

The Procurement Partnership Model: Moving to a Team-Based Approach



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IBM Endowment for
**The Business
of Government**

NEW WAYS TO MANAGE SERIES

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F O R E W O R D

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On behalf of the IBM Endowment for The Business of Government, we are pleased to present this report, “The Procurement Partnership Model: Moving to a Team-Based Approach,” by Kathryn Denhardt. This is the Endowment’s third recent report addressing the changing nature of government procurement. The two others are “Moving to Public-Private Partnerships: Learning from Experience around the World” by Trefor P. Williams and “IT Outsourcing: A Primer for Public Managers” by Yu-Che Chen and James Perry.

The conclusion of all three reports is similar: The world of government procurement is dramatically changing and is now shifting toward a new public-private partnership model. This model will require a new relationship between the public and private sectors in undertaking government procurement. In this report, Professor Denhardt describes the characteristics of the procurement partnership model. Based on extensive interviews with government procurement officials and experts in the field, she concludes that the new model will be characterized by high trust, executive leadership, team-based approaches, and accountability for results. This is a dramatically different model than the traditional government procurement model of the past.

If the assessment of all three reports is correct and government continues to move toward a public-private partnership model, change will be required throughout government. Professor Denhardt presents a series of recommendations in three areas: new ways to developing contracts, investments in training, and a transformation of the current government culture. If government is to move in the direction of public-private partnerships, it will have to undertake change in all three areas. Change in only one or two of the areas will not be sufficient.

We trust that this report will be both informative and useful to executives throughout government as they continue moving toward public-private partnerships in the area of procurement. We also trust that this report will provide some specific suggestions as to what government now needs to do to successfully undertake such partnerships in the years ahead.

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EXECUTIVE SUMMARY

A new model of procurement is taking shape in government, one that encourages partnerships and teamwork rather than stovepipes and adversarial relationships. This spirit of partnership is displayed within government by having procurement professionals work in tandem with program managers throughout the cycle of a project—from creating the statement of work (SOW) or statement of objectives (SOO), to designing and implementing a contract that works. The spirit of partnership includes contractors as well, as they become part of an interorganizational team whose members share a common goal of achieving the necessary project outcomes, and combine their experience, knowledge, and creativity to achieve those ends together.

Why is this new model emerging, and what impact will it have on accountability? Contracting became increasingly complex as government began to contract for solutions and knowledge rather than for specific material goods or standardized services. As government downsized the number of employees and began to rely more on contractors to accomplish work, it found that the old procurement model was not achieving the results it needed. The traditional model took too long, was not flexible enough, and discouraged the kind of communication needed to find solutions to problems. Accountability was more important than ever, but the old approaches that relied on accounting standards, audits, penalties, and arm's-length relationships could ensure only that the rules were adhered to, not that the contract accomplished what was needed. New approaches to accountability emphasize

outcomes and continual communication in order to solve problems as they emerge, as well as performance measures and incentives.

The emerging partnership model of procurement is characterized by team-based approaches, new contracting vehicles, an outcomes orientation, and increased emphasis on open communication and due diligence. Based on extensive interviews with those who have been successful in navigating the new procurement environment, this report describes the strategies that have worked for both achieving results and ensuring accountability. The report also outlines what still needs to be done to see these successful approaches utilized more widely in the procurement process, in a manner that builds trust and enhances synergy among those with differing areas of expertise, while maintaining necessary oversight functions. Judging from the award-winning successes associated with these new approaches, and the genuine excitement expressed by those who are participating in the new procurement partnership model, overcoming the challenges of change will be well worth the effort.

Understanding the New Reality of Procurement

In the past, the government procurement process started with specifying exactly—and in excruciating detail—what the contractor was to do. Writing the specifications usually took months and gave rise to a request for proposals (RFP) that only a mother could love. The vendor who was awarded the contract was responsible for delivering what was *specified*, whether or not it turned out to be what was *needed*.

Today, procurement is more likely to start with specifying objectives that need to be achieved or work that needs to be done. The “new” RFP is likely to describe the destination, not the route or the means of transportation. The government project manager no longer waits at the destination for the vendor to deliver. Instead, the project manager and the vendor make the journey together. The journey can be rough, with both the vendor and the project manager arriving at the destination bloodied and angry, having resolved never to travel together again. But, increasingly, government administrators and vendors are finding ways to work together that resemble a collaborative partnership, not a battle. When they get to the destination, they celebrate the achievement together, laughing about the arguments and rough spots they had along the way. They might even look forward to making another trip together.

This report focuses on those success stories. It is based on dozens of confidential interviews with project managers, procurement professionals, and contractors who found ways to work together effectively to get where they needed to go. (Throughout this report, quotes from these interviews are indented and not attributed to specific individuals.) In addition to the interviews, findings are based on a wide range of materials related to the issue of gov-

ernment contracting, including *Government Executive* magazine’s 2000, 2001, and 2002 winners of the Business Solutions in the Public Interest Award competition,¹ the final report of the Commercial Activities Panel entitled *Improving the Sourcing Decisions of the Government* (April 2002),² recent contracting-related reports published by the IBM Endowment for The Business of Government,³ and reports of the General Accounting Office (GAO).⁴ What they learned along the way suggests a new partnership procurement model that works. Understanding this model, and the lessons learned as it was emerging, can help future contracting relationships be more successful and productive.

Government, no less than the private sector, is eager to put available knowledge to work in solving problems, making decisions, and taking action. New ways of doing things need to be discovered. Public management reform efforts of the past decade have demanded that government achieve outcomes more efficiently and effectively and that it do so with fewer public employees. Thus, the government is increasingly eager to capitalize on the knowledge, resources, and experience of those outside government. In fiscal year 2001, the federal government acquired \$109 billion in vendor services related to information technology (IT) and professional, administrative, and management support services. But according to William T. Woods, GAO’s director of acquisition and sourcing management, it was money that was “not always well spent.”⁵ Ensuring that the money is well spent in the future is the challenge before all those involved in the contracting process.

Contracting became increasingly complex as government began to contract for solutions and

knowledge, not for specific material goods or standardized services.⁶ The new contracts are non-routine, start with many more unknowns, and take unexpected turns as a project unfolds. These efforts require thinking through complex issues, putting together information from disparate sources, and trying out new ideas or innovative solutions for which results are uncertain. Many times the efforts require bringing together capabilities from across organizational boundaries in government and across the public, private, and nonprofit sectors. Achieving one objective, such as the U.S. Census Bureau conducting the 2000 census, might require dozens of contracts with multiple vendors.

[F]or the 2000 census, 25-year bureau veteran Michael Longini decided the bureau could not do all the work on its own and do it well, particularly on the technology side of operations.... The census comes hard, comes fast, and comes once, says Longini, chief of the bureau's Decennial Systems and Contracts Management Office. The decennial census is the federal government's largest peacetime effort, requiring the establishment of more than 500 temporary offices and the hiring of 800,000 temporary employees.... Along with the Census Promotions Office, which was handling an advertising contract, the Decennial Systems Office was preparing to do \$1 billion in business.⁷

This effort demanded a procurement process that would accommodate uncertainties and a project management approach that would encourage collaborative partnerships between the government and vendors. In addition, the process had to be one that allowed for the speed and flexibility necessary to get everything done in a timely manner, since the Constitution does not allow for delays in meeting the deadlines: April 1 for completing the census and December 31 of the same year for reporting the results.

The Census Bureau accomplished this by developing a contracting culture based on the assumption that "close relationships with contractors could reduce the risk of failure."⁸ There was daily communication between the bureau and vendors,

where both progress and problems were discussed freely and solutions were developed in partnership. "The bureau's contracting specialists and program managers worked side by side, rather than in different offices."⁹

This team approach—between contract specialists and program managers within the bureau, and within the complex working relationships of the bureau and its various vendors—served the bureau well. Both the bureau and the vendors recognized and appreciated the difference made by this team approach. Everyone was focused on the same mission. A program manager for the census data capture reflected on the relationships this way: "Everyone had shared problems, the same timelines, the same goals."¹⁰ The experience differed noticeably from that of a decade earlier when the Census Bureau "so distrusted contractors that they rarely outsourced any work.... In the rare instances when Census did outsource, Bureau officials and contractors regularly faced off in bid protests and in finger-pointing over who was responsible for frequent contract failures."¹¹ The Census Bureau made this dramatic shift by changing the culture of contracting within the bureau, as well as the structural and interpersonal relationships with vendors. Much can be learned from its experience, as well as the successes other federal agencies have achieved by making similar changes.

Procurement Reforms

The Census Bureau's experience during the 2000 census is representative of the large-scale changes that have been occurring in federal procurement. In response to the problems and failures of past contracting practices, the federal government initiated significant contracting and procurement reforms in recent years. Steven Kelman, former head of the Office of Federal Procurement Policy (OFPP) and now at Harvard's Kennedy School of Government, recently summarized the most important reforms in this way:

- *Streamlining*—purchasing cards, simplified vehicles such as government-wide acquisition contracts (GWACs) and blanket purchase agreements, page limitations on supplier proposals, and reducing the number of evaluation criteria in a solicitation

- *Best value*—government's current use of past performance of a supplier in making source selection decisions (rather than selecting the lowest bid); introduction of innovations such as share-in-savings contracts and award term contracts that reward outstanding performance of suppliers by extending the contract's duration
- *Commercial items*—the move by the Department of Defense (DoD) toward purchasing commercially available food items instead of using "MilSpecs" that demand unique products for military purchase; FASA's [Federal Acquisition Streamlining Act of 1994] elimination of many onerous oversight requirements for subcontractors
- *Government-industry cooperation*—the changes in the Federal Acquisition Regulation (FAR) Part 15 in order to permit one-on-one meetings between government and potential bidders during the early stages of the procurement process, and to encourage a relationship with suppliers built on trust and a shared mission rather than on distrust and severely limited communication¹²

In addition to those reforms, *performance-based contracting* became increasingly important at all levels of government,¹³ and federal procurement policy strongly encourages using this approach to contracting. FAR 2.101 states that performance-based contracting means "structuring all aspects of an acquisition around the purpose of the work to be performed with the contract requirements set forth in clear, specific, objective terms with measurable outcomes as opposed to either the manner by which the work is to be performed or broad and imprecise statements of work."

Though performance-based contracting has been a policy of the federal government for nearly two decades, implementation of it had been exceedingly slow. In January 2002, an interagency-industry partnership published *Seven Steps to Performance-Based Services Acquisition* in order to "make the subject of PBSC [performance-based service contracting] accessible for all and shift the paradigm from traditional 'acquisition think' into one of collaborative performance-oriented teamwork with a focus on program performance and improvement, not simply contract compliance."¹⁴ The "virtual guide" to performance-based contracting lays out the following seven steps:

- Establish an integrated solutions team
- Describe the problem that needs solving
- Examine private-sector and public-sector solutions
- Develop a performance work statement (PWS) or statement of objectives (SOO)
- Decide how to measure and manage performance
- Select the right contractor
- Manage performance

The importance of focusing on performance and outcomes was certainly a theme that ran through the interviews conducted for this report. Government needs to contract for help in *finding solutions*, not for a vendor to deliver solutions previously specified in the contract. This shift in focus means significant changes in the nature of contracts, necessitating a greater variety of contracting vehicles oriented to the nature of the project.

Needing to contract for expertise to help integrate and simplify its tangled mass of IT systems, the federal government's Office of Federal Student Aid (FSA) needed to work in partnership with the contractor if there was to be any hope of achieving success. The partnership FSA formed with a contractor in March 2000 was based on an innovative share-in-savings contract. The contractor assumes most of the up-front costs of modernizing FSA's loan-servicing computer systems; then each year it receives a declining percentage of the resulting savings in operating costs.¹⁵

In fiscal year 1999, FSA's operating costs for servicing 1.8 million direct student loans was \$20.3 million. By working with the contractor to get rid of duplicative functions and by streamlining the central data system, FSA expects to bring operating costs down to \$9.1 million by 2005. FSA will use its share of the savings to speed up its agency-wide computer systems modernization, so it too had a major incentive to work as a team with the contractor to achieve the goals of the project. Together, FSA and the contractor finished the project in eight months. One judge who helped select this procurement as one of the 2001 Business Solutions in the Public Interest awards said, "It took courage for FSA to tune out critics and move forward to tackle

a contracting project using a concept that did not have a proven track record in the government.”¹⁶

The Partnership Approach

Procurement reforms and new contracting vehicles have provided a variety of new options and tools. But according to those interviewed for this project, it is the partnership among the people working on the contract that makes a contract successful or unsuccessful, not the contracting vehicle. Many government managers and the consultants they work with are still struggling to build collaborative partnerships. The culture of procurement in many agencies has not moved away from the environment of distrust and rigid rules. Here are a few observations from those interviewed that might cast some light on why change has been slow.

The rules have changed but the “legends” persist. I can’t tell you how many times I’ve heard procurement officers and even agency counsels say that multi-year contracts aren’t possible, when clearly the rules do permit such arrangements. Obviously we need a lot more training.

I left the procurement ranks because my peers didn’t want to change. They were too comfortable with the old way of doing things.

We still find program offices resistant to truly competitive and performance-based contracts. It is difficult to change the culture.

Candid insights such as these were offered in confidential interviews with highly regarded professionals in government procurement and program offices, as well as consultants with track records of success in complex government contracts. Their views were corroborated by analyzing award-winning acquisitions and by the findings of such disparate sources as the General Accounting Office (which provides independent research-based critiques from within the federal government) and the Professional Services Council (which advocates for the consulting industry doing business with government). The perspectives from these sources were different, but the conclusions were amazingly similar:

- The contract vehicles now available for federal government procurement provide adequate flexibility to meet the needs of the changing contracting environment. The secret to success, however, is in implementing them with a spirit of partnership and trust.
- The right people need to be in leadership positions. For both the government and the contractor, this means having a single executive leader with the power and authority to make crucial decisions on the project, and they need to be individuals who are willing to stake their career and reputation on making the project successful.
- Procurement officers and program managers need to work together as a team from the beginning of a project. Once the contractor(s) have been selected, a team-based approach needs to be continued throughout the project in order to achieve the desired outcomes.
- Knowledge of contracting options and best practices in procurement and project management are not sufficiently well known throughout the federal workforce and among contractors. This problem can be alleviated only through an investment in training.
- While excellent examples of successful contracting are available, the culture of procurement cannot yet be described as having embraced the values and methods represented in those successes. Cultural change will take more time and effort.

Details of these findings and examples of successes are described in greater depth in the remainder of this report. It is in the interest of all the relevant communities—procurement professionals, program managers, and contractors—to work together to bring about these changes. Most certainly, it is in the interest of taxpayers and the general public that these changes happen so that we can all work more effectively and efficiently in addressing the most challenging problems of society. We rely on government to serve these public interests, but we cannot ask government to engage these problems alone. This report outlines ways in which we can improve the ability of government to provide innovative, high-quality, cost-effective, and timely services or solutions to problems.

New Contracting Vehicles

The variety of contracting vehicles available to government has expanded during this recent procurement reform era. With the right people involved, all these vehicles can incorporate both a performance-based management orientation and a partnership approach. But each contracting vehicle has characteristics that make it more or less appropriate for a given situation.

Share-in-savings contracts (such as the FSA contract described previously) can be used when contracting for the reengineering of a business process that will substantially reduce costs for the government over time. In some cases, the vendor makes the up-front capital investment and realizes return on investment over a one- to three-year period following the reengineering. The agency pays the vendor through savings from what the agency would have spent under the old system and keeps a share of the savings itself.

Commercial item purchase or service contracts are used for the purchase of items or services available on the commercial market rather than specially developed for the government. Such contracts are appropriate in order to reap the price benefits of competition among multiple providers and to allow immediate purchase of widely accessible products and services. Purchasing commercial items avoids the problematic issue of intellectual property rights that arises when vendors develop solutions for government that also have a commercial value to the vendor. These intellectual property issues present a significant barrier to successful partnerships between government and the vendor, and may be avoided by using commercial items and services. Purchasing commercial items usually results in more timely delivery as well.

Government-wide acquisition contracts (GWAC), contracts intended for multi-agency use, are also known as *IDIQ* (*indefinite delivery/indefinite quantity*) task order contracts. A program manager might utilize a GWAC to access services without going

through a new procurement process. Program managers who do not have successful relationships with their own agency's procurement office have been known to utilize GWAC or IDIQ vehicles from another agency.

Fixed-price contracts are appropriate for services that can be objectively defined in the RFP and for which there is a track record of what such services cost. With fixed-price contracts the vendor maximizes profit by providing the service in the quickest possible fashion, so it is essential to have good performance and quality measures in the contract, or it will be difficult for the project manager to hold the contractor accountable for quality and outcomes.

Cost-reimbursement contracts are sometimes necessary when it is impossible to clearly define in advance what will be required of the vendor. In those cases government might enter into cost-reimbursement contracts in which vendors are reimbursed for the actual costs of performing the service. The incentive for the contractor is to have the project take longer in order to maximize profit. Thus, services that have been previously acquired under cost-reimbursement contracts should utilize that previous experience to convert to a fixed-price contract.

Fixed base price plus performance incentive contracts are appropriate when periodic measures of performance such as target completion dates or levels of quality can be determined and rewarded (or sanctioned) based on actual performance during the contract period.

Time-and-material contracts should be avoided whenever possible because the incentive is for the vendor to take longer to complete the work in order to maximize profit, much like cost-reimbursement contracts. However, utilizing good performance-based contracting methodologies can help hold the vendor accountable when time-and-material contracts must be used.

Characteristics of the Procurement Partnership Model

Successful contracting requires arrangements and relationships that have been adapted to a results-driven, resource-constrained government. The word “successful” is used here to indicate contracting efforts that are entered into in a timely manner and then achieve desired results on time, within budget, and without violating any laws or ethical standards. Reaching these desired outcomes requires a synergy between the best ideas and contributions of both the government and the contractor, and necessitates a spirit of partnership that past contracting practices often discouraged rather than encouraged. Experiences throughout the federal government—both successes and failures—suggest that achieving this synergy requires certain characteristics that were not found in the traditional model of procurement. Table 1 outlines those characteristics, which are then discussed in detail.

Table 1: Procurement Model Characteristics

Traditional Procurement Model	Partnership Procurement Model
Low Trust	High Trust
Diffusion of Leadership	Executive Leadership
Stovepipe Organization	Team-Based Approaches
Accountability to Rules and Audits	Accountability for Results

High Trust

A true spirit of partnership and trust among all parties is one of the key adaptations found in the successful contracting of complex projects.

It can’t be a “performance at all costs” culture because that extremist mentality doesn’t work. A culture of success requires people on both sides whose personalities click and who trust one another. If those dynamics aren’t working, we need to be able to bring in people who can work together as partners without there being a stigma attached to that.

The key ingredients to successful partnerships are 1) honesty (because trust is fundamental), 2) flexibility, and 3) executive commitment.

By their very nature, complex contracts will encounter unexpected problems. Solving those problems will almost always depend on a close partnership between the government and the contractor in order to share information, brainstorm ideas, and find mutually agreeable ways to move forward. The resulting synergy stimulates creativity, overcomes barriers, and brings together the knowledge and energy of both government and contractor in order to create solutions. The partnership allows government and the contractor to build on one another’s strengths and compensate for one another’s weaknesses.

The expertise and personalities of the individuals involved in a contracting arrangement are the most important factors in achieving a spirit of partnership.

If we get the right people together, we can make any contract work. If we have the wrong people involved, we can't do anything.

The “right people” on the contractor’s side have the necessary knowledge or technical expertise, communicate effectively, and are willing to be completely honest with the government project manager even when reporting something the government does not want to hear. They understand the legal requirements of government contracting and adhere to those requirements. They resist the temptation to alter their findings or recommendations under implicit or explicit pressure from government officials, even though this could mean reducing the likelihood of future contracts with that agency. They build their business on the basis of their expertise, competence, and reputation for professional excellence, not on the basis of pandering to particular biases of those who approve the contracts.

The “right people” on the government’s side have a thorough understanding of what can be done in the procurement process, including all the flexibilities that have been instituted in recent years. They have the knowledge and expertise to clearly define either the SOW or SOO,¹⁷ a willingness to be open to new ideas or ways of doing things, and the capacity to balance reasonable levels of risk with opportunities for innovation. Government project managers must also have the capacity to walk the narrow path of functioning as part of a team with the contractor while providing effective oversight of that contract.

The renovation of the Pentagon reflects the transition from the traditional model of federal contracting to the successful partnerships more evident today. Begun in 1993, the plan was to “gut and then rebuild each of the Pentagon’s five 1-million-square-foot ‘wedges,’ one at a time,” with the Army Corps of Engineers managing the projects and “supervising hundreds of contractors through a stovepiped management structure common in construction projects.”¹⁸

The results weren’t pretty. Renovation teams missed most of their deadlines, and Congress placed tight spending caps on the project ... because of cost overruns. In 1997, the Corps was poised to award a low-bid contract to renovate Wedge 1 when Defense officials brought in a new project manager, former NASA and Air Force contracting chief Lee Evey. He promptly suspended the award and restructured the contract so it was based on performance, not just cost.¹⁹

Neither DoD nor the construction industry was entirely comfortable with the idea of developing performance standards for a building rather than providing the contractor with step-by-step specifications for every inch of the building. Nor were contractors entirely comfortable with the idea that the contract was structured so that their profit was based on quarterly performance ratings that would be determined by the government. But this did not deter Evey and his deputy, Michael Sullivan. The construction requirements for Wedge 1 had been more than 3,500 pages. Under a new performance-based approach, the requirements for Wedges 2 through 5 were just 16 pages long.²⁰

One of the key changes that helped make this an award-winning procurement process was a shift from a design-bid-build approach to a design-build approach that “helps create a strong partnership between the contractor and the government.... Since one firm is in charge of both design and construction, the builder has little reason to make costly changes to the design once construction has begun.”²¹ Project managers in government have long known that contractors routinely bid a construction project at cost, knowing that they will make their profits in “change orders” for every variance from the original plans on which they bid. The design-build approach all but eliminated that dysfunctional incentive structure, as well as shaved months off the time it took to start construction. It also built in a partnership approach with trust as a key foundation. The government worked right alongside contractors every day to address problems and questions as they arose.

Government’s reliance on contracting—and the need for a trusting partnership approach to cope

with complexity—increased faster than the capacity of the procurement and contract management environments to adopt the changes in culture and human resource competencies necessary to manage in that highly interdependent world. But successful, replicable strategies have been developed along the way.

Some contract officers have written partnership agreements with contractors in which they specifically articulate commitments to one another such as a commitment to being completely honest, to communicating effectively, and to being willing to work together to resolve differences.

We were operating with a multi-year firm fixed price contract that was far from perfect. But we made it work for both of us. We went out of our way to be open and honest in our relationship. As the contract went along, we each developed a “wish list” of the things we would love to change in the contract if we had it to do over again. Then we traded items from each of our “wish lists” dollar for dollar, which made the contract work better for both of us without violating any laws.

But more than trust and the right contracting vehicles are needed to ensure a successful partnership. Excellent leadership and a compelling impetus are also needed to overcome the powerful inertia that encourages continuing to do things the way they have always been done.

Executive Leadership

Those interviewed for this report suggested that structural arrangements could play a significant role in the success or failure of a contracting initiative, particularly how executive leadership is structured. Each side of the contracting partnership needs a single executive leader who is fully committed to making the project successful and who has sufficient authority to make necessary decisions along the way. Contractors typically identify a single executive leader responsible for the project from start to finish. However, on the government side, where a project is likely to impact multiple organizational units, it is not unusual for a project to be

led by a committee of representatives from the affected units.

“Leadership by committee” is one of the best predictors of a failed project because it creates a situation in which no one has responsibility for ensuring the success of the project, and no one has the authority to make quick and/or difficult decisions when those are needed.

Who the single executive leader should be depends on the particular situation. The leader should be sufficiently high in the organization to be able to assess and influence the external environment, as well as have the legal authority to make decisions. Because many of today’s contracts are nonroutine and high-stakes, not uncommonly the contracts are subject to intense scrutiny by political, media, or advocacy groups. So executive leaders for both government and the contractor need to have the capacity to serve as a “champion” for the project before such groups as the Inspector General (IG), Congress, the Office of the President, watchdog organizations, and the press. In fact, the experience of government and consultant executive leaders working together to champion a project under fire has cemented some of the most effective contracting partnerships reported in the interviews.

Before the contract even got under way, Congress convened hearings to consider pulling the plug on the project. We had to come together to testify in those hearings and be persuasive in championing the project. That wouldn’t have been possible if the government’s project leader didn’t have the status and authority necessary to make the case.

Top-level government leadership will change as administrations change, as political appointees come and go, and as priorities of government change. This makes it tempting to keep a project below the radar screen of top-level agency leadership, hoping to move the project forward without calling attention to it. The experiences of highly successful partnerships, however, indicate that it is better to engage those who have leadership authority in the early stages of the process to enhance the likelihood that they will be champions of the proj-

ect even as changes in the environment occur. The government's single executive leader must have decision-making authority and assume a sense of responsibility for the outcome of the project. The executive leader usually delegates management of day-to-day operations of the project to others but remains a crucial actor in the overall performance of the project.

Senior leadership buy-in is essential. They need to be [in]vested in the outcome, but they don't need to be involved in the day-to-day management of the consultant.

The executive leader needs to have authority to make the hard decisions, but more importantly needs to be committed enough to making this project successful that he is willing to stake his career on it.

With these high-profile projects, the leader has to be able to successfully control the flow of information. Everyone can't be disseminating information, or the message gets confused. But at the same time, the leader has to be making information readily available to the right people by briefing the IG, GAO, and others.

The leader needs to be a "champion" who can brief the president and Congress. This is not all about economics. It is political as well.

The single executive leader needs to claim the project and feel pride in it. Otherwise the project will face abandonment every time a problem is encountered. Since problems are inevitable, it is essential to have leaders who are willing to work through those problems and who have sufficient authority to make necessary changes along the way.

Leaders need to be able to make a compelling business case for the contracting arrangements they are championing. An examination of the projects that won Best Solutions in the Public Interest awards between 2000 and 2002 suggest one compelling impetus for successful partnerships that leaders draw on: The government simply cannot get the job done any other way.

When the Air Force "inherited" the dilapidated Hunley Park military family housing project in 1996, Congress earmarked \$7.4 million to help with the renovations. "Congress allocated the funding for the project in November of 1997 and wanted the money spent by March 31, 1998."²² The Air Force knew there was asbestos in the houses but had no idea what other problems it would encounter behind the walls or in the underground utilities. With only a five-month window in which to spend the money, the Air Force had no choice but to be innovative in the way it approached contracting for the project. Normally it would have taken that long just to complete the design for the project. The resulting contract was a very innovative partnership with the contractor that involved prototyping three model unit renovations and then seeking input from enlisted families who would ultimately live in the renovated housing units. With this input and the experience of having renovated three units, the design and contract were finalized. The Air Force was very satisfied with the outcome but probably would not have approached the project in this innovative fashion had it not been forced to by the circumstances.

"Necessity" as the impetus for developing good partnerships with contractors is evident in many other awards as well. The staff of the Defense Department's Supply Center in Philadelphia (DSCP) had been reduced from 7,000 in 1993 to 2,700 in 2000. With far fewer people to supply military personnel, DSCP looked for new ways to distribute products and came up with the highly successful and innovative National Mail Order Pharmacy.²³ Without the impetus of huge staff reductions, there would have been less necessity to find alternative ways to distribute supplies.

Necessity provides a wonderful impetus for innovative partnerships with nongovernmental service providers. Leaders who want to encourage innovation would be wise to see every crisis or challenge as an opportunity to innovate. It may be a tough idea to sell at the outset, but the results are something everyone can take pride in.

Team-Based Approaches

Though a single executive leader is necessary, the track record of successful project management suggests that a team-based approach to contracting is also needed. The multiple stakeholders within government will do far more negotiating with one another than any of them will do with the outside contractor. The Interagency-Industry Partnership led by the Department of Commerce developed a virtual guide called the *Seven Steps to Performance-Based Services Acquisition*.²⁴ It begins with “Step 1: Establish an Integrated Solutions Team,” in which you tap multidisciplinary expertise from within government that may include staff from contracting, programming, financial, user, IT, and legal offices. The single executive leader needs to have jurisdiction over this team but does not necessarily need to function as a member of the team on a day-to-day basis.

The purpose of government agencies taking a team-based approach to contracting for knowledge is to get all the necessary expertise together and to facilitate “buy-in” of all essential stakeholders. At a minimum, the government’s team will consist of a procurement officer with contracting expertise and authority, and a program officer with the technical expertise needed to define the SOO and manage the work once the contract is in place. However, many projects will require more stakeholders to be at the table, perhaps because multiple units are affected or because the project is likely to have political or legal ramifications that necessitate broader involvement. GAO testimony before Congress suggests that agencies can do a better job of acquiring services that meet their needs by “ensuring that acquisition teams consisting of all key stakeholders—which can include the customer or end user, the contracting officer, representatives from the budget or finance offices, and legal counsel, among others—devote sufficient time early in the acquisition process to clearly define their requirements and consider alternative solutions.”²⁵

In 2000, *Government Executive* magazine along with the Council for Excellence in Government and OFPP joined together to present Business Solutions in the Public Interest awards to people and programs leading the federal government’s transformation in the way it acquires business solutions. They

described fundamental changes in the role of acquisitions experts in this way: “[A]cquisition experts now must become business advisers developing strategies for driving effective deals in commercial markets, partnering with top-notch providers, and acquiring the best overall solutions for government programs.”²⁶

It is not always easy to shift from fulfilling a stovepipe specialist role to functioning as a member of an integrated solutions team. In fact, cultural resistance on the part of the federal workforce (both acquisitions and program specialists) is one of the most significant barriers to successful contracting arrangements. In the *Seven Steps to Performance-Based Services Acquisition*, a contracting officer described the impact of a team approach in this way: “The team approach takes some getting used to. Before, I worked more independently and it seemed I had more control. Now I’m one of 12. It took me a while to realize that operating as part of a team makes for a better acquisition. By having a close association with the program people, I can make sure the acquisition is constructed in a way that makes it more likely the contract will meet their needs.”²⁷

Teams are utilized and structured in a variety of ways. One interesting model for addressing problems that arise in government contracting arrangements is the Program Assist Visit (PAV) project developed by the Navy’s Acquisition Reform Office. When a procurement team (including procurement managers, project managers, and contractors) finds itself “going in the wrong direction or bogged down in cost overruns and delays ... program managers have the option of calling in a strike team ... of outside experts to ... help design—or redesign—the strategy.”²⁸

Requesting help from a PAV is strictly voluntary and is kept confidential. Such an approach provides advice, expertise, and assistance for all parties in a contracting arrangement at the time a problem arises. The model can provide technical advice and expertise, but it can also help a procurement team work out difficulties in their relationships and promote teamwork. The PAV strike team is made up of experienced consultants as well as government procurement and project management professionals. Christine Stelloh-Garner, head

of the Navy's Acquisition Reform Office, has only five people on her staff, but she is able to draw on a pool of nearly 50 Navy personnel and contractors to assemble a strike team. People who have been down the path of a troubled procurement are willing to give their time to help others find a better way to manage their procurement.

The team-based approach requires a significant change in the culture of services acquisition and project management in the federal government. Procurement officials can no longer limit themselves to ensuring that the right process has been followed. Instead they must become more knowledgeable about the technical aspects of their organization in order to be fully functioning members of the solutions team. The technical experts who will manage the project find that they must become more willing to work with acquisitions experts to define the project in ways that enhance the likelihood of attracting competitive vendors to bid on the project. The shift in culture is often difficult, but the success of projects utilizing the team approach demonstrates the value of engaging the difficult task of changing organizational culture.

DoD offered a different team-based model when it created the Change Management Center²⁹ to enhance the change efforts in defense acquisitions. They recognized that "change" was the real challenge that had to be managed, and they take a team-based approach to bringing about change, working across traditional organizational "stovepipes" in order to achieve results. On their website under the heading of "How do you manage change?" you will find the following strategy:

1. The first thing you do is jump in. You can't do anything about it from the outside.
2. A clear sense of mission or purpose is essential.
3. Build a team. "Lone wolves" have their uses, but managing change isn't one of them. On the other hand, the right kind of lone wolf makes an excellent temporary team leader.
4. Maintain a flat organizational team structure, and rely on minimal and informal reporting requirements.
5. Pick people with relevant skills and high energy levels. You'll need both.

6. Toss out the rule book. Change, by definition, calls for a configured response, not adherence to prefigured routines.
7. Shift to an action-feedback model. Plan and act in short intervals. Do your analysis on the fly. No lengthy up-front studies. Remember the hare and the tortoise.
8. Set flexible priorities. You must have the ability to drop what you're doing and tend to something more important.³⁰

The success of the team-based approach is based on trust and excellent communication as well as having the right people with the right knowledge on the team. Most who utilize this process describe the development of routine, informal communication strategies.

Every morning the program manager and the contract manager sat down and chatted. The relationship fouls if there is no trust here.

We [the contractors] never had meetings where the government's project manager wasn't included. We couldn't have secrets from one another if we were on the same team.

But it is not easy to get everyone on board with a team-based approach. Expert observers of the field comment that while senior-level federal procurement officers have embraced this new team-based role for acquisitions, they still find significant resistance to the change among staff. When the acquisitions department urges this kind of approach, it often finds resistance from program offices. When acquisitions and program offices are ready to go down this path, they often hear from the IG or the department's legal counsel that it cannot be done that way. Perhaps the greatest challenge remaining in procurement reform is to influence the culture of government in a way that embraces partnerships with vendors and values teamwork across organizational stovepipes. Many times the resistance is based on a lack of knowledge about what practices are legal and which ones have worked for other agencies. Above all, achieving buy-in among all those stakeholders requires assurances that accountability

of the contractor will not be sacrificed in the team-based approach.

Accountability for Results

Ensuring that procurement processes are fair and that contractors are held accountable are as important in today's environment as ever before. The principles of fairness, transparency, and accountability have driven much of the culture and practice of government procurement—and for good reason. Government procurement is structured to ensure open competition for lucrative government contracts, fend off corruption, and ensure that taxpayer resources are spent prudently. In the past, this led to procurement rules that strictly limited communication between the government and contractors, and gave rise to a culture of distrust and antagonism. Unfortunately, such limited communication often magnified the risks and costs of contracting and contributed to failures to achieve desired results. When innovative partnership-based approaches were proposed, there were plenty of critics who said they would lead to abuses and a loss of accountability.

If partnership-based approaches to procurement are to be accepted, proponents need to be able to articulate both why a partnership approach is valuable and how accountability and oversight will be maintained.

One person's synergy is another person's cronyism. It is counterproductive to force project managers to artificially establish barriers in order to maintain an arm's-length relationship with contractors. However, project managers must be trained to maintain effective oversight as well as work as a team with the contractor, or we won't be able to ensure that the system will remain honest, fair, and competitive.

Government contracting for services is a \$110 billion a year industry in the federal government, representing about one-third of the federal budget. Therefore, it is essential that contracting be approached in ways that ensure adherence to the principles of fairness, transparency, accountability, and good stewardship of taxpayer resources. Those values remain guiding principles in today's pro-

curement environment, but much has changed about how those principles are interpreted and implemented in federal contracting. For example, at one time it was perceived that awarding a contract to the lowest bidder was the best way to be a good steward of taxpayer resources. Today, good stewardship is understood to mean selecting the "best value" bid, taking into consideration cost, quality, and past performance of the vendor.

Another dimension of accountability emphasized by those interviewed for this report is the importance of training project managers in balancing the dual roles of "partner" and "oversight" in a contracting relationship. Psychologically, it is a difficult balance to maintain. Yet it is one of the key elements for assuring all stakeholders that government contractors are being held accountable.

Project managers need training to help them psychologically walk the line between oversight and being a team player. They aren't getting that kind of help right now.

How do we manage the partnership to ensure neutrality and accountability? We lay out our objectives and guidelines for the relationship. We avoid the breakfast and the ballgame.

Both contractors and government employees need training to understand the essential values and laws that govern contracting. Many contractors who are new to contracting with government lack familiarity with a governmental environment that places high value on fair and open competition and accountability for performance. While contractors may flock to the new opportunities to sell their services to government, they are not all prepared for the differing demands of that market. Professional associations and others need to provide guidance and training for those contractors so that they have the specific knowledge and skills necessary to function in the government contracting environment. For example, the Professional Services Council (PSC), formed in 1972 to serve the interests of member firms who provide professional and technical services to the federal government, "has as its objective ensuring that its Member Firms render professional services to the federal government of a high quality at a reasonable price. Quality must

include a strong commitment to ethical business practices consistent with laws and regulations related to government acquisition."³¹ PSC requires member firms to implement ethics programs that are consistent with federal ethics and procurement laws, and PSC provides member firms with assistance and training in developing such programs. All federal contractors need to be aware of federal ethics and procurement laws that affect every aspect of the contracting relation, but not all contractors are.

This section focused on the essential characteristics of the procurement partnership model: high trust, executive leadership, team-based approaches, and accountability for results. Lessons derived from the interviews and analysis of award-winning procurements suggest some helpful implementation strategies as well. These are addressed in the final section.

Implementing the Procurement Partnership Model

Developing the Contract

The interviews were rich in recommendations on how to approach procurement and develop contracts in ways that encourage a spirit of partnership and trust between government and the contractor.

Do not rush to award a contract, but spend that up-front time wisely.

Federal agencies are now much less likely to spend months writing detailed SOWs and wait additional months for all the necessary approvals to be gathered before an RFP is distributed. Performance-based contracting is more likely to rely on a brief SOO, asking each bidder to propose an SOW to meet those objectives. While this approach allows the government to get an RFP out sooner, vendors will need more time and access to information in order to develop well-grounded proposals that will meet the needs of the program. This additional time and access to information must be built into the process, but it is well worth the time. Questions and observations of vendors prior to proposals being submitted could lead to important clarifications in the SOO and could greatly enhance the likelihood of a successful contract. By sharing more information and having more interaction between the government and potential vendors up front, the proposals are likely to be better and a foundation of trust can be established.

Invest more time in due diligence before awarding a contract.

Steven Kelman describes due diligence this way: “The idea behind due diligence is to allow a num-

ber of vendors to kick the tires of the operation about which they’re bidding—to spend as much as several weeks being able to observe, ask questions, and generally poke around. The idea is to reduce the risk to vendors to the point where they are willing to sign up to requirements they otherwise might have been unwilling to bid on.”³² The government needs to conduct its own due diligence as well by learning what it can about the experience and qualifications of those submitting proposals, their past performance on other government contracts, and their ability to deliver on what they promise. A due diligence period that is too brief results in neither party knowing the reality of the situation when the contract is signed. That leads to surprises, contract modifications, cost overruns, and disputes. Due diligence takes time, but it is time well spent.

Procurements with extremely limited scope and duration do not attract competitive bids.

It is essential to design procurements so that they attract a reasonable number of competitive bids. This is much more likely to happen if the procurement is for a broader scope of work and a longer duration, since the bidding process itself requires a substantial commitment of resources on the part of each vendor who participates. To address this problem, bundle projects together or include multiple phases of a project in one contract. Recognize, though, that while bundled contracts may attract proposals from more large contractors, smaller businesses may be less likely to submit a proposal. Multi-year awards are more attractive to all potential vendors, but it is important to build in “exit ramps” along the way so that either party may

choose to end the arrangement at agreed upon times if it is not working out.

Contracts should clearly define the roles and responsibilities of each party, and regular reporting and progress evaluation meetings should be scheduled.

Working in a true spirit of partnership requires ongoing communication and a sense of shared responsibility for the outcomes. The contract should reflect that type of relationship. Clear roles and lines of communication will support and enhance a spirit of partnership, as well as encourage open and honest communication at all times.

Both the contractor and government need executive leaders who are willing to stake their reputations on the success of the contract.

Select people for leadership roles who embody both the art and the science of successful contracting and who are willing to be innovative even in the face of criticism. In addition to a strong commitment to the outcomes of the project, leaders need to exhibit a commitment to ethical integrity, creativity, and good interpersonal problem-solving skills. Other members of the team can supply the technical know-how.

Contracts should contain specific mechanisms for resolving disputes related to the contract.

Using mediation, arbitration, or an ombudsman to resolve disputes could save considerable time and money if the “partnership” falters because of a dispute the parties cannot resolve. These alternative dispute resolution options tend to reach resolution faster and with less expense than lawsuits. Some types of mediation are designed to work on improving the relationship between the parties as well as working out a resolution to the problem at hand.

Avoid contract award challenges by conducting fair and open competitions with broad communication up front.

Too many projects are sidelined or set aside by award challenges from unsuccessful vendors. This tends to happen when the project manager enters into the contracting process with a bias toward a particular vendor (perhaps because that vendor has significant knowledge based on prior work with

the agency) but fails to communicate this in the procurement process. If other vendors know in advance that an incumbent vendor has a high likelihood of getting the award in a procurement, they can make informed decisions about whether to invest their time and resources into submitting a bid. It is when the procurement *appears to be* a completely open competition—when in reality one vendor has a significant advantage—that award challenges are most likely to occur. Because vendors invested scarce resources in preparing proposals, they are more likely to challenge an award they believe they would have won in an open competition not impacted by one vendor’s prior experience with the agency. It is more honest and appropriate to state up front what factors might give a vendor a significant advantage.

Investing in Training

When the right people get together, contracting for services can and does deliver on the promise of blending the best thinking of both the public and the private sectors to solve problems. When those interviewed for this report were asked why these successful contracting practices were not more widely practiced, their responses suggested a widespread lack of understanding of the available tools and processes. That lack of understanding is perceived to exist among government procurement and project managers, government’s IG and legal staff, and the consultants with whom they contract.

Why is such knowledge and understanding in short supply? In part it is due to the rapidity in which government has moved toward contracting rather than relying only on the knowledge of its own employees. It takes time and resources to familiarize government professionals with the types of contracting vehicles and methodologies that work best. Because this training has not been in place, some in Congress proposed the Truthfulness, Responsibility and Accountability in Contracting (TRAC) Act in 2002 in order to freeze the trend toward contracting out work and to return to greater reliance on government employees. Stan Z. Soloway, president of PSC, testified against the contracting freeze included in the TRAC Act but agreed that training of government contract managers does need to be improved:

No one doubts that the government has challenges in the contract management arena, that training of the acquisition workforce has lagged, or that shifting the government's thinking into the contemporary era of value- and performance-based business relationships is difficult. That is why the Professional Services Council has been a strong and consistent advocate of more training and developmental opportunities for the acquisition workforce.³³

Downsizing of the federal workforce has also contributed to a situation in which it is unclear whether the acquisition workforce will be adequate in coming years. This problem has been recognized by the federal government and is beginning to be addressed, as indicated in this testimony of GAO's director of acquisition and sourcing management before a Congressional subcommittee debating the proposed Services Acquisition Reform Act (SARA) in March 2002:

We believe it is essential for agencies to define the future capabilities needed by the [acquisition] workforce and to contrast these needs with where the workforce is today.... In our current work for this and other committees, we are examining ... 1) the adequacy of agency training requirements for the acquisition workforce and agency practices for determining the level of funding needed for training, 2) selected federal agencies' strategic planning efforts to manage and improve the capacity of the acquisition workforce, and 3) strategies being used to ensure that the acquisition workforce is prepared to meet the new challenges for acquiring services.³⁴

There seems to be agreement that more training is necessary, so perhaps this is an indication that significant resources will be committed to providing such training. If that training is well designed and readily available, the improved performance should provide a very positive return on investment.

If training is to be helpful, what should the content of the training convey to the participants?

- Innovative, performance-based approaches to contracting that emphasize partnership, team-based approaches, accountability for results, and familiarity with the variety of contracting vehicles available for use
- Competencies in developing strategic objectives and writing clear SOOs at the outset of the contracting process, so that the focus is on outcomes or results, rather than inputs
- Lessons learned from the experience of others who have utilized these approaches, including skills and strategies necessary for working effectively in procurement and project teams within government, as well as in partnership with service providers outside government
- A thorough understanding of how federal ethics and procurement laws impact partnership-based approaches to projects so that all parties will be able to walk the tightrope of balancing teamwork and oversight

Training can be used to help all stakeholders learn about the variety of tools available to them, the approaches that have been successful for others, and the legal and ethical framework within which they must operate. But such knowledge is only useful if the culture in which it is to be implemented is one amenable to these ideas and approaches.

Transforming the Culture

Cultural change takes time, leadership, and a persuasive case that it is necessary. When new tools and practices are introduced in any organization, they will meet resistance if they challenge in any way the assumptions about how things are done or should be done in the organization. Being able to articulate how and why the innovations are consistent with the organization's philosophy, values, and purposes will be essential to overcoming resistance. Even when a strong case can be made for the innovations or changes, we have to expect that it will take three to five years to see real change in the organizational culture.

Proponents of the new partnership procurement model need to prepare themselves for several years of resistance from the culture in which they are operating. They will need to find support and encouragement from like-minded professionals out-

side their agency until such time that the organizational culture embraces the new approaches.

When the organizational culture puts up roadblocks to change and innovation, it helps bring the focus back to the mission that must be achieved rather than on how we are going about it. A sense of urgency and a willingness to find creative ways to solve problems come when the needed outcome is in the forefront of the conversation.

My own procurement and program officers were giving me every reason in the book why we couldn't do it this way or that. Finally, in exasperation, I said, "We're arguing about techniques here while our troops are running out of food in the field!" Then the conversation shifted to getting food to the troops, and we started finding ways to solve the problems.

We also need to be concerned about the public-private organizational culture that is created when government and contractors attempt to work in partnership. It is helpful to remember that both the government and the contractors have a shared interest in achieving the intended results of the contract. The product or outcome of a project is perhaps the one place where government and the "business partner" have a relatively equal stake. In many other ways, their individual organizational cultures diverge.

Government places high value on the integrity of the contracting process, while the contractor places high value on making enough money to stay in business. Government does have an interest in business partners staying in business (if only to ensure steady supply and a competitive bidding environment), but the government certainly does not value this as much as the consultant. The consultant has an interest in the integrity of the contracting process (if only because it ensures that they can participate in fair and open competition for contracts), but that value is not highest on the business' list of concerns.

But both parties value and have a vested interest in achieving the outcomes sought by the contract. Government's procurement and project management professionals are likely to define their job

success and satisfaction by whether they were able to facilitate delivery of important outcomes in an effective, high-quality, and timely manner. Vendors also have a vested interest in the outcomes of the contract. It is a matter of professional pride to point to a successful project—not to mention a marketing tool when making a pitch for the next contract. So "results" becomes the fulcrum of the government-contractor relationship—the point where the two parties can meet and around which they can build an effective organizational culture. It is the purpose that will provide all stakeholders with the sense of motivation and urgency to resolve problems.

In large organizations, however, it is easy to lose sight of outcomes in the day-to-day focus on process and procedure. When making efforts to change the procurement culture, it is helpful to keep reminding everyone that we share a commitment to achieving certain outcomes and adhering to important values necessary to ensure fairness in the procurement system. Cultural change becomes more likely when the innovations that are meeting resistance can demonstrate adherence to the fundamental values and an ability to deliver outcomes better than the old practices.

Contracting in a spirit of partnership is an enormous cultural shift. If change is to be successfully institutionalized, structures, systems, and culture will need to be aligned to support partnership approaches to contracting. This will take strong commitment by leaders and innovators, as well as an investment in training. But where our current system is failing to achieve the outcomes we need, such change is as necessary as it is difficult. It will take several years to see fundamental change in the culture of contracting. But if we can then see a federal contracting environment that is characterized by a "spirit of partnership" as well as fairness, then the painful process of change will have been worthwhile.

Endnotes

1. Award information can be found at <http://www.govexec.com/top200/2000top/00tops1.htm>, <http://www.govexec.com/top200/01top/mag.htm>, and <http://www.govexec.com/top200/02top/mag.htm>.

2. This report can be found at <http://www.gao.gov/a76panel/dcap0201.pdf>.

3. These reports can be found online at http://www.businessofgovernment.org/publications_grantreports.asp.

4. When a specific acquisition is discussed in this report, the information comes from one of these published accounts and not from any of the interviews conducted. In order to protect the anonymity of those interviewed, statements from the interviews do not name a specific acquisition or identify the source.

5. *Contract Management: Taking a Strategic Approach to Improving Service Acquisitions* GAO-02-499T March 7, 2002.

6. For a discussion of how complexity impacts contracting, see Wendell C. Lawther, *Contracting for the 21st Century: A Partnership Model*, at <http://www.businessofgovernment.org/pdfs/LawtherReport.pdf>.

7. Brian Friel, "Relationships Count," *Government Executive*, August 1, 2001, found at <http://207.27.3.29/top200/01top/census.htm>.

8. Ibid.

9. Ibid.

10. Ibid.

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12. Steven Kelman, "Remaking Federal Procurement," *Public Contract Law Journal* 31:4 (Summer 2002).

13. See, for example, Lawrence L. Martin, "Making Performance-Based Contracting Perform: What Federal Departments and Agencies Can Learn From State and Local Governments" at <http://businessofgovernment.org/pdfs/Martin2Report.pdf>.

14. See <http://oamweb.osec.doc.gov/pbsc/introduction.html>.

15. Tanya Ballard, "Share in Savings, Share in Glory," *Government Executive*, August 1, 2001, found at <http://www.govexec.com/top200/01top/osfa.htm>.

16. Ibid.

17. An SOO communicates the top-level objectives of a solicitation, leaving those who submit bids on the solicitation the freedom to structure and define an SOW that will meet those objectives. SOOs are being used increasingly often because they are thought to encourage greater creativity and innovation on the part of those submitting bids.

18. Jason Peckenpaugh, "Building Innovation," *Government Executive*, August 15, 2002, found at <http://govexec.com/top200/02top/dod.htm>.

19. Ibid.

20. Ibid.

21. Ibid.

22. See "Family Housing Renovation, Air Force" at <http://www.govexec.com/top200/2000top/00tops1s4.htm>.

23. See "National Mail Order Pharmacy, DOD" at <http://www.govexec.com/top200/2000top/00tops1s6.htm>.

24. See <http://oamweb.osec.doc.gov/pbsc/index.html>.

25. *Contract Management: Service Contracting Trends and Challenges*, GAO-01-1074R August 22, 2001.

26. See "Award-Winning Acquisition" at <http://www.govexec.com/top200/2000top/00tops1.htm>.

27. See <http://oamweb.osec.doc.gov/pbsc/step1f.html>.

28. Described by Matthew Weinstock in "Buying Teams," *Government Executive*, August 15, 2002.

29. See the Change Management website at http://www.dodchanges.org/kc/cmc_portal/login.asp.

30. See http://www.dodchanges.org/kc/cmc_portal/manage2.asp.

31. See the PSC Code of Professional Conduct at <http://www.pscouncil.org/2day/codeconduct.htm>.

32. Steven Kelman, "Due Diligence at Cutting Edge of Contracting," *Federal Computer Week* (June 22, 1998) available at <http://www.itduediligence.com/articles/cutting.html>.

33. Soloway's March 6, 2002, testimony can be found at http://www.pscouncil.org/alerts_news/testimonies/testimonies.htm.

34. *Contract Management: Taking a Strategic Approach to Improving Service Acquisitions* GAO-02-499T March 7, 2002.

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