



# Naval-Industry R&D Partnership Conference

- ■ ■ Doing Business with the Navy
- ■ ■ Partnering with the Navy and Together
- ■ ■ Imagineering Technology Solutions for the Future



*8(a) Disadvantaged/Woman Owned/  
Veteran-Owned Small Business*

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QUALITY ☆ HONESTY ☆ INTEGRITY

# Janice L.M. Buxbaum, President/CEO Enterprise Engineering Inc.

- 1 Over 25 years' experience providing solutions to Navy, DoD and other Federal agencies (IT; Engineering; Logistics; Program Management; Acquisition Support; Business Process Reengineering)
  - Customer
  - Large Business
  - Small Business
  - 8(a) Start-up
- 1 Vietnam Era Veteran, USN
- 1 Graduate of the United States Naval Academy, 1980 (B.S. Engineering)  
Advanced degree (M.S.) in Contracts & Acquisition, 1989

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# Doing Business with the Navy:

## ...Industry Perspective

- 1 Basics of Contracting with the Navy
  - Not simple, fast or easy
  - Competition
  - Cost of doing business
    - 1 Contract Win Investment
    - 1 Performance Investment/Cash Flow
- 1 Additional Challenges
  - Doing More with Less
  - Interface/Knowledge
  - Security
  - Changing Standards/Regulations/Methods
- 1 Impact of Changes: Large vs Small
- 1 Key to Success
  - Partnering
  - Value Added Contracting
- 1 Wrap-Up

# Basics of Contracting with the Navy

- 1 Not simple, “fast” or easy.
  - Find a customer
  - Find work
  - Find the money
  - Research/Analyze requirements to be able to:
    - 1 Effectively market the customer/overcome “challenges”
    - 1 Conduct a competitive analysis
    - 1 Ensure internal capabilities to deliver and/or “team”
- 1 Competition
- 1 Cost of doing business

# Competition

## 1 Know What You Are Competing For

- First competition is often for a Contract Vehicle and increasingly these are multiple award and/or IDIQ contracts
  - 1 Write/submit proposal – a marathon followed by a sprint
- WIN! Negotiation/Contract start
- Start what?
  - 1 If multiple award then you have to compete for each task or delivery order effort
    - Must find the customer then research, understand, market/present solution
    - Write a proposal and **if** you WIN this competition, then you get work/revenue.
  - 1 If a single award service contract that is IDIQ, you still must:
    - Research, understand, market/present solutions to this new customer.
    - Respond with a cost/price proposal for task or delivery order the customer decides to pursue.

# Cost of doing Business

## 1 Contract Win Investment

- Marketing/Analysis time and dollars
- **PROPOSAL PREPARATION TIME AND DOLLARS!**
  - 1 Often multiple levels of proposals depending on the vehicle type
- Technology/Resource up front expenses
  - 1 Recruiting/equipment
- Certification/Standards compliance (where applicable) time and dollars
- Wait time and dollars (8-12 months generally elapses between pre-bid, bid and award)

# Performance Investment/Cash Flow Requirements

*Months elapse before payment received for work product delivered*

## 1 FFP

- Perform and satisfy milestone (generally anywhere from 1 to 6 months)
- Invoice
- Receive payment (NLT 30 days after invoicing)

## 1 Reimbursable/Level of Effort

- Perform
- Invoice (normally invoice once monthly/small businesses often negotiate bi-monthly)
- Receive payment (NLT 30 days after invoicing)

# Additional Challenges

- 1 Doing More with Less
- 1 Interface/Knowledge
  - How and When
  - Where, Who and What
- 1 Contract Rules/Methods Changes
- 1 Security
- 1 Changing Standards/Regulations/Methods

# Doing More with Less

- 1 More than ever our Navy customer is doing more with less
  - Contractors must change how we do business
    - 1 More research and knowledge needed so that:
      - Meetings must be relevant and brief
      - Solutions recommended must provide increased capability and be quick and inexpensive

# Interface/Knowledge

- 1 **Who?**
- 1 **How ?**
- 1 **When?**
- 1 **Where?**
- 1 **What?**

# Who, How and When?

**Who** is the customer?

**How** ...

- 1 do we find out the:
  - Needs (more difficult in a true PBSC arena)
  - Environment
- 1 do we/can we unseat an (entrenched) incumbent
- 1 do we gain entry to present a solution to the customer
  - do you have an “I been there Ribbon”

**When** ...

- 1 do we know enough to market/present solutions/  
team/pursue/write a proposal?
  - Once it is “posted”/announced it is generally too late

# Where and What?

## Where

- 1 Do we gain insight and find answers before we meet with potential customers?
- 1 Do we gain the knowledge to write a compliant, complete and winning proposal

## What are:

- Priorities and requirements of potential customers
- Constraints  
(functional/contractual/financial/schedule/logistics)

# Security

## 1 Personnel/Facility Clearances

- More needed
- More difficult to get
- Longer lead time

## 1 System Security

- Increased integration/interoperability breeds more vulnerabilities and uncertainty
- Changing (more stringent) requirements and monitoring

# Changing Standards/Regulations/Methods

## 1 GWAC and GSA usage under siege

(48 CFR Parts 8, 38, and 53 [FAC 2001-24; FAR Case 1999-603; Item V] RIN 9000-AJ63 Federal Acquisition Regulation; Federal Supply Schedules Services and Blanket Purchase Agreements (BPAs) Final rule amending the Federal Acquisition Regulation (FAR) to incorporate policies for services and procedures for establishing BPAs under the Federal Supply Schedules.)

## 1 Performance-based service contracting (PBSC)

Develop a business case, use the best value as the criteria for contracting decisions and make all contracts performance based in a proposed rule due out in the Federal Register Friday July 9, 2004. Also recommends changing terminology to performance-based acquisition vs contracting (PBA and PBSA)

-Navy and Contractor learning about PBSC:

- 1 Defining reasonable and realistic “measures”
  - Avoid \$600 toilet seat due to unreasonable/unnecessary “measures”
- 1 Evaluating
  - Comparing apples and oranges
- 1 Monitoring
  - Verifying that the measures identified have been achieved in a cost effective non-intrusive manner

# Changing Standards/Regulations/Methods (Con't)

## 1 Share-in-Savings (SIS) Contracting

SIS is an innovative, PB concept for agency to leverage limited resources to improve or accelerate mission related or administrative processes at lower cost to the taxpayer

Targeted at a “small number” of IT projects

- Develop a business case (<http://www.gsa.gov/shareinsavings>.)
- Contractor finances the work and shares with government “savings” generated from the effort
  - 1 100% contractor risk – agency would agree to pay the contractor for services ONLY if savings were realized and only a portion of the total savings realized.

*“The General Services Administration (GSA) ...is soliciting federal agencies and industry to join government efforts to advance the use of share-in-savings (SiS) contracting for information technology”*

*According to GSA SIS represents the:*

- 1 *Most prominent form of performance based contracting;*
- 1 *Shifts performance risk to industry---increases chance of success;*
- 1 *Minimal investment from government; payment from accrued savings or revenue;*
- 1 *Measures tied to improvement in efficiency; and Agencies can retain a portion of the savings for other investment.*

# Changing Standards/Regulations/Methods (Con't)

- 1 More FFP in traditional service areas that were previously cost or time type contracts
- 1 Clinger-Cohen amendments introduced
  - (HR 4570 would make cyber security a requirement in systems planning acquisition and would give OMB greater authority over IT security at agencies)
- 1 DoD Instruction 5000.2 introduces “Evolutionary Acquisition”
  - Incremental or Spiral Development
- 1 GSA establishes new contract policy office
  - (ensure compliance with federal contracting rules, foster full and open competition for contracts and strengthen accountability in contracting.)
- 1 Prompt Payment Act of 2003
- 1 Other Congressional Initiatives pending i.e.
  - Services Acquisition Reform Act of 2003, H.R. 1837 (not likely but not dead yet)
  - Federal Contractors Integrity and Business Ethics Act H.R. 1218 Chapter 137 of title 10 amendment; along with S. 2023 limiting DoD contracting with firms under investigation by the IG of the DoD
  - Acquisition System Improvement Act, H.R. 4228

# Impact of Changes: Large vs Small

- 1 Challenges are common to all size companies
- 1 Greater impact on SBs because
  - Fewer resources for getting/staying current and for researching requirements to effectively market the customer
  - “Can’t get there from here”/Catch-22/Barriers to Entry
    - 1 i.e. how do you apply for clearances if you don’t have classified contract? – how do you get classified contract if you don’t have clearances? Or how do you get past performance if you need past performance to get a contract?
- 1 “Leveler” –in some cases, changes have made it a new game for all the players and supported small business specifically by:
  - Increased emphasis and accountability on small business subcontracting plan adherence.
  - Anti-bundling
  - Reduced schedule buys – closed pseudo sole source avenue

# Key to Success

- 1 Greater efficiency/effectiveness
  - Contractors have to Partner (virtual and real)
  - With our customers
  - With each other (especially large and small)
- 1 Value Added Contracting
  - 1 PBSC
  - 1 Innovation/Best Business Practices (BBPs)
  - 1 Constant improvement/embrace “good” change

# Wrap Up

- 1 To successfully win overcome challenges and perform, industry has to change the way we have done business in the past
  - Become more agile; do more with less --- and do it faster and cheaper
  - more cooperative relationships with the customer and other contractors (large and small)
  - Innovate and be solutions/performance driven