



Speed to Contract: 21 Considerations

When Fusing Defense & Commercial Approaches



Streamlining the Department of Defense (DoD) contracting process is paramount to protecting our nation’s land, airway, and sea channels—and now our space frontier. One way to forge continuous safety: Combine traditional defense procurement tactics with more entrepreneurial approaches.

Innovation in defense procurement isn’t an all-or-nothing panacea. It’s a careful fusion of conventional and highly unconventional strategies. What follows are 21 considerations to keep in mind as you rethink your agency’s procurement process.



Acquisition Prisms

- Evaluate speed to contract through three prisms: classic procurement, innovative commercial environments, and traditional commercial companies.
- Recognize the need for different skill sets in dealing with each prism.



Risk Management

- Embrace “deliberate speed” by taking calculated risks with a clear plan and rationale.
- Avoid applying the same rule set to all three acquisition environments.



Differentiate Defense vs. Commercial

- Acknowledge the differences between defense and commercial companies regarding policies, risk posture, and accounting practices.
- Recognize that commercial companies view their costs and pricing through a different lens than defense companies.



Commercial Pricing Information

- Leverage pricing information from commercial markets when applicable.
- View competition as a speed driver in contract negotiations.



Streamlined Data Requirements

- Simplify data requirements for contractors, focusing on factual data that significantly affects price.
- Create systems that make it easy for companies to meet these requirements.



Commercial Accounting Systems

- Encourage the development of commercial accounting systems for cost transparency.
- Enable companies to extract actual cost information easily.



Estimating Models

- Promote estimating models based on actual cost foundations.
- Encourage companies to demonstrate the correlation among proposed, negotiated, and actual costs.



Data Correlation

- Ensure both prime and subcontractors present models that create data correlation.
- Utilize contracting instruments that allow for flexibility and risk management.



Accelerate Requirements

- Expedite the requirements process for faster fielding of capabilities.
- Recognize the importance of handling non-traditional companies differently.



Differentiate for Significant Procurements

- Recognize that not all non-traditional contracts require the same level of scrutiny.
- Focus reviews on those that include significant technology and spending changes.



Non-traditional Companies

- Understand that non-traditional companies have invested capital & require suitable treatment.
- Implement a higher degree of sophistication in evaluating prices from non-traditional firms.



ROI for Non-traditional Investments

- Understand and accept that non-traditional companies deserve a return on their investments.
- Encourage innovation and risk-taking by not punishing companies for failure.



Transparency and Trust

- Foster a more open environment in contract negotiations.
- Encourage companies to provide cost data without making it burdensome—and with a promise of confidentiality.



Substantiation & Explanation

- Provide a degree of justification for contract decisions.
- Be sure to explain and justify premium payment.



Protection of Commercial Pricing

- Address concerns of commercial companies regarding the protection of pricing practices.
- Assure companies that you won't divulge their pricing indiscriminately.



Simplify Data Submission

- Encourage commercial companies to simplify & expedite submission of pricing data.
- Avoid making data submission feel like a complex process.



Differentiate between Products & Services

- Promote estimating models based on actual cost foundations.
- Encourage companies to demonstrate the correlation among proposed, negotiated, and actual costs.



Training & Understanding

- Invest in training agency people to work effectively in this environment.
- Ensure leadership understands how commercial companies operate.



Reward Transparency & Timeliness

- Reward companies that are transparent and submit proposals on time.
- Recognize outstanding performers with extra-respectful treatment.



Build Trust

- Foster trust between government and industry by aligning mutual goals.
- Recognize that lack of trust is often rooted in ignorance and can lessen through mutual education.



Reward Speed, Quality, & Price

- Shift focus from rewarding solely price to rewarding speed, quality, and efficiency.
- Incentivize companies to reduce costs while maintaining quality.



Conclusion

Pricing is the foundation of success for you as a government contracting firm. By following this checklist and setting the right guardrails for your contract pricing team, you can confidently steer entire proposals and secure more and more lucrative government contracts.



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