEB meetings, but ultimately we succeeded as a NASA team in awarding the CSOC contract.”

Because of the wide variety of procurement actions handled in her office, which includes everything from purchase orders to multi-million dollar support services contracts, Ginger’s office is often considered a training ground for new contract specialists and purchasing agents. Ginger considers it critical for her employees to have a good understanding of what is required of them in terms of training, performance, and attention to customer service. “I try to stress to employees that it is really up to them to take responsibility for their own career development and to ensure that they are taking advantage of every opportunity out there to increase their knowledge and

their work experience. I really admire those people who are willing and eager to take on those unpleasant jobs like closing out a contract or negotiating a change order that’s long overdue. Certainly a knowledge of the regulations is critical in our profession, but a positive, helpful attitude and good communication skills are equally as important,” Ginger said.

## To HQ

One example of a career development opportunity that Ginger took advantage of herself was a 3-month rotational assignment in the Office of Legislative Affairs at NASA Headquarters. She felt that this opportunity to gain an understanding of how NASA interacts with Congress and responds to external issues was invaluable. While at Headquarters, she also had the opportunity to meet with several of the Associate Administrators to hear their thoughts on the state of the Agency, their programs, their own management styles, and their concerns. Recently, Ginger served as the Loaned Executive to the Combined Federal Campaign in the Houston area. In this role, she served as the liaison with numerous federal agencies to ensure that their campaigns were conducted in a successful manner.

On a personal note, Ginger grew up in Columbus, Mississippi, and attended the Mississippi University for Women,

graduating in 1972. She received her Masters Degree in Public Administration from the University of Houston at Clear Lake in 1985. She and her husband Jim have two sons, Jeff and Brad. Ginger enjoys playing tennis, snow skiing in Colorado (occasionally), and walking for exercise. Other hobbies include reading, cross stitch, and working in the yard.

Other awards that Ginger has received include the NASA Exceptional Achievement Award for her management of the procurement activity supporting the Space Shuttle Program, the JSC Certificate of Commendation for her management of contracts supporting the Center Operations Directorate, and the Source Selection Acquisition Improvement Award for the CSOC procurement. “I honestly can’t think of a more meaningful honor than being selected as the Procurement Supervisor of the Year,” she said. “It is this aspect of my job that I love the most.”

## GETTING THE JOB DONE!

# Contract Specialist Or Millionaire?

By Rebecca LaRue, Marshall Space Flight Center

Who wants to be a millionaire, oops, I mean, a contract specialist? Sherri Stroud, from MSFC, Huntsville, AL, does. No, really, she does. Not a millionaire, but a government contract specialist (maybe a millionaire too). Believe it or not, that was the answer that Sherri put on her very first resume, even though her degree focus was Bachelor of Business Administration in Finance. One might wonder, did Sherri use all of her three lifelines, you know, call a friend, 50/50 or the audience poll?

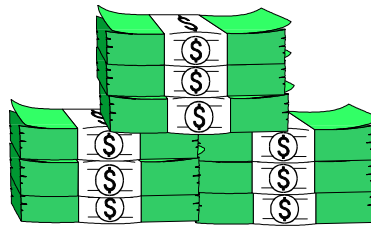
Sherri is currently working as a Special Assistant to the Procurement Officer, on a rotational assignment. She is a single mother with an 11-year-old daughter, Hillary. Together, they like art, dancing, softball, and working on craft projects. Other personal interests are exercising at the gym, walking, rollerblading, water-skiing, and sewing.

### In the Beginning...

Sherri began her government career with the Department of Defense as a Voucher Examiner for the US Army Missile Command (MICOM) right out of college. She actively pursued another position for promotion potential and after three years was selected for the Para-trainee position of contract specialist with MICOM. Working in the Repair Parts Branch in support of the Patriot Missile System for four years, she gained valuable procurement knowledge. OK, Sherri, it's time to use a lifeline, and she decided to take an audience poll. The audience

wisely told her that she needed to change jobs. She interviewed with local contractors and NASA. Choosing wisely to take the job with NASA, Sherri has continued to expand her procurement knowledge and training.

Growing up in Huntsville, Sherri was intrigued with space, the prominent aerospace industry in the city, and the NASA Marshall Space Flight Center. When she began her career with NASA in 1991, she realized that her original career choice was becoming a reality. Sherri



enjoys working with her customers and learning what her role is in their mission.

The many exciting programs she has participated in include the Global Hydrology Center, Utilization Mission Support, and the Microgravity Program Office. One noted highlight in her career was when she purchased a telemetry system for the Delta Clipper (DC-X) vehicle and the project office invited her for a test launch in White Sands, NM. Time to use another lifeline Sherri, and she called a friend and invited her. Her friend, then 6-year-old daughter Hillary, was so excited about the test launch that when she saw Dan Goldin, she insisted on saying "Hello" and got a picture with him. Sherri recalls at that moment, she truly felt like a part of the "NASA Team."

### And Now...

In her current role as Special Assistant to the Procurement Officer, Sherri has developed a greater respect for what it takes to run a dynamic organization. During this assignment, she has worked on a Benchmarking Team focusing on five areas of the procurement process, which included visiting other agencies and discussing their procedures and areas of best practices. She is also leading a team that will explore an Employee Peer Awards System. Sherri definitely recommends everyone participating in a rotational assignment, if given the opportunity.

OK, Sherri, time to use the last lifeline and see if you are the million dollar winner. The remaining 50/50 lifeline is where she has to decide who and what has influenced her most in her career. The 50/50 choice would be from two previous supervisors that supported and taught her from their tremendous knowledge of procurement practices. She also gives credit to her family and friends that assisted during times of travel.

Sherri's professional goals are to participate as the procurement member on a Source Evaluation Board and hopefully a rotational assignment to NASA Headquarters. Personally, she wants to be more active in community events, like her recent involvement in building a house for Habitat

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# Fixed Price

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In addition to the PWS and associated performance standards and metrics, the contract includes an Award Fee feature that is focused exclusively on areas of project safety, ISO 9000 compliance, subcontracts administration, and overall contract management. Additional special features of the contract include a shared savings clause, which gives the contractor the opportunity to propose different technical approaches to the work that may result in savings, and a Variation in Quantity clause to deal with possible significant changes in the quantity of the fixed price work.

To initiate such a radical change in contract type, the FESS Project Team performed considerable research, which included visits to several NASA centers to gather “lessons learned” in similar endeavors. Johnson Space Center, Marshall Space Flight Center, Dryden Flight Research Center, and Ames Research Center were all visited and willingly furnished valuable information that continues to contribute to the success of the FESS contract. Several major points were taken from the discussions. Most significant is that NASA must establish reasonable expectations for the converted FESS contract. All parties polled agreed that a greater than usual contract phase-in period would be required, and that the first several months of contract performance would require intensive teamwork and collaboration between all involved parties. Fundamental to the contract’s success is the quality

and precision of the Performance Work Statement (PWS), not to mention the best possible source selection criteria. A flexible, informal method of issuing fixed price IDIQ work is required to minimize the administrative burden for the Contracting Officer (CO) and the Contracting Officer’s Technical Representative (COTR). The contract’s Schedule of Deductions and Award Fee must be reasonable and clearly tied to the Performance Work Statement. And last but not least, the partnering relationship established between the contractor and the government during the early phase of the project must be faithfully maintained.

## Concerns

More than 50 percent of the FESS contract’s estimated value (and corresponding staffing levels) is IDIQ work. Significant staffing reductions occurred at the beginning of the contract because NASA LaRC did not have a significant backlog of IDIQ work, due to budget uncertainties (continuing resolution), reductions in facilities operations, seasonal changes, and uncertainties regarding the transition to this new contract. This has presented a staffing and workload leveling challenge for Johnson Controls. It takes time for a new contractor to establish the necessary processes, workflow trends, and workforce productivity to correctly gauge and maintain the size of its workforce. NASA LaRC is working closely with Johnson Controls during this critical phase of the project.

NASA LaRC believes the new contract will be a success, in large part because of the integrity and the track record of both parties. NASA LaRC has always had a very strong commitment to satisfy the facility maintenance and repair needs for our research community. Our FESS contractor, Johnson Controls, Inc., has a very successful track record and has begun to establish processes that will maintain a promised customer satisfaction index of 4.5 on a scale of 5. The FESS contract performance requirements are more clearly defined than on any of the predecessor FESS contracts and specific performance standards have been established for all areas of the work. In addition, a comprehensive Management Information System, MAXIMO, has been developed and is being successfully used by both parties to manage the day-to-day maintenance operations of this contract.

The award of the radically different FESS contract was a major challenge. A recent Headquarters team visited Langley to conduct an assessment of our implementation of PBC. We are proud that they concluded: “the team anticipates that this contract will serve as an Agency model for performing this type of service.” We look forward to the efficiencies, cost savings, and improvements that will result from this performance based contract. We realize that this will require a significant shift in our approach to contracting for this effort and are committed to partnering with the contractor and our research community to make this contract a success.

## WHAT'S IT ALL ABOUT:

# SSC's Procurement and Business Management Office —

By SSC's Procurement and Business Management Office – a coordinated submission

In November 1996, the Procurement and Business Management Office (P&BMO) was established to consolidate and improve business capability and processes for SSC's lines of business. The mission of the Business Management arm of the P&BMO is to assist the Center in the business arena by providing services such as project management tools, program control, expert cost estimating capability, program assessments, earned value/cost benefit analysis, ISO 9001 Program Management, IFMP Transition Management, and risk assessments.

In early calendar year 1999, the Center Senior Management team participated in a Strategic Management retreat to identify goals/objectives that would potentially enhance SSC's

product during the next two years (N2Y). During N2Y, SSC managers explored various ways to strengthen SSC within its current mission and also looked at barriers to successful implementation of new missions. The area of highest concern identified for both the current mission and new missions was a perceived weakness in the area of business capability.

This concern grew as SSC's responsibilities increased, but our business management capability did not. SSC found it increasingly difficult to deal with its multiple projects, while handling and providing for its continually expanding base of commercial customers. A business management infrastructure was required to support multiple projects, such as

identifying and developing appropriate program management tools and project reporting systems.

During the P&BMO's formulation, the major task was the development and implementation of a charter for this integrated office without disrupting our primary goal of continuing to provide a high level of customer service in a timely manner. Prior to developing a charter, industry and other government agencies were benchmarked. Based on these benchmarking efforts, numerous potential charters were developed early on. It quickly became apparent that the charter for the P&BMO would, for some time, be of an evolutionary nature. To that end, the charter continues to

## Procurement Award Winners for 1999

Nine NASA Procurement professionals were chosen to receive the 1999 Annual Procurement Awards. These awards are the highest procurement honors at NASA. The annual procurement awards are used to recognize those people and centers that have made outstanding contributions to the procurement effort throughout NASA. This year, the awards were presented by Tom Luedtke, the Associate Administrator for Procurement, at the Procurement Training Conference 2000, in Washington in March.

The winners of the awards are:

**Contract Manager of the Year:** Joseph F. Fasula (KSC)

**Contract Specialist of the Year:** Kimberly A. Dagleish (Glenn)

**Simplified Acquisition Specialist of the Year:** Doreen L. Medzi (Glenn)

**Midrange/Commercial Person of the Year:** Sharon M. Collignon (Goddard)

**Grants Specialist of the Year:** LaTanya Gilliam (Goddard)

**Procurement Analyst of the Year:** E. Kent Cockerham (Goddard)

**Procurement Support Person of the Year:** Jennifer L. Fraser (Goddard)

**Procurement Supervisor of the Year:** Emily G. "Ginger" Darnell (JSC)

**Contracting Officer's Technical Representative of the Year:** Robert W. Jenkins (Goddard)

Congratulations to everyone who received an award and to all those hard working procurement professionals who were nominated.

An article about Ginger Darnell appears on page 6.

An article about the Goddard winners appears on page 16.



# A Synergistic Cross-Utilization of Skills and Knowledge

evolve today with the primary functions identified as: Program/Project Planning Support, Contract Formulation and Administration, Program/Project Control, and Management/Administrative Control.

The staff of the P&BMO is working to provide dedicated business management support to SSC's lines of business, including institutional and other functional offices. Slowly the term business management is becoming synonymous with all functions provided under the P&BMO umbrella.

The successful integration of the procurement and business management staff is an ongoing process, involving a continual exchange of business and procurement practices. The merging and coordinating of efforts are such that when the Business Management is mentioned, it is becoming generally understood that the

term is inclusive of the procurement function – recognizing that procurement and contract management are critical aspects of SSC's successfully integrated business management.

Our Contracting Officers and senior contract specialists now work side by side with senior program analysts to implement project management tools and activities within SSC's Commercial Remote Sensing Program and Propulsion Test Directorate. Members of the procurement staff and business management staff coordinate together as they work with technical personnel on long-range procurement requirements. In addition, P&BMO personnel work together to reconcile cost data under NASA contracts.

The P&BMO serves as the focal point for SSC's successful implementation and integration of ISO 9001 management, IFMP Center Transition management, strategic planning, SSC's Bright Ideas employee suggestion

program, aircraft management, and governance of SSC's Strategic Management Process "Pathworks," as well as the local Program Management Council. The coordinated efforts of the P&BMO are not only providing for a more effective implementation of cross-cutting processes and initiatives, but also developing and/or adapting world class business tools and best practices to support and strengthen relationships with key customers. Within the next few years, the continued emphasis on business management will prepare program/management analysts and procurement professionals to become the government's prudent business managers. The synergistic cross-utilization of the skills and knowledge of the P&BMO's staff provides a business approach that is coherent and comprehensive in meeting our customers' long-term business needs in a convenient and effective manner.

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## Contract Specialist or Millionaire?

*(continued from page 8)*

for Humanity with the Trinity United Methodist Church. And that's what life is all about, isn't it, having a supportive family, a successful and rewarding job, and giving back to the community for those less fortunate?

Throughout her experiences, Sherri has determined

not to take her job for granted, acknowledging that NASA is an exciting place to work. Recalling a recent TDY adventure, waiting in the airport because of weather delays, she recalls how others are always impressed when you tell them you work for NASA. And if you don't believe that, you need to get out more!

Thanks Sherri for the interview. Final answer, I think Ms. Sherri Stroud is a definite winner in the government contract specialist game even if she never becomes a millionaire, don't you?

# An Acquisition Strategy that

By Byron Butler, Marshall Space Flight Center

Attempting to define an acquisition strategy that is consistent with regulations and supportive of our customer's mission is rarely easy. If it were not difficult enough to begin with, it seems like every few months we are hit with a new "initiative" that impacts how we select contractors and develop contracts within NASA. Recently we have learned how to streamline the evaluation process, place greater emphasis on past performance, write performance based contracts, minimize cost risk on research & development contracts, and incorporate "world class safety" in our contracts. The latest initiative is incorporating risk analysis into our source selection process and overall contract management. Well, at least it is not boring!

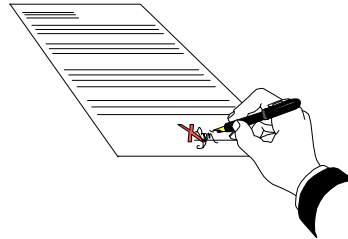
Recently, I ran across an article about a procurement conducted by a sister Agency (which shall not be named - but you will doubtlessly figure it out if you read this entire article). This particular procurement was so fraught with impossible requirements and complications that I could have sworn they were describing one of our procurements. However I will have to admit my overriding (though admittedly not very charitable) thought was "Better them than us!" Let me tell you their story...

## A Few Issues

The Agency was confronted with a complex set of requirements for a new vehicle. An exhaustive market survey determined that nowhere in the free world could be found a vehicle

that could meet even most of the requirements - much less satisfy all. In addition to the severe technical requirements, the Agency had mismanaged its program to the extent that the new vehicle was actually needed "last week." (*How many times have you heard that?*)

Eventually the Agency decided the only way to even partially satisfy the requirement was to secure a big budget and



issue a solicitation that would define the mission to be accomplished and provide a set of core requirements that should, if at all possible, be satisfied by the Offerors. (*In NASA, I guess we would call that a Performance Based solicitation with Performance Objectives in lieu of a Statement of Work*). Consequently, a source evaluation team was formed. On August 3 the solicitation was issued and the Agency embarked on an extremely ambitious procurement schedule. In addition to the solicitation's overly ambitious technical requirements, the solicitation also stated a goal of "100 days from contract execution to vehicle completion!" And, of course, it asked for proposals to be submitted on a FIXED PRICE basis. (*How's that for attempting to fix cost risk with the Contractor!*)

## Proposal Problems

Amazingly, by the August 29 offer submittal date, several proposals had been submitted. However, with one exception, none of the proposals expressed the capacity to satisfy even a majority of the technical requirements and only two claimed to be able to meet the 100-day schedule goal. The one proposal that claimed it could satisfy ALL the technical requirements was also one of the two that claimed to be able to meet the 100 day schedule goal. This proposal from ... (*I guess I better just call them "Company A"*) was also submitted on a fixed price basis and was within the budget. Nevertheless, the Agency advised Company A that while its proposal contained several "extraordinary and valuable features," the proposal was eliminated from consideration due to its radical and unproven design and the (several years previous) poor past performance record of its proposed Chief Engineer/Project Manager.

As you can imagine, the Agency's decision did not sit well with Company A. The Agency's decision was promptly appealed to the equivalent of the NASA Ombudsman and it was determined that Company A would be allowed to participate in "Orals." The rationale for this decision was: (1) none of the other proposals submitted could satisfy enough of the solicitation's technical requirements to make them appear

# Supports our Customer's Mission

attractive; (2) there could possibly be unrecognized or unappreciated merit in Company A's proposal; and (3) the Orals process would give Company A an opportunity to more fully explain its technical approach and perhaps allay some of the evaluation teams' technical concerns - while also providing the maligned Chief Engineer/Project Manager a chance to address the lingering concerns regarding his poor past performance.

During the Orals, Company A, specifically the genius of the Chief Engineer/Project Manager, convinced the evaluation team that the proposed vehicle was much farther down the Technology Readiness Level (TRL) roadmap than the evaluation team had originally believed. Indeed, the Chief Engineer/Project Manager showed several examples of how the proposed vehicle utilized previously demonstrated technical concepts and was, in fact, a well managed risk from a technology development standpoint. *(Risk analysis at work in the selection process!)* The Chief Engineer/Project Manager was also able to persuade the evaluation board of his lack of culpability in regard to the noted poor past performance (a "mishap" during tests in which several government employees were killed/wounded) and the lack of relevancy of that much earlier contract to the proposed effort. *(Still do not know how he was able to pull that off!)* At the conclusion of orals, Company A provided a fixed

price Final Proposal Revision (FPR) that fit nicely within the Agency's budget.

## Selection

After considering the information presented in Orals and acknowledging the proposed fixed price was well within the budget, the Agency provided Company A with notice of its selection for award. Due to schedule urgency, authority to



proceed (ATP) was immediately provided to Company A with the promise of a written contract to follow in a few days. After Company A received this notice and prior to receiving the actual contract, fabrication of long lead items was commenced, orders for long lead materials were issued, and teaming agreements with the proposed subcontract team were further defined.

## Stumbling Blocks

As often happens, some strange behind-the-scenes discussions occurred while the actual contract was being drafted. It seems some of the Agency's top officials began to have second thoughts regarding the previous poor past performance and insisted the Contracting Officer develop detailed "performance incentives" to be incorporated in the contract.

*(Ever try to negotiate performance incentives into an ongoing contract or **after** notice of selection has been provided?)*

Ultimately, the written version of the contract contained new performance provisions that placed considerable increased performance/schedule risk on the Contractor via "performance and schedule guarantees." The key schedule provision was the vehicle "must be completed within 100 days." To ensure timely completion, the contract stipulated that 25 percent of each of the five milestone payments was to be withheld until the end of the contract. In early October, after intense and contentious discussions, Company A executed the contract - but only after receiving assurances from the Agency's Installation Director that they would have his complete cooperation in all matters and would be fairly treated with regard to actual application of the performance incentives. *(Imagine how the Contracting Officer reacted when he learned of that!)*

Development of the vehicle required the special machining of over 3,000 component parts and subassemblies. Specifications were distributed among the eight subcontractors and parallel construction of components and subassemblies started in each subcontractor's facility. There was no time in the schedule for comprehensive design reviews, in-plant inspections, or subsystem independent testing. It was, to say the least, a highly

*(continued on page 15)*



# Foreign Participation under NRAs

By Nancy M. Sessoms, Langley Research Center

The Aviation Safety Program Office at Langley Research Center has extensively used the NASA Research Announcement (NRA) process to solicit proposals for new technologies. The purpose of these new technologies is to support the national goal of reducing the fatal aircraft accident rate by 80 percent in 10 years and by 90 percent over 25 years. Since 1997, four NRAs have been issued with a common objective of early commercialization and wide spread implementation of new technologies. Competitive concepts were solicited for technologies such as aviation weather information systems, new devices that would detect and fix problems in flight, and synthetic vision which could help pilots steer clear of hazardous terrain. Industry interest has been excellent.

The NRAs are open to all organizations or teams of organizations including foreign participants. Several proposals were selected which involved foreign participants as team members. The extent of involvement varied. Regardless of the level of involvement or type of instrument awarded, participation of non-US firms in research endeavors must be on a no-exchange-of-funds basis. In other words, we cannot use US dollars to fund "research." However, we may use US dollars to fund direct purchase of goods and/or services. The underlying principle for satisfying the no-exchange-of-funds policy is to enhance US competitiveness or develop a capability among US firms.

We are required by NFS 1835.016-70 to determine

whether proposals comply with this policy. This process can be quick and straightforward or it may involve a more detailed exercise of reviewing the tasks to determine what constitutes "research" and what qualifies as "goods and services."

## Examples:

To further explain what this means, let's explore a few examples using a \$1 million proposal for a cooperative agreement with 50/50 cost share. The government's cost share and recipient's contribution is \$500,000 each.

Example 1: If foreign participation is valued at \$500,000 or less and the recipient plans to fund this out of its cost share, it clearly complies with the policy. Obviously it is important to have a good understanding of what each team member is contributing to the cooperative agreement, but dissecting each task to determine whether it falls within the definition of "goods and services" vs. "research" is not necessary.

Example 2: Let's say foreign participation is valued at \$700,000 and the recipient has classified \$200,000 as goods and services, and plans to fund the "foreign research" out of its cost share. It is in the government's best interest to review each task and the contractor's methodology of classifying each as either "goods and services" or "research" in order to ensure compliance with the policy.

Interpretation of what is/is not services versus research is very important to ensure compliance with the policy. A good

definition of all three terms as they pertain to this policy is not readily available. FAR Part 35 provides definitions for applied and basic research. "Service contract" is defined in the FAR but not "service."

Things really get fuzzy when it comes to the actual classification of effort as either research or service. There could be many different interpretations i.e., services could be interpreted to include "analysis" and research could be interpreted to include "analysis."

Technical consultation is considered services and therefore, it is acceptable for us to directly fund such effort. However, if the foreign entity is performing an investigation or defining a research project then we shouldn't use US dollars to fund this effort. Based on the definition of "development" in the FAR, it looks as though development could be considered a service and therefore, we could directly fund applicable effort. The bottom line is to do what makes sense.

Working with your technical representative, I recommend that you take the approach of determining what qualifies as goods and services and then, by process of elimination, the remaining amount is what NASA cannot fund. In the second example above, if NASA determined that only \$150,000 (not \$200,000) could logically be considered goods and services, then the recipient would not be in compliance

with the policy. The recipient could increase its resource contribution by \$50,000 to \$550,000 in order to comply with the policy.

Something else to keep in mind when evaluating these proposals for compliance with the no-exchange of funds policy is that the North American Free Trade Agreement explicitly excludes R&D efforts from the NAFTA domain. Accordingly, Canada is considered foreign for

purposes of NRA proposals.

Although negotiations may result in a meeting of the minds relative to the no-exchange-of-funds policy, there is no requirement set forth in Cooperative Agreements or contracts to protect NASA's interests. LaRC uses the following, it might be useful for you:

### **Foreign Participation**

*Foreign participation shall be on a no-exchange-of-funds basis, in which NASA and the*

*non-US participant will each bear the cost of discharging their respective responsibilities. The direct purchase of supplies and/or services, which do not constitute research, from non-US sources by US award recipients is permitted.*

In the event a cost reimbursement contract is awarded, it is recommended that an advance agreement be included, as well, which establishes the foreign research costs as unallowable costs.

## **Acquisition Strategy Supports Customers**

*(continued from page 13)*

ambitious, high-risk schedule.

As one could expect, not everything went as planned. In fact on December 5 the Agency provided Company A with, in effect, a "show cause" letter as a result of the overall contract appearing to have fallen behind schedule. Company A responded by going to 24-hour operations in order to attempt to meet the delivery schedule.

By mid-late December several of the major subassemblies were completed. The subsystems were installed in the vehicle and subsystem/system testing began. This activity seemed to satisfy the Agency Contracting Officer as no follow-up letters (or response to the "show cause" letter) are mentioned. When on January 12 the 100-day schedule period was reached, the Agency continued to show

forbearance. The diligence of the contractor and obvious nearness of completion of the vehicle even lead the Agency to waive the contract schedule penalties.

### **Delivery**

Finally on January 30, the vehicle was completed - 118 days after the contract had been signed! Amazingly, only minor "retro-fitting" of components/subassemblies had been required. The vehicle was formally accepted by the government and a series of field tests (*I guess that would be "ground tests" in NASA*) conducted. Field test resulted in a few minor adjustments to the vehicle and on February 25 the vehicle mission readiness was determined.

It turned out that the vehicle had been completed just in the nick of time. (*I guess I should*

*really leave that assessment to the judgement of the reader.*) On March 6, 1862, the vehicle freshly named the "Monitor" sailed to Hampton Roads, Virginia to do battle with the CSA "Virginia." The March 9, 1862, battle between the "Monitor" and "Virginia" was one of the Civil War's greatest conflicts and was instrumental in securing the Union blockade of Southern ports and the slow financial strangulation of the Confederacy.

*I thought it was sort of neat to know Civil War era procurement issues and challenges were really not very different from those we face today. Hope you enjoyed this article and will always find the acquisition strategy that best supports the mission - it's our heritage!*

# Spotlight on the Goddard FY 99 Procurement Award Winners

**Kent Cockerham**, Procurement Analyst of the Year: Kent has been at GSFC since 1965. He was a Procurement Manager on several GSFC flight projects before moving into a procurement support role. In his current position, he is responsible for the GSFC solicitation/contract drafting system, GSFC procurement policy issuances, and is the primary interface with Code H on procurement policy matters. He is a member of the Acquisition Support Team that reports to the Procurement Officer and provides support to the GSFC Procurement Operations Division. Kent's outside interests are family, car repair, reading, and motorcycles. He and his wife, Liz, have three adult children and one foster child.

**Sharon Collingnon**, Midrange/Commercial Person of the Year: Sharon has been working at GSFC for 17 years. Sharon recently completed the Rapid II Spacecraft Acquisition. In her current position, Sharon is the Contracting Officer supporting the ESSP Project. Sharon's outside interests include walking and biking. Sharon and her family are also active in their church.

**Jennifer Fraser**, Procurement Support working at GSFC for 5 1/2 years. all personnel actions and issues, managing the Contracting Officer war for GSFC's procurement office of 200 include shopping and relaxing at home.



Person of the Year: Jennifer has been Jennifer's position includes processing the training and travel budgets, grants, and working workforce planning people. Jennifer's outside interests

**LaTanya Gilliam**, Grants Specialist of the Year: LaTanya has been working at GSFC for 9 years. LaTanya works resources issues for NASA Headquarters grants. LaTanya's outside interests include church activities, watching her son play baseball and basketball, and helping her son with his school work. LaTanya is working on her M.B.A. LaTanya and her husband, Curtis S., also keeps busy with tending to their 6-month-old baby girl.

**Bob Jenkins**, COTR of the Year: Bob works in the Tracking and Data Relay Satellite (TDRS) office.

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## Procurement Countdown

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