

# The Executive

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\*Association of Proposal Management Professionals

## It's All About Performance!

BY RON ROMONCHUK

The implementation of Performance-Based Service Contracting (PBSC) has been the most significant development in federal programs during the 21st century. This new paradigm aims to advance the industry forward through a revolutionary approach—focusing not on how to do the program but instead on what results the program must achieve. This development is a major paradigm shift in Government contracting, and it is posing a major challenge for both Government and Industry.

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### What is the history of PBSC?

In 1991, the Office of Management and Budget's Office of Federal Procurement Policy (OFPP) released OFPP Policy Letter 91-2, which was the genesis of Performance-Based Service Contracting (PBSC). One of the early attempts at defining PBSC was the use of contractor past performance as a major determination factor in proposal evaluation and contractor selection. In 2000 and 2001, the concept of PBSC, as it applies to the services industry took hold, and the

Government recognized the need for a process to develop PBSC program, resulting in a very robust 7-step process for developing PBSC contracts.

While OFPP has been proactive in developing policy and the 7-Step Process, they have been "hands-off" in defining how Agencies should implement PBSC, and there is no Government-wide PBSC implementation strategy. This has caused considerable confusion—both within the Public and Private Sectors.

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## OBJECTIVES FOR THE APMP-NCA YEAR 2004

During the five years that I have been involved in the National Capital Area Chapter (NCA), there has been tremendous growth. It is my objective to have this growth continue.

The level of interest and participation at our Roundtables continues to increase due to the many high quality learning and networking opportunities we provide our members. In a 2003 survey, NCA Roundtable attendees identified the primary reasons for attending were learning experiences and the opportunity to network with colleagues. Each year we provide six roundtable meetings with outstanding presentations and networking opportunities.

A major goal for this year is for attendance to increase to more than 100 at Roundtable meetings.

### Roundtable Quality

Our Roundtable speakers represent leaders and experts in proposal development, proposal management, the capture process and procurement fields. Increasingly government agencies recognize valuable outreach opportunities to reach the proposal community through our association. APMP roundtable provide a valuable forum for agencies to disseminate details of their programs and new initiatives. As a result you have the opportunity to gain the perspective of both sides of the street, from government specialists responsible for acquisition and evaluation, to business development and proposal strategists.

It is our intention to continue to bring quality speakers to our Roundtables. In addition, we will add other items of interest to the agenda so that we can learn more, meet more people and have more fun.

Our next exciting Roundtable will be on March 17th and the Director of the Army Contracting Agency (ACA), Mrs. Sandra Sieber, will present information on the latest developments in the new ACA.

### Improved Newsletter

The APMP newsletter, the *Executive Summary* is an informative bimonthly newsletter that keeps you up-to-date with industry trends. We always welcome contributions of information, stories or material of benefit to members and colleagues. The newsletter has maintained its high quality over the past years. It is now in need of support to take it to even a higher state. We live in the center of the world's greatest proposal activity and there is plethora of relevant procurement news all around us. We need a leader to harness this information into the newsletter so that we can continue to be well informed.

### NCA Symposium

In January 2002, we had the first NCA all-day symposium. Our first event was a great success and we will build on those experiences to make the one this year even better. This year the event is called **Professional Day** and it will occur on October 20th. It will bring together the expertise of a wide range of accomplished proposal professionals. The day will consist of a series of presentations and workshops addressing proposal and business development issues. Further information will be made available later in the year as the details are finalized.

### Web Site

In the last twelve months our Web site has come out of the "Dark Ages" and now includes a range of member services, including an extensive library of back issues of our newsletters. The new Member Services section increases awareness of products and services relating to the proposal industry. During this year we will further enhance and provide a strong platform for members

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# Roundtable Announcement

Wednesday, March 17, 2004

## The Army Contracting Agency— A new way of doing business

Learn about the latest developments in the new Army Contracting Agency (ACA).

Mrs. Sandra Sieber will present to the APMP-NCA how the ACA is changing its procurement processes to more efficiently perform contracting for installation and Information Technology (IT) support services.

The Army Contracting Agency was established in 2002 to improve services for the warfighter by centralizing procurement of common installation management supplies and services and common enterprise information technology products and services—worldwide. The goal of the ACA is to support the Army's ongoing transformation by making it easier for its installations and main IT customers to purchase products and services in a smarter, cheaper and easier way. Such customers include the the Army's Installation Management Agency, the Office of the Chief Information Officer, the Program Executive Office Enterprise Information Systems and the Network Enterprise Technology Command.

ACA is headquartered in Falls Church, VA and has about 2,100 employees. Contracting is directed by regional offices. These include Northern and Southern Regions and the Information Technology, E-Commerce and Commercial Contracting Center (ITEC4) within the continental United States and the Pacific and Southern Hemisphere offices and European, Korean, and South-west Asia Contracting Commands outside the US.

### The Speaker

Mrs. Sandra Sieber is the first permanent Director for the US Army Contracting Agency (ACA). She is responsible for all phases of contract award and administration of installation support and information technology procurements valued at about \$5 billion annually. Until 1999, Mrs. Sieber served as the Director of Contracting for the Defense Supply Service,

Washington in the Pentagon where she was responsible for a staff of over 100 and contracting obligations of approximately \$1.7 billion annually.

Mrs. Sieber received a Bachelor of Science Degree from the University of Massachusetts in 1969 and a Master of Public Administration Degree from the George Washington University in 1981. She received a Master of Science in National Resource Strategy from the Industrial College of the Armed Forces in June 2000.

She is an NCMA Certified Professional Contract Manager and Fellow and served as National Vice President for Marketing and National Secretary. She is Level III Certified in Contracting and is a member of the Army Acquisition Corps. Mrs. Sieber has received the Superior Civilian Service Award and the Commander's Award for Civilian Service.

### Who May Attend?

Anyone interested in the topic is invited to attend. You do not have to be an APMP member to attend an NCA roundtable. You don't even have to be a proposal specialist. If you are interested in proposals, business development, or are looking for networking and professional development opportunities, we'd like for you to join us! Please refer anyone else in your organization that might be interested and encourage him or her to attend.

### Location:

Tysons Corner Holiday Inn on International Drive in McLean, Virginia

### Agenda:

5:30pm Networking

6:15pm Buffet Dinner

7:00pm Announcements, Featured Presentation

Cost: \$35—Payment received in advance, \$55—Pay at the door.

### IF YOU PLAN TO ATTEND...

Please RSVP to Dennis Doubroff at [apmpdoubroff@aol.com](mailto:apmpdoubroff@aol.com) and mail your check to: APMP-NCA, PO Box 3063, McLean, VA 22103-3063. RSVP and send check by Friday, March 12. The earlier the better to reserve your seat. ■

## Calendar of Events

The purpose of the calendar is to apprise NCA members of upcoming events of interest to proposal professionals.

For information on board activities or to become involved call Lou Robinson at 703-533-2102.

<b>MARCH</b>	17	Roundtable	• Mrs. Sandra Sieber, Army Contracting Agency
<b>APRIL</b>	6	Board Meeting	• Face to face
<b>MAY</b>	4	Board Meeting	• Teleconference
	19	Roundtable	• To be announced



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### How is PBSC Different?

Non-performance based RFPs provide the contractor with a Statement of Work (SOW) and generally tell the contractor which labor categories and skill mixes to use. They often provide the contractor with the number of hours, or Level of Effort (LOE), per labor category. The proposal instructions typically require the contractor to provide a technical approach to the SOW. This approach has been used for many decades and has placed a significant burden on the Government.

Performance-based RFP's, however, provide the contractor with either a Statement of Objectives (SOO) or Per-

formance Work Statement (PWS) which is similar to the SOW, but does not provide the contractor labor categories and skill mixes to use, or the number of hours/LOE per labor category. In addition, some RFP's even require the contractor to *develop and propose their own metrics, incentives and SOW*. The operative phrase in PBSC is "**let the contractor solve the problem.**"

### How Do You Manage A PBSC Project?

PBSC projects also *require a different approach* to project development, project management, and contract administration. Contractually, PBSC is based on incentives and managing a PBSC contract requires *managing to the performance objectives*, using specified metrics. Non-performance based contracts use cost/schedule as the control mechanisms, but in a performance-based environment, these are now just two of several metrics the contractor must meet. Obviously, managing projects in a performance-base, fixed priced environment requires a very different approach to project development and management, which I will cover in another article. Contractor's can no longer "estimate," they must know what they are doing and proposing in a FFP environment or *face low win rates, and even lost revenues and profit.*

### What is the status of PBSC?

Legislation passed by Congress requires DOD to award **50%** of its FY04 services contracts as Performance-Based Service Contracts (PBSC), and **35%** as firm fixed price (FFP). The legislation also mandates that DOD increase the number of FFP contracts to **50%** during FY05 and increase this to **70%** by FY11.

This does not just affect DOD contracts. In addition, the Federal Procurement Executives Council has agreed to use PBSC for not less than **50%** of the total eligible service contracting dollars during FY04 *which affects all of the non-DOD government agencies* as well.

As you can see, the entire Federal Government is *changing the way they do*

*business* and the way they procure services by moving to a performance-based, fixed priced environment which is going to have a major impact on contractors who do not understand PBSC and how to bid and manage PBSC contracts. Just as the Government is changing the way they do business, *contractors must also change the way they do business* to survive in this new performance-based, fixed priced environment. ■

Ron Romonchuk is the President of Performance Management Associates, Inc. (PMA); a Fairfax, VA based firm specializing in PBSC implementation for both the Government and its contractors. He can be reached at ron@pma-pbsc.com or via phone on 703-928-8470.

## Gone in 60 Seconds

BY JONATHAN ARONIE

In the world of federal contracting, for whatever reason, proposals to the government often are submitted at the last minute. Considering that agencies typically reject late proposals out of hand, this practice has its risks.

Thanks to the General Accounting Office, however, federal contractors now have an additional 59 seconds of submission cushion. This little gift is the result of a bid protest involving two contractors, three clocks, a wounded courier, a suspicious project manager and an astute contracting official. Government contracting doesn't get any more exciting than this.

Our story begins in mid-2003, when two vendors responded to a solicitation issued by the Navy for improving certain facilities at Travis Air Force Base in California. The solicitation called for a two-part proposal, the second part of which had to be submitted by 1400 hours on the submission day—that is, by 2:00 p.m.

When submission day rolled around, one of those contractors, the Haskell Co., submitted its proposal in a timely fashion. The other contractor, however, the James N. Gray Co., wasn't having such a good day. Although the behind-the-scenes story is unclear, we do know that, with a few seconds to go before 2:01

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p.m., the company's courier came running into the proposal submission room with blood gushing from his hand and tried to pass his company's proposal to the contracting official operating the time stamp machine. In the time it took the official to reposition the machine to avoid the stream of blood, however, the time clicked from 2:00 to 2:01.

The official, who apparently was paying close attention to the clock at the time of the courier's dramatic arrival, later testified, "If I had not taken those additional seconds to adjust the angle of the box so I wouldn't get his blood on me, it would have been stamped in at the required time of 2:00 p.m."

Unfortunately for Gray, the contracting official was not the only one watching the clock. The Haskell project manager apparently had hung around after submitting his proposal and saw the event take place. According to the project manager, whose eyes were intently focused on his watch and the submission room's wall clock, Gray's proposal was submitted after 2:00:00.

Gray ultimately was awarded the Navy

contract and Haskell officials protested, claiming that Gray's proposal should have been rejected as untimely. The protest raised the following question: Is a proposal with a submission deadline of 2:00 p.m. due before 2:00:00 or before 2:01:00? In other words, who owns those key 59 seconds that reside between 2:00 and 2:01?

According to GAO officials, unless the agency explicitly sets a deadline of "2:00:00," which it did not in this case, that time belongs to the contractor. Thus, since Gray's proposal was in the government's control before 2:01:00, Gray's proposal was timely. The wounded courier never even entered into the analysis.

The case gives new meaning to waiting until the last minute and should serve as a reminder of the importance of the government's timeliness rules. ■

*Aronie is a partner in the government contracts group of Sheppard, Mullin, Richter & Hampton LLP in Washington, D.C. He can be reached at jaronie@sheppardmullin.com or (202) 218-0039. Reproduced with permission of Federal Computer Week, Copyright, FCW Media Group, 2003. All rights reserved.*

## A New Web site Feature *Check it out...*

### Resource Directory

*An opportunity for you to promote your organization to the APMP NCA proposal community.*

*This is a facility to support the NCA community to identify resources to help in their proposal process.*

*If you are interested in presenting your services on this Web site contact Mr. Lou Robinson at lrobinson@win-pro.net.*

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**Mark Your Calendar!**  
APMP National Capital Area Calendar  
**2004**

<b>Jan 21st</b>	Roundtable
<b>Mar 17th</b>	Roundtable
<b>May 19th</b>	Roundtable
<b>Jun 1st</b>	National Conference (Hollywood, Florida)
<b>Jul 21st</b>	Roundtable
<b>Sept 22nd</b>	Roundtable
<b>Oct 20th</b>	NCA Professional Development Day
<b>Nov 17th</b>	Roundtable

**Registrations - [apmpdoubroff@aol.com](mailto:apmpdoubroff@aol.com)**

**Presidents Corner:  
Objectives for the  
APMP-NCA Year 2004**

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to access information and learn about APMP activities.

**Improved Executive Committee**

The APMP-NCA is managed by a small group of dedicated individuals in service to the proposal community. We want to enhance this core group with new players who can contribute to the association with thoughts and deeds. By volunteering, you can help the association while helping yourself.

We look forward to providing many timely and informative presentations and an expansion of services to our members and colleagues during 2004.

See you on March 17th. ■

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# MARCH/APRIL 2004 ROUNDTABLE



1. Members and colleagues enjoying the buffet dinner.

2. Linda Mitchell of Sprint and Eric Gregory of CACI.

3. Nancy Kessler and Matt King of Shipley Associates.

4. Dennis Doubroff Board Member.

5. Members and guests.





# MARCH/APRIL 2004 ROUNDTABLE

6. Betsy Blakney—Past President presenting a plaque in recognition of Shipley Associates Corporate Sponsorship of the NCA Chapter.

7. Nancy Kessler (Shipley), Ted Heath (Shipley), Betsy Blakney and Matt King (Shipley).

8. The Shipley team presenting complimentary copies of the Shipley Proposal Guide and Business Development Capability Maturity Model monograph to Roundtable attendees.

9. Betsy Blakney at the podium.

