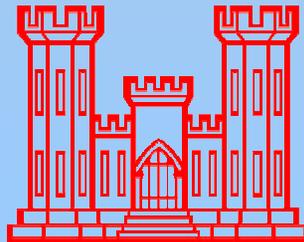


***PBSA
IN THE CORPS OF ENGINEERS***

June 2000



PBSA Definition

PBSA involves strategies, methods, and techniques for acquiring services that communicate the desired end result rather than dictating detailed performance processes. It is structured around defining a service requirement in terms of performance objectives and provide contractors the latitude to determine how to meet those performance objectives. Simply put, it is a method for acquiring what is required and placing the responsibility for how it is accomplished on the contractor.

As prescribed by the Federal Acquisition Regulation and policy set forth by the Office of Federal Procurement Policy, an acquisition should contain the following elements to be considered performance based:

- 1. A work statement that describes the requirement in measurable, mission-related results rather than dictation of methods.*



PBSA Definition Cont.

2. Performance standards that are tied to the performance requirement to allow the agency and the contractor to determine whether the contract requirements have been met.

3. A Performance Assessment Plan (also referred to as a Quality Assurance Plan or Quality Assurance Surveillance Plan) to describe how performance will be measured against the performance standards.

4. Procedures to address performance that does not meet performance standards, such as decreases in contract price or fee and/or contractor re-performance as discussed in applicable inspection contract clauses. Incentives should be used where appropriate to encourage performance that exceeds performance standards.



POLICY

“It is the policy of the Department of Defense that, in order to maximize performance, innovation and competition, often at a savings, performance based strategies for the acquisition of services are to used wherever possible. While not all acquisitions for services can be conducted in a performance-based manner, the vast majority can. Those cases in which performance-based strategies are not employed should become the exception.



TOP LEVEL GUIDING PRINCIPLES



- *Strive for the use of performance based methodologies as the rule, rather than the exception.*
- *Performance based acquisition strategies promote use of the commercial market place. Commercial Item Acquisition (FAR Part 12) procedures in conjunction with performance based strategies, should be the methods of choice as appropriate conditions exist.*
- *Create and utilize a multi-functional acquisition team to the maximum extent practicable. Support it with a knowledge management infrastructure.*
- *Early planning, to include the user and all acquisition team members to the maximum extent practicable, is essential in determining requirements and assessing market conditions.*



TOP LEVEL GUIDING PRINCIPLES CONT.

- *PBSA is not a “one size fits all” process. Acquisition strategies should be tailored based on experience, market research and risk to maximize returns for all stakeholders.*
- *Strive to define requirements in clear, concise language. Focus on specific work outcomes and ensure they are measurable to the greatest extent practicable.*
- *Seek industry comment and suggestions regarding performance objectives, standards and incentives through market research, public meetings and draft solicitations.*



TOP LEVEL GUIDING PRINCIPLES CONT.

- *Incentives should motivate a contractor to achieve quality levels of performance consistent with economic efficiency. Ensure that incentives are effective and they reflect value to both the government and the contractor.*
- *Performance Assessment of the contractor (the process formerly known as Quality Assurance) should emphasize clear communication with the objective of encouraging and maintaining high standards of performance. Assessment should be conducted through insight, not oversight.*



Objectives of PBSA

By describing requirements in terms of end result expectations rather than dictated detailed processes, agencies can:

Maximize performance: *Allows a contractor to deliver required end results based on their own best practices. In fact, a contractor can adjust their processes, as appropriate, through the life of the requirement without the burden of a contract modification as long as the delivered service (outcome) remains in accordance with the contract. The use of incentives further motivates performance to maximum levels.*

Maximize competition and innovation: *Most contractors appreciate the opportunity to propose their own solutions to agency requirements in lieu of Government dictated processes. This allows for greater innovation and has the potential of attracting a broader industry base.*



Objectives of PBSA Cont.

Reduce risk: *Much of the risk shifts to the contractor, as they are responsible for performing and delivering the requirement in accordance with the work statement and other elements of the contract. Agencies should not concern themselves with contractor processes, only end results.*

Achieve savings: *As a result of maximized competition and requirements described in performance-based terms, most agencies will potentially enjoy some cost savings.*

Encourage and promote the use of the commercial items: *The vast majority of service requirements are commercial in nature. Use of FAR Part 12 Commercial Item Acquisition procedures has great benefits. They lessen burdensome reporting requirements, avoid the occurrence for Government unique requirements, and substantially reduce the number of contract clauses, which as a result, often attract a broader industry base.*



PBSA TEAM



The PBSA team is a customer-focused multi-functional team that plans and manages service contracts throughout the life of the requirement. The requirement may be for a single function or multiple functions but estimated dollar value should not dictate its level of importance.



PBSA TEAM Cont.

Previously, it was common for contracting, other functional experts and other representatives to work independently in acquiring a service. This should be a thing of the past. It is essential that all stakeholders (users/customers, as appropriate, acquisition personnel and industry, when appropriate) be involved throughout the service acquisition life cycle, from the requirements analysis phase through contract award and administration. Each PBSA team member's duties, expertise and contributions are important to the success of a service acquisition. Consider the roles of the following possible team members:

PBSA TEAM Cont.

Customer/User Defines the requirement in terms of required needs. Helps define any risk the government might assume when relying on commercial specifications, common market place performance and quality standards. The customer/user also plays an important role in deciding what trade-offs can be made when considering a commercially available service to fulfill an agency requirement

Technical Specialist/Project Manager/Program Manager. Serves as the principle technical expert and are usually the most familiar with the requirement. They will also be able to best identify potential technical trade-offs and develop product modifications. They are most critical in determining the appropriateness for adjusting the requirement to more closely reflect the commercial marketplace while still meeting the requirement.



PBSA TEAM Cont.

Contracting Officer/Contract Specialist.

Serves as the principal business advisor and principal agent for the government.

Responsible for developing the solicitation, conducting the source selection process and managing the resultant contract and business arrangement. Researches contracts in the marketplace to identify general business practices, such as commercial terms and conditions, contract type, bid schedule breakout, and the use of incentives



PBSA TEAM Cont.

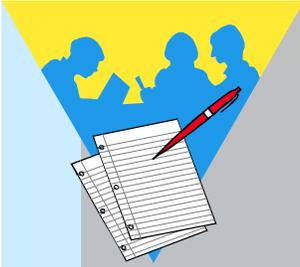
Cost/Price Analyst. Traditionally found within the contracting function; analyzes and evaluates financial data for affordability. Alternatively, some agencies utilize cost engineering personnel from within an engineering division to conduct similar functions from a technical standpoint.

Performance Assessment Personnel (Quality Assurance Personnel). Serves as the on-site technical manager(s) to ensure and assess performance. Through market research, researches surveillance methods and techniques for efficiency and effect.



PBSA TEAM Cont.

Small and Disadvantaged Business Utilization (SADBU) Specialist. Serves the principle advisor and advocate for small business issues. Also serves as the liaison to the Small Business Administration (SBA).



PBSA TEAM Cont.

Legal Advisor. Ensures commercial practices and terms and conditions are consistent with the government's legal rights, duties and responsibilities.

Miscellaneous Others. Other personnel from outside the agency may also be useful, based on their area of expertise that could effect the requirement and overall acquisition strategy. Some examples include agencies such as the Defense Logistics Agency, Defense Contract Audit Agency, Defense Finance and Accounting Service, Defense Contract Management Agency or the Environmental Protection Agency, to name a few.



The Business Relationship with the Contractor

Not only is the PBSA team very important to the success of a service acquisition, a positive relationship between the government and the contractor in executing the requirement is equally important. The agency's relationship with the performing contractor should be one that promotes a strong and positive business alliance to achieve mutually beneficial goals, i.e., timely delivery and acceptance of quality services through efficient business practices.

It should encourage effective communication, teamwork, cooperation and good faith performance between the parties to meet mission objectives and resolve conflict and problems.



The Business Relationship with the Contractor Cont.

This business relationship should seek to create a cooperative attitude in executing government contracts. Each party should seek to understand the goals, objectives and needs of each party. It is essential that Government and industry work together as a team, communicate their expectations, agree on common goals and methods of performance and identify problems early on to achieve desirable “win-win” outcomes.

