The Performance Institute

# Contracting and Outsourcing

Consulting and Training Services Available

## Using Competition and Performance to Drive Government Acquisition and Sourcing Decisions

"Competitive Sourcing" and "Performance-based Contracting" are emerging as key tools to deliver the best value of performance and cost efficiencies in government. Despite the substantial and documented benefits of both reforms, they also tend to be controversial and difficult to implement in government.

Whether the challenge is converting existing contracts into performance-based vehicles, outsourcing current agency activities through direct conversion or privatization, or holding a public-private competition, the Performance Institute provides a comprehensive suite of services to meet every contracting and sourcing need in government.

### 1. Performance-Based Contracting (PBC)

Performance-based contracting fundamentally shifts the manner in which an agency procures products and services—placing contractors under clearer and more accountable standards for performance. Using the Logic Model combined with a 7-Step Framework for PBC, PI assists agencies in developing:

- Statements of Work (SOW)
- Statements of Objective
- Performance Measures for Contracts
- Performance-based Incentives
- Milestone-based Payments
- Contract Performance Monitoring Systems

### 2. Competitive Sourcing Planning

Competitive sourcing is a methodological process by which agency activities are "studied" for efficiency using a competitive bidding process between the public and private sector. The Institute follows a performance-based model for competitive sourcing consistent with the newly-revised federal OMB Circular A-76 guidance. Through training and consulting services, PI assists agencies with:

- Performance Work Statements (PWS)
- Quality Assurance Surveillance Plans (QASP)
- Linkage to Human Capital Planning
- Cost Estimates (direct and indirect)
- Transition Plans
- Agency Tender/Most Efficient Organization

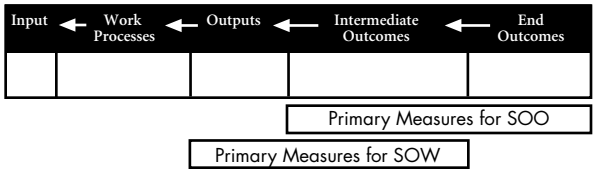
*(Over)*



**Competitive Sourcing and Performance-Based Contracting are powerful tools for delivering substantial cost savings (20-40 percent on average) as well as improvements in program performance.**

### Performance in Outsourcing and Contracting

Seven Steps Using Logic Model




- Step 1: Establish the Contracting Team
- Step 2: Identify Scope and Anticipated and End Outcomes
- Step 3: Examine Private-Sector and Public-Sector Solutions
- Step 4: Select PerformanceMeasures (Intermediate Outcomes, and Work Processes)
- Step 5: Develop a PWS or SOO
- Step 6: Select Contractor
- Step 7: Monitor and Manage Performance

## 3. Commercial Activity Inventories

A key step in using competitive sourcing in government is to categorize agency activities as either "inherently governmental" or "commercial" in nature. Using the Federal FAIR Act standards, PI can help agencies take a rational, performance-based approach to activity classification. The result will be an improved categorization of agency staff positions that is accepted by policymakers (OMB) as well as withstand any challenges or appeals by stakeholders.

## 4. Developing Most Efficient Organizations (MEOs)

Internal business process reengineering and the implementation of best management practices are key ingredients to preparing agency work units to successfully win public-private competitions. PI provides comprehensive training and consulting support to agency MEO teams—assisting them in analyzing workloads, determining FTE needs, implementing industry benchmarks and best practices, and successfully meeting the requirements of the Performance Work Statement through the development of technical performance plans.

## 5. Direct Conversion and Privatization

Periodically, agencies will determine that a formal public-private competition is not warranted and will instead opt for direct conversion outsourcing or wholesale privatization. PI helps agency officials to identify when these two approaches are warranted and how to manage implementation of both.

## 6. Contract Recovery Auditing

Recent studies have demonstrated that many agency contracting processes are subject to contract payment errors as little as .04% to as great as 2% of every contracted dollar. PI can assist agencies in implementing a contract recovery audit system to collect erroneous payments while complying with privacy and confidentiality requirements for recovered information.

## 7. DOD 5000 Series

PI provides DOD-specific contracting training designed to provide military offices with detailed understanding of recent changes to the DOD 5000 series—focusing primarily on evolutionary acquisition, spiral development, and other tools to achieve successful DOD acquisitions.

# Institute Expertise in Improving Contracting in Government

No other entity provides as much knowledge of government competitive sourcing and outsourcing experiences than the Performance Institute. Through its national summits on innovations in contracting and outsourcing to agency-specific engagements, PI has been a leading voice in harnessing competitive thinking in government. In addition, during 2002 PI played a key role in the rewrite of the federal A-76 competitive sourcing process. Our in-house training programs and consulting engagements are especially tailored to focus on the special challenges faced by each agency and are conducted by experts in the field of contracting and outsourcing in Government.

# Meeting the President's Management Agenda (PMA) and Emerging Contracting Challenges

**New Federal A-76 Process:** By 2005, 50% of all federal FAIR Act inventories must be subjected to competition in order to meet OMB guidelines.

**Employee Conversion Challenges:** For successful outsourcing, agencies must address plans that reduce the disruption from the transfer of functions between agencies and vendors, as well as assist in the strategic management of human capital by re-skilling and retooling of employees within the agency.

**Contractor Accountability:** In order to monitor and manage the performance of contracts (vendor and employee alike) agencies must improve their contract accountability provisions and capabilities.

**Acquisition Workforce Management:** Retirements and soaring workloads have taxed government contracting officials. Both competitive sourcing and performance-based contracting will require new cultures and skill sets in government contracting shops.

GSA FSS Contractor

**Easy Access to Institute Services through MOBIS**

**(PI MOBIS Contract Number: GS-10F-0261M)**

## Free One-Hour Consultation

**Contact Felipe Monroig**
**The Performance Institute**
1515 North Courthouse Road, Suite 600
Arlington, VA 22201
Tel: 703-894-0481 Fax: 703-894-0482