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THESIS

A DICTIONARY OF
ACQUISITION AND CONTRACTING TERMS

by

Robert Eric Wilson

December, 1990

Thesis Advisor:

David V. Lamm

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92-03048



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SECURITY CLASSIFICATION OF THIS PAGE

REPORT DOCUMENTATION PAGE			
1a. REPORT SECURITY CLASSIFICATION UNCLASSIFIED		1b. RESTRICTIVE MARKINGS	
2a. SECURITY CLASSIFICATION AUTHORITY		3. DISTRIBUTION/AVAILABILITY OF REPORT	
2b. DECLASSIFICATION/DOWNGRADING SCHEDULE		Approved for public release; distribution is unlimited.	
4. PERFORMING ORGANIZATION REPORT NUMBER(S)		5. MONITORING ORGANIZATION REPORT NUMBER(S)	
6a. NAME OF PERFORMING ORGANIZATION Naval Postgraduate School	6b. OFFICE SYMBOL (If applicable) 54	7a. NAME OF MONITORING ORGANIZATION Naval Postgraduate School	
6c. ADDRESS (City, State, and ZIP Code) Monterey, CA 93943-5000		7b. ADDRESS (City, State, and ZIP Code) Monterey, CA 93943-5000	
8a. NAME OF FUNDING/SPONSORING ORGANIZATION	8b. OFFICE SYMBOL (If applicable)	9. PROCUREMENT INSTRUMENT IDENTIFICATION NUMBER	
8c. ADDRESS (City, State, and ZIP Code)		10. SOURCE OF FUNDING NUMBERS	
		Program Element No	Project No
		Task No	Work Unit Accession Number
11. TITLE (Include Security Classification) A Dictionary of Acquisition and Contracting Terms.			
12. PERSONAL AUTHOR(S) Wilson, Robert Eric			
13a. TYPE OF REPORT Master's Thesis	13b. TIME COVERED From To	14. DATE OF REPORT (year, month, day) DECEMBER 1990	15. PAGE COUNT 189
16. SUPPLEMENTARY NOTATION The views expressed in this thesis are those of the author and do not reflect the official policy or position of the Department of Defense or the U.S. Government.			
17. COSATI CODES		18. SUBJECT TERMS (continue on reverse if necessary and identify by block number)	
FIELD	GROUP	SUBGROUP	
		ACQUISITION AND CONTRACTING TERM DICTIONARY; DICTIONARY; DEFINITIONS	
19. ABSTRACT (continue on reverse if necessary and identify by block number) This thesis is a continuation of research initiated by LCDR Daniel Ryan, SC, USN to establish a basis for defining words and terms used in the field of contracting. The twenty terms selected for this thesis were synthesized from collected definitions, Government regulations and contracting literature and reviewed once by National Contract Management Association Fellows in previous research efforts. This work differs from previous research in that it takes the terms from those efforts which generated significant diversity and refines them using the Delphi Technique. This research is a joint effort conducted by students at the Naval Postgraduate School, Monterey, California, and the Air Force Institute of Technology, Wright-Patterson Air Force Base, Dayton, Ohio.			
20. DISTRIBUTION/AVAILABILITY OF ABSTRACT ☒ UNCLASSIFIED/UNLIMITED ☐ SAME AS REPORT ☐ DTIC USERS		21. ABSTRACT SECURITY CLASSIFICATION UNCLASSIFIED	
22a. NAME OF RESPONSIBLE INDIVIDUAL PROFESSOR DAVID V. LAMM, PH.D.		22b. TELEPHONE (Include Area code) (408) 646-2775	22c. OFFICE SYMBOL CODE AS/Lt

DD FORM 1473, 84 MAR

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A Dictionary of
Acquisition and Contracting Terms

by

Robert Eric Wilson
Lieutenant, Supply Corps, United States Navy
B.S., Old Dominion University, 1979

Submitted in partial fulfillment
of the requirements for the degree of

MASTER OF SCIENCE IN MANAGEMENT

from the

NAVAL POSTGRADUATE SCHOOL

December 1990

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ABSTRACT

This thesis is a continuation of research initiated by LCDR Daniel Ryan, SC, USN to establish a basis for defining words and terms used in the field of contracting. The twenty terms selected for this thesis were synthesized from collected definitions, Government regulations and contracting literature and reviewed once by National Contract Management Association Fellows in previous research efforts. This work differs from previous research in that it takes the terms from those efforts which generated significant diversity and refines them using the Delphi Technique. This research is a joint effort conducted by students at the Naval Postgraduate School, Monterey, California, and the Air Force Institute of Technology, Wright-Patterson Air Force Base, Dayton, Ohio.



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TABLE OF CONTENTS

I.	INTRODUCTION	1
A.	BACKGROUND	1
B.	PRIOR RESEARCH	2
C.	SCOPE AND ASSUMPTIONS	2
D.	RESEARCH QUESTIONS AND OBJECTIVES	3
E.	RESEARCH METHODOLOGY	3
F.	LITERATURE REVIEW	7
G.	ORGANIZATION OF THE STUDY	7
II.	ANALYSIS OF INITIAL RESPONSES	8
A.	INTRODUCTION	8
B.	TERM ANALYSIS	9
C.	GENERAL COMMENTS	53
D.	SUMMARY	55
III.	ANALYSIS OF FOLLOW-UP RESPONSES	56
A.	INTRODUCTION	56
B.	TERM ANALYSIS	57
C.	GROWTH IN CONSENSUS	97
D.	SUMMARY	110

IV.	CONCLUSIONS AND RECOMMENDATIONS	111
A.	INTRODUCTION	111
B.	CONCLUSIONS	111
C.	RECOMMENDATIONS	113
D.	RESEARCH QUESTION ANSWER	116
E.	AREAS FOR FURTHER RESEARCH	117
F.	SUMMARY	117
	REFERENCES	119
APPENDIX A:	PROPOSED CONSENSUS DEFINITIONS	120
APPENDIX B:	INITIAL QUESTIONNAIRE AND REMINDER LETTER	126
A.	INITIAL QUESTIONNAIRE	126
B.	REMINDER LETTER	135
APPENDIX C:	FOLLOW-UP QUESTIONNAIRE AND REMINDER LETTER ...	136
A.	FOLLOW-ON QUESTIONNAIRE	136
B.	REMINDER LETTER	158
APPENDIX D:	LISTING OF CONSENSUS DEFINITIONS	159
	INITIAL DISTRIBUTION LIST	182

LIST OF FIGURES

1.	Acquisition	99
2.	Acquisition Strategy	99
3.	Allowable Cost	100
4.	Buying-in	100
5.	Buy-out	101
6.	Change	101
7.	Competitive Range	102
8.	Contractor	102
9.	Cost	103
10.	Cost or Pricing Data	103
11.	Cost Principles	104
12.	Defective Pricing	104
13.	Incentive	105
14.	Major System	105
15.	Market Survey	106
16.	Non-Developmental Item	106
17.	Purchasing	107
18.	Scope of Work	107
19.	Solicitation	108
20.	Weighted Guidelines	108
21.	Relative Order of Agreement with Term Definitions	109

I. INTRODUCTION

A. BACKGROUND

Establishing a common language in the acquisition and contracting profession is a necessity which is overdue. In order for Government and Industry to work and interact efficiently, both must speak a common language. Until recently, no consolidated national effort had been undertaken in this regard.

Various individuals, commands and schools have attempted to assemble elements of definitions; however, the lack of a consolidated effort has caused a disparity in the definitions of terms. Previous graduate theses have researched definitions and presented findings to professionals to unify the acquisition and contracting language. The objective of this thesis is to refine those definitions which generated substantial controversy or feedback in previous research.

This thesis is part of a joint effort conducted by graduate students at the Naval Postgraduate School, Monterey, California, and the Air Force Institute of Technology, Wright-Patterson Air Force Base, Ohio, to derive baseline definitions for commonly used acquisition words or phrases. When the project is complete, the definitions will be included as part of a professional dictionary of contracting terminology. The purpose of the dictionary is twofold. First, to provide an educational tool to those unfamiliar with the acquisition process. Second, to provide a reference document for those working in the field.

B. PRIOR RESEARCH

Lieutenant Commander (LCDR) Daniel Ryan, Supply Corps (SC), United States Navy (USN) initiated the consolidation of baseline consensus definitions in 1988. In 1989, Captain (CPT) John Cannaday, United States Air Force (USAF), Lieutenant (LT) Daniel Downs, SC, USN, and CPT Richard Florek, United States Army (USA) conducted follow-on research with the support of the National Contract Management Association (NCMA). Each of these researchers synthesized approximately twenty-five terms from collected definitions, Government regulations and contracting literature. The synthesized terms were provided to NCMA Fellows for review and comment. The comments were analyzed and consolidated into consensus definitions. This research is the fifth effort in obtaining feedback from contracting professionals regarding proposed definitions of contracting terms. It differs from the previous research in that it takes terms from the previous four efforts which generated significant diversity of comments, and refines them using the Delphi Technique.

C. SCOPE AND ASSUMPTIONS

The scope of this thesis is to refine the consensus definitions of twenty contracting terms which generated significant diversity of comments in previous research. This thesis assumes that there is insufficient agreement on the specific meaning of terms in the field of acquisition and contracting, and there is no existing authoritative source for definitions of contracting terms. It also assumes that the consensus procedure used in previous research is the best method of arriving at generally accepted baseline definitions. A final

assumption is that an individual who has attained the status of Certified Professional Contracts Manager (CPCM) or Certified Associate Contracts Manager (CACM) from the NCMA has achieved the educational background and on-the-job experience necessary to possess a sufficient level of knowledge and understanding of industry and contracting issues to assess the definitions.

D. RESEARCH QUESTIONS AND OBJECTIVES

The research question addressed in this thesis is:

To what extent can standard meanings be arrived at in the evolving field of contracting in which words are used with various meanings?

Subsidiary research questions include:

1. What agreement can be reached from professionals in the field?
2. What definition of terms can be concluded from research and feedback?
3. Can the Delphi Technique be used effectively to fine tune the definition of a term?

E. RESEARCH METHODOLOGY

The approach used in this thesis was qualitative. It included a literature review, two questionnaires, and the researcher's personal experience with the contracting discipline.

The methodology was as follows:

1. Generate a list of candidate controversial consensus terms from the previous four theses.
2. Select a subset of 20 terms for refinement.

3. Mail a questionnaire containing the 20 consensus definitions to 300 NCMA CPCMs and CACMs.
4. Analyze the questionnaire responses and arrive at proposed definitions for the terms selected in step 2 above.
5. Mail a questionnaire containing the 20 proposed definitions to the respondents of the initial questionnaire.
6. Analyze the questionnaire responses and arrive at consensus definitions for the 20 terms.

The initial step taken in following the procedure was to review the four previous theses and identify the terms which generated the most comments and change to the synthesized definition. This task was not difficult for three of the theses, as the researchers each identified approximately five terms which they deemed controversial. The researcher reviewed the terms in the fourth thesis for degree of acceptance of the synthesized definition, diversity of comments, and extent of revision to the synthesized definition. The 23 controversial terms identified were:

- Acquisition
- Buying-in
- Change
- Change Order *
- Cost
- Purchasing [Ref. 1]
- Allowable Cost
- Cost or Pricing Data

- Competitive Range
- Market Survey
- Non-Developmental Item
- Scope of Work
- Weighted Guidelines [Ref. 2]
- Acquisition Strategy
- Contractor Furnished Equipment *
- Cost Principles
- Defective Pricing
- Post Negotiation Memorandum * [Ref. 3]
- Buy-Out
- Contractor
- Incentive
- Major System
- Solicitation [Ref. 4]

The terms marked with an asterisk were removed from the list of candidate terms for refinement. The three terms had been designated by previous researchers as controversial; however, they were the least controversial of the 23 terms.

CPT Florek re-synthesized five of the six terms designated controversial by LCDR Ryan. In doing so, he used LCDR Ryan's initial synthesized definitions and compared the resulting comments with LCDR Ryan's analysis in arriving at a proposed definition.

The researcher believes that this process did not constitute a refinement of LCDR Ryan's controversial terms. LCDR Ryan's proposed definitions were not submitted to contracting experts for comments, but were only considered as a part of CPT Florek's input in making a subsequent revision. In addition, CPT Florek did not have access to the LCDR Ryan's initial raw data to add to the comments he received. The researcher used CPT Florek's proposed definitions for refinement as they incorporate a broader base.

The initial and follow-up questionnaires used by the researcher can be found in Appendices B and C. The initial questionnaire was sent to 300 NCMA CPCMs and CACMs. Of the 135 (45%) initial questionnaires which were returned, 129 provided their names and addresses. The follow-up questionnaire was sent to the 129 respondents from the initial questionnaire who provided their names and addresses. Ninety one (71%) of the follow-up questionnaires were returned. Like the four previous efforts, the researcher concurred that the use of a written questionnaire sent to a select representative sample of contracting professionals was the best means of establishing a consensus. Large scale telephone surveys do not constitute a practical means of relaying the definitions to the respondent and receiving thoughtful feedback. Random questionnaires sent to Government and Industry contracting personnel was thought to result in a significant portion of the input coming from less experienced or untrained personnel. Individuals designated as CPCMs and CACMs by the NCMA were targeted because they constitute a group of professionals who have achieved a requisite level of knowledge in the field of contracting and who maintain a continuing education program. NCMA Fellows were not specifically targeted in this research; however, several Fellows hold the certificates

identified above. Results from the questionnaires were compiled and analyzed to formulate the proposed definitions found in Appendix A.

F. LITERATURE REVIEW

The literature review in this thesis was somewhat different than the previous theses. Because the objective was to refine the controversial terms contained in the previous four efforts, the task of searching literature for definitions, glossaries, and usage of terms was eliminated. The researcher relied on a review of the four previous theses in conducting this research effort.

G. ORGANIZATION OF THE STUDY

Chapter I of this thesis provides background information and discusses the methodology and scope of the research effort. Chapter II is the first of two analysis chapters and deals with the analysis of the initial questionnaire responses and a proposed revision of each term. Chapter III focuses on the analysis of the follow-up questionnaire and the proposed consensus definition for each term. Chapter IV concludes the research effort by addressing the research and subsidiary questions, and providing conclusions and recommendations.

II. ANALYSIS OF INITIAL RESPONSES

A. INTRODUCTION

This chapter is the first of two analysis chapters, and deals with the results of the initial questionnaire. The researcher analyzed the comments provided for each term using the criterion of improving the definition, either through content or enhancing the reader's ability to understand the term.

The format for section "B", Term Analysis, is presented in four subsections. Subsection "a" provides the original definition for the term. This original definition is the end product of previous graduate theses. Subsection "b" presents the quantitative results of the questionnaire. The number presented for "agree as written" includes respondents who agreed without comment, provided positive comments which did not propose a change or supported the definition, or suggested synonyms or antonyms without negative comments. The number presented for "disagree" includes respondents who offered constructive criticism, negative comments, or made any change to the definition, synonyms or antonyms. This subsection also includes an indication of the extent of the respondent's comments regarding synonyms and antonyms. The numbers include only respondents who provided comments, as discussed above. The number includes both comments which addressed only synonyms or antonyms, and comments on synonyms or antonyms which also addressed the term's definition. Subsection "c" identifies the respondent's issues, representative responses, and the researcher's analysis. Subsection

"d" proposes a revised definition based on the responses. General comments by respondents are discussed in section "C".

B. TERM ANALYSIS

1. Acquisition

a. *Original Definition:*

ACQUISITION

- (1) The process by which one attains legal possession.
- (2) The entire spectrum of actions, from planning through use, in attaining supplies, services, or systems through purchase, lease, or any combination of the two.
- (3) In major systems: The process of obtaining complex systems through the following phases: concept exploration, concept demonstration/validation, full-scale development, production, logistic support review, and major upgrade/system replacement.

Synonyms: Procurement, purchasing, purchase, acquirement, accomplishment, contract, buy.

Antonyms: Sell, dispose, disposition, terminating.

b. *Results:*

Agree as written 72 (53%)

Disagree 63 (47%)

37 of the 82 comments (45%) addressed Synonyms/Antonyms

c. *Issues:*

The original definition generated a wide variety of responses. The major issue concerned the scope of the term. The key difference was whether acquisition included the period between award of a contract and disposition. Some of the comments included:

- I've narrowed the definition as I believe the cycle is complete once performance is accepted. I think your definition is the "Program" one.
- Change "use" to "disposition" as acquisition is an all inclusive term, from womb to tomb.
- Change "use" to "delivery". Once delivered, the supply or service is/has been acquired.

The researcher agreed that the scope of acquisition encompasses the identification of a need through disposition and changed the definition.

Many comments indicated that the second definition was the most inclusive, and the first and third definition should be deleted. Some of these comments included:

- (1) is too simple. (2) is very adequate. (3) is pretty much limited to DoD, NASA, etc.
- (2) is the best definition.
- (2) is universal, (1) too legal, (3) too major prime contractor oriented.
- (3) represents the "acquisition cycle" or system life cycle. It is not a definition of acquisition per se.

In addition, some of the comments indicated that the third definition was also applicable to other than major systems and that the phases should be changed. Others felt that the definition in either the Federal Acquisition Regulation (FAR) or the Office of Management and Budget (OMB) Circular A-109 should be used as a definition. Some of these comments included:

- More than major systems are acquired through CE, Demo/Val, FSD, etc., Some systems, including major systems, do not touch all of the bases because of "streamlining" or other innovations.

- "Deployment" has been added to reflect operator and maintenance training and the various approaches to sparing and depot/intermediate/base maintenance of the system.
- Note the absence of the standard research & development phase.
- The DoD acquisition reg is being re-written. The latest draft reduces the phases from 5 to 4 and renames them. You may want to keep an eye open for the final reg.
- For uniformity and consistency purposes, it is recommended that the definition in FAR 2.101 be used for this word.

"Acquisition" means acquiring by contract with appropriated funds of supplies or services (including construction) by and for the use of the Federal Government through purchase or lease, whether the supplies or services are already in existence or must be created, developed, demonstrated, and evaluated. Acquisition begins at the point when agency needs are established and includes the description of requirements to satisfy agency needs, solicitation and selection of sources, award of contracts, contract financing, contract performance, contract administration, and those technical and management functions directly related to the process of fulfilling agency needs by contract. [Ref. 5:Part 2.101]

- These definitions are goals. For government procurement, need to stress that the "process" or "spectrum of actions" must be in accordance with all applicable laws and regulations which varies with what and who. I suggest a 4th definition for government acquisition similar to FAR 2.101 which highlights these differences in the process referenced in the definition.

The three definitions represent different, valid meanings for the term. The researcher feels that they should be retained, but has incorporated several of the minor changes suggested to increase the term's applicability. LCDR Ryan originally synthesized the definition to include a separate definition for the Federal Government, but combined it with definition (2) due to responses he received. The researcher agreed with the combined definition.

Many comments indicated that synonyms and antonyms should be deleted because they were, in fact, subsets of the term and not true synonyms and antonyms.

Some of these comments included:

- Delete from Synonyms: "acquirement, accomplishment" and from Antonyms: "terminating" could be confused with termination of contracts.
- Acquisition is a broad term both Defense and Commercial. I have eliminated the narrow synonyms and antonyms: delete "acquirement, accomplishment, contract, buy, terminating".
- Delete "acquirement" - not a real word. To acquire in contracts usually implies taking title or other proof of ownership.

d. Proposed Definition Based on Responses:

ACQUISITION

- (1) The process by which one obtains legal possession or ownership.
- (2) The entire spectrum of actions, from the identification of a need through disposition, in obtaining supplies, services, construction, or systems.
- (3) In major systems: The process of obtaining complex systems through phases such as: concept exploration, concept demonstration and validation, full-scale development, production, logistic support, and major upgrade/system replacement.

Synonyms: Procurement.

Antonyms: None.

2. Acquisition Strategy

a. Original Definition:

ACQUISITION STRATEGY

The conceptual framework for conducting an acquisition. Through the integration of strategic, technical, and resource concerns, it encompasses the broad concepts and objectives which direct and control the overall development, production, and introduction to use of a product or system. It is developed and tailored to unique circumstances of the program.

Synonyms: Acquisition planning, acquisition management plan, business strategy plan.
Antonyms: Non-strategic, piecemeal acquisitions.

b. Results:

Agree as written 85 (63%)

Disagree 50 (37%)

18 of the 50 comments (36%) addressed Synonyms/Antonyms

c. Issues:

The original definition did not generate any major issues. Minor issues included a desire to edit the second sentence, include business consideration in the integration, and change the word "program" in the last sentence. Some of the comments included:

- Good. relates to (2) in Acquisition.
- Definition is well worded and detailed.
- Grammar and language confusing: combine first two sentences up to "it encompasses ..." then start new sentence.
- Reword the 2nd sentence, it doesn't flow well (move "Through the integration of strategic, technical, and resource concerns" to the end of the sentence). Add "individual" before "program" in last sentence.
- Change name to "ACQUISITION AND PROGRAM STRATEGY" and combine with "ACQUISITION" as it defines this term (keep it simple).
- Change to "... technical, administrative, and other resource ..." Acquisition strategy should include administrative elements such as funding, budget restraints, etc.
- Too Broad, yet it excludes services. Acquisition strategy may be for just R&D, just production, etc. and not for every acquisition from research through use.

- The word "program" requires something more to be said as an intro to its meaning in the acquisition strategy or just a definition of a "program". How does a "program" fit into an acquisition strategy or vice versa?

The researcher incorporated the minor changes to make the definition more understandable.

The majority of the comments concerning synonyms and antonyms indicated that the antonyms were not valid for this term.

- Delete all Antonyms.
- Delete Antonym "piecemeal acquisition" Could be the strategy for certain acquisitions to spread them out on purpose.
- Delete Synonym "business strategy plan" and all Antonyms. Antonyms are pejorative, not informative.

d. Proposed Definition Based on Responses:

ACQUISITION STRATEGY

The conceptual iterative framework for conducting an acquisition. Acquisition Strategy encompasses the broad concepts and objectives which direct and control the overall development, production, and introduction to use of a product or system through the integration of strategic, technical, resource, and business concerns. It is developed and tailored to the unique circumstances of an individual program.

Synonyms: Acquisition planning, acquisition management plan, business strategy plan.

Antonyms: None.

3. Allowable Cost

a. Original Definition:

ALLOWABLE COST

A cost, either direct or indirect, which, if in agreement with published cost principles, may be allocated and deemed reimbursable under an anticipated or existing contract.

Synonyms: None.
Antonyms: Unallowable cost.

b. Results:

Agree as written 82 (61%)

Disagree 53 (39%)

6 of the 55 comments (11%) addressed Synonyms/Antonyms

c. Issues:

The majority of comments for this term expressed a desire to include the five factors addressed in the FAR which are reasonableness, allocability, in accordance with Cost Accounting Standards (CAS) or Generally Accepted Accounting Principles (GAAP), the terms of the contract, and the cost principles. [Ref. 5:Part 31.201-2(a)] The other issue addressed, included removing the reference to anticipated contracts. Some of the comments included:

- Add "Government" before "cost principles"; "Government" as opposed to GAAP. A good deal of what the government considers unallowable is more policy than a generally accepted principle.
- Delete "an anticipated or existing" What about reasonable? Realize that reasonable comes under cost principles, but so does allocable.
- There is a difference between allowable and allocable. A better definition is: "any cost which may be charged to a contract given the requirements of part 31 of the FAR, generally accepted accounting principles, and cost accounting standards".
- Delete "an anticipated" You do not reimburse a contractor from an anticipated contract.
- Change to "... agreement with cost principles published by the Government in recognized rules or regulations, may be ..." Some agencies of the Government "create" their own cost principles. Only those principles which have been properly

promulgated and published in recognized formats common to the field of Gov't contracts should be the requirements for such determination.

- Must comply with cost accounting standards or GAAP. Must be reasonable in amount. Must not be inconsistent with advance understandings.
- Use FAR definition.

As the definition could be altered to incorporate the five factors while still remaining applicable to commercial contracts, the researcher incorporated the changes.

d. Proposed Definition Based on Responses:

ALLOWABLE COST

A direct or indirect cost which, if reasonable, allocable, in accordance with the terms of the contract, Generally Accepted Accounting Principles (GAAP), and, if applicable, Cost Accounting Standards (CAS) and regulatory cost principles may be deemed reimbursable under a given contract.

Synonyms: None.

Antonyms: Unallowable cost.

4. Buying-In

a. Original Definition:

BUYING-IN

A management practice of knowingly submitting an offer below anticipated costs to obtain a contract award. (Buying-in may be done expecting to gain benefit and recoup losses through contract changes or follow-on contracts. May also intend to achieve or protect market status or obtain access to new technology, or for other reasons.)

Synonyms: Loss contracting, low-balling, under estimating.

Antonyms: Profitable contracting, high-balling, over estimating.

b. Results:

Agree as written 85 (63%)

Disagree 50 (37%)

28 of the 62 comments (45%) addressed Synonyms/Antonyms

c. Issues:

The majority of the comments for this term concerned the applicability of synonyms and antonyms. Most of these comments noted that over/under estimating was due to either poor judgment or errors and did not contain the element of intent required for buying-in. Other comments noted that profitable/loss contracting is not necessarily a result of the strategy of buying-in. Some of the comments included:

- Delete "over/under estimating" as it implies lack of intent.
- In regard to (IRT) Synonyms: "underestimating" may be unintentional. "Loss Contracting" could be by agreement. Keep only "low-balling"; "high-balling" for Antonyms.
- IRT Synonyms: "underestimating" may be unintentional. "Loss Contracting" could be by agreement. Keep only "low-balling"; "high-balling" for Antonyms.

The researcher agreed with these comments and retained only "low-balling and high-balling" while adding the suggested synonym "loss leader".

The majority of the comments concerning the actual definition of the term concerned either revising the explanatory portion in parentheses or deleting it in its entirety. In general the desired revisions were either to edit or include positive aspects of buying-in. Some of the comments included:

- Revise portion in parentheses: (The motivation for buying-in may include the expectation to gain benefit and recoup losses through contract changes or follow-on contracts, achieve or protect market status, to obtain access ...).
- Buying-in is different than accepting a contract with an anticipated loss - buying-in is considered an illegal or unacceptable practice in defense contracting.
- Delete parentheses. Change to "... achieve market status or obtain access and expertise in new technology, and thus gain advantage over follow-on contenders."
- Delete portion in parentheses, not part of definition.
- Delete portion in parentheses and all Synonyms and Antonyms. This is supposed to be a definition, not an explanation. While a proposal may be less than the cost and pricing data submitted the contractor may in fact be able to make the cost he "buys-in" with. Why he does it is strictly conjecture and is a marketing decision.

The portion in parentheses was added by CPT Florek in response to similar comments that reasons for buying-in are speculation and not part of the definition. CPT Florek wanted to clarify the meaning while acknowledging that the clarification is not part of the definition. [Ref. 4:p 16] The researcher agrees with this approach and made only minor changes to emphasize positive aspects of buying-in.

Other comments noted that buying-in could occur in a situation where the offeror proposes little or no profit or fee. LCDR Ryan had included this in his revised definition, and the researcher felt that it was helpful in clarifying the definition. Other comments included:

- Buy-ins are normally considered to be below "known" as opposed to anticipated costs. "Anticipated" might denote a bad guess or estimate, when in fact, buy-ins are intentional.
- Excellent!
- This definition is complete. I can think of nothing to add that would be beneficial.

d. Proposed Definition Based on Responses:

BUYING-IN

A pricing technique of knowingly submitting an offer below anticipated costs or with no profit or fee to obtain a contract award. (Buying-in may be done expecting to gain benefit and recoup losses through contract changes or follow-on contracts. It may also be intended to achieve or protect market share, obtain access to new technology, or retain company viability through the absorption of fixed costs.)

Synonyms: Loss leader, low-balling.

Antonyms: High-balling.

5. Buy-Out

a. Original Definition:

BUY-OUT

(1) To buy all the stock, business rights, etc.

(2) In Government: Awarding of all remaining production of a contract to the winner of a final competition. Usually done towards the end of a production cycle.

Synonyms: None.

Antonyms: None.

b. Results:

Agree as written 95 (70%)

Disagree 40 (30%)

2 of the 42 comments (5%) addressed Synonyms/Antonyms

c. Issues:

The majority of comments expressed disagreement with the second definition. Many of the respondents had never heard the term used in this regard. Many others felt that the term contract is inappropriate and should be replaced. A smaller

number felt that the term applied to both Government and Commercial contracting. Some of the comments included:

- I do not think (2) is correct. Sometimes the Government buys out the entire acquisition objective at the onset of a program (following type classification).
- Delete "In Government:".
- Change "a contract" to "an item" as the contract is the result of buy-out. Question "final competition" as you cannot have a final competition if its already contracted for. Recognize that you may be thinking in terms of options under existing contracts, but is that the only way to buy-out? If the buy-out is competitive, then "production cycle" may or may not apply.
- Also can occur when the contractor decides to go out of business and shuts down the production line (last chance for parts).
- Delete definition (2).
- Change "contract to the winner of a final competition." to "program or selected major components of a program." (1) The key is "all remaining production requirements", (2) Applies to program and not a contract, (3) May be limited to selected components, (4) May be done on a sole/single source basis (i.e. no competition required).

The researcher agreed with the comments and revised the second definition.

A minor issue concerned definition (1). Several respondents felt that the use of "etc." in a definition was inappropriate as it made the definition too loose. The researcher changed the definition to reflect this feeling. Some of the comments included:

- (1) is the best definition. Add to end "Used to protect a system from a potential component obsolescence through rendering the equipment "unmaintainable".
- "etc." is too loose, needs to be specific, i.e. assets, contracts, name.
- (1) is a very limited, incomplete description. What does "etc." mean in legal/contractual language?

d. Proposed Definition Based on Responses:

BUY-OUT

- (1) To buy all the stock, assets, or business rights, in a company.
- (2) Awarding a contract for all forecasted production requirements to a single contractor. Usually done towards the end of a production cycle or to acquire spare parts when a sole source contractor goes out of business.

Synonyms: None.

Antonyms: None.

6. Change

a. Original Definition:

CHANGE

A bilateral modification of the terms of a contract which may alter original requirements.

Synonyms: Deviation, alteration, revision, modification.

Antonyms: Fixed, permanence.

b. Results:

Agree as written 30 (22%)

Disagree 105 (78%)

17 of the 105 comments (16%) addressed Synonyms/Antonyms

c. Issues:

Although this term generated an exceptionally heavy volume of negative comments, 95 of the 105 disagreements concerned a single issue. Respondents disagreed with limiting the definition to a bilateral modification. A smaller number disagreed with the concept that the change "may alter" the requirements. They felt that the requirements

must be altered if a change which requires a modification occurs. The researcher agreed with these issues and deleted the words. Some of the comments included:

- Change can be ordered without concurrence of contractor. Only if contractor accepts the change, does it become a supplemental agreement, and bilateral.
- Per FAR Part 43.101 a change is Unilateral not Bilateral. Example of Change Order: changing the "ship to" point if the contractor will not incur additional expense (i.e. replace "bilateral" with "unilateral"); add to the end: "but does not substantially affect scope of work or contract cost".

"Change order" means a written order, signed by the contracting officer, directing the contractor to make a change that the Changes clause authorizes the contracting officer to order without the contractor's consent. [Ref. 5:Part 43.101]

- For the sake of clarity, this should be explained in relation to change order. The terms are used interchangeably, and they're distinct.
- Revise to "a modification of the terms of a contract." Changes clauses in Gov't contracts permit unilateral change. Additionally, many administrative changes are made unilaterally - such as change in address of the paying office. (A "supplemental agreement" is a bilateral modification in Gov't procurement. It is only one of the several types of changes.)
- NO. Not always bilateral. Needs real work. The definition is one used after change to "definitize" the impact of the change.
- Change to "A unilateral or bilateral ..."
- Does not distinguish unilateral changes which may be issued by a C.O. pursuant to changes clause in Gov't contracts. Delete all Antonyms.
- A change need not be bilateral in mode - Government contract changes clauses vest a unilateral right in the Govt so long as the modification is within the general scope of the contract.
- Terrible! Changes are also unilateral and constructive.
- Don't use "may": if "may" why issue change?

- Be careful with this. A unilaterally directed change under the changes clause has a very limited authority, while a bilateral contract amendment can in fact make major changes. For the "new person on the block" this difference may be important.

d. Proposed Definition Based on Responses:

CHANGE

A modification of the terms of a contract which alters the original requirements.

Synonyms: Amendment, alteration, revision, modification.

Antonyms: None.

7. Competitive Range

a. Original Definition:

COMPETITIVE RANGE

The group of offerors whose responses meet the requirements of a solicitation and have a reasonable chance of being selected for award as determined by the buyer's evaluation of technical, management, cost/price considerations and other stated salient factors.

Synonyms: None.

Antonyms: None.

b. Results:

Agree as written 84 (62%)

Disagree 51 (38%)

6 of the 57 comments (11%) addressed Synonyms/Antonyms

c. Issues:

The present definition generated several minor issues. Many respondents felt that the definition defined a qualified bidder as opposed to a range. They argued that the offers constituted the range and not the group of offerors. Other respondents

commented that the definition should allow for discussions if the offeror did not clearly meet all requirements after the first evaluation. Another group of respondents felt that the word "buyer's" in the definition was misleading as it appeared to restrict the concept of who evaluated the proposals. Others felt that the definition should contain an explanation of where the "stated factors" can be found. Two respondents felt that the FAR definition should be used instead of "reinventing the wheel".

The contracting officer shall determine which proposals are in the competitive range for the purpose of conducting written or oral discussion (see 15.610(b)). The competitive range shall be determined on the basis of cost or price and other factors that were stated in the solicitation and shall include all proposals that have a reasonable chance of being selected for award. When there is doubt as to whether a proposal is in the competitive range, the proposal should be included. [Ref. 5:Part 15.609(a)]

The researcher agreed with the first four issues, but felt that the definition captured the meaning of the FAR definition in a more understandable form. Specific comments included:

- Good definition.
- This definition is complete. I can think of nothing to add that would be beneficial.
- Change to "The offers that meet the ..." Offerors fall within a competitive range. Offers define the competitive range.
- Change to "The offers that meet ..." for brevity.
- This sounds more like a definition of "Qualified Bidders". "Competitive Range" is "The dollar range of bids from ... (your definition)".
- IRT "group of" - not untrue, but "group" is unnecessary and may raise uncertainties. IRT "meet the requirements of a solicitation" - not true in actual practice. Many times, no offeror meets the minimum requirements of the solicitation. IRT "salient" - term doesn't apply to all factors. GAO decisions have broadened the KO's

obligation to keep firms in for the first round of discussions. After the first round, however, competitive range determinations become much more limited.

- Proposals need not initially meet all requirements to be in the competitive range.
- Delete "buyer's"; In NASA, it is not just the Contracting Officer who determines competitive range, but also Source Evaluation Boards (SEB).
- "stated" where?
- Add to Synonyms "Short List" which is used (properly or improperly) by the business world.

d. Proposed Definition Based on Responses:

COMPETITIVE RANGE

The offers which meet, or can be revised to meet, the requirements of a solicitation and have a reasonable chance of being selected for award as determined by an evaluation of technical, management, cost/price considerations and other factors stated in the solicitation.

Synonyms: Short List.

Antonyms: None.

8. Contractor

a. Original Definition:

CONTRACTOR

(1) Any individual, corporation, partnership, association, institution or other entity who contracts to supply certain materials or to do certain work for a stipulated consideration.

(2) In Government: Any individual or other legal entity that (a) submits offers for or is awarded a Government contract or a subcontract under a Government contract, or (b) conducts business with the Government as an agent or representative of another contractor.

Synonyms: Offeror, proposer, awardee, supplier, vendor, bidder.

Antonyms: Volunteer.

b. Results:

Agree as written 87 (64%)

Disagree 48 (36%)

25 of the 51 comments (49%) addressed Synonyms/Antonyms

c. Issues:

The present definition generated only four minor issues. The issue with the most respondents concerned deleting reference to an offeror. The respondents felt that making an offer is not pertinent to being a contractor; being awarded a contract is the pertinent factor. The second issue is similar. The respondents felt that references to subcontractors should be deleted as it is a different term and its inclusion could confuse the meaning. The third issue concerned the fact that the term is applicable to both Commercial industry and Government, and a distinction is not necessary. A fourth group of respondents felt that the verb "contracts" in the first definition should be deleted as it is a part of the term. The researcher agreed with all issues and incorporated them into the definition. This led to the deletion of certain synonyms and the antonym as they conflicted with the respondent's comments. Specific comments included:

- Delete "submits offers for or" An offeror is not a contractor in the legal sense that they have no contractual rights until awarded a contract. An offeror is just that, an offeror.
- IRT (2): Disagree with this statement. A bidder does not become a contractor until they have been awarded a contract.
- Delete "submits offers for or" A contractor who has not received an award should be called "potential contractor", "proposer", "bidder", etc. to avoid confusion when conducting source selection, pre-proposal conferences, etc.

- (2): delete "(a) submits offers for or" and all of part (b). Submitting an offer does not make a contractor, only holding a contract makes a contractor.
- There is a distinct difference between contractor and subcontractor. The latter is without privity.
- Usually a "representative" does not have the authority to take a contract or act for a contractor. I would delete "representative".
- Use generic definitions - The "in government" doesn't add anything, and besides, the definition is also applicable to a variety of non-government contractors.
- Delete "In Government:" only need a single definition. There is no difference between government and industry!
- (1) change "contracts" to "legally agrees"; To define a contractor as one who "contracts" is a tautology.
- (1): Change "contracts" to "agrees", Don't use the word in the definition.
- Antonyms: delete "Volunteer", A vendor may volunteer free service - we just can't accept it under normal circumstances. The "Dollar-a-year" contractors during WWII were volunteers.
- Volunteers can be legally held liable for their actions and decisions. This implies they have a contractual relationship in some cases.

d. Proposed Definition Based on Responses:

CONTRACTOR

- (1) Any individual, corporation, partnership, association, institution or other legal entity who enters into a legally binding agreement to supply certain materials or to do certain work for a stipulated consideration.
- (2) Any individual or other legal entity that is awarded a contract.

Synonyms: Awardee, supplier, vendor.

Antonyms: Customer, buyer.

9. Cost

a. *Original Definition:*

COST

The amount of money or equivalent paid or charged for supplies or services exclusive of profit or fee.

Synonyms: Consideration, charge, total cost.

Antonyms: None.

b. *Results:*

Agree as written 84 (62%)

Disagree 51 (38%)

24 of the 55 comments (44%) addressed Synonyms/Antonyms

c. *Issues:*

The present definition generated two related issues. Many of the respondents felt that the present definition was too narrow, and should be expanded to include two definitions. They felt that the term "cost" should be defined from the buyer's and the seller's point of view. The seller views cost as all costs incurred in performing a contract; whereas the buyer views cost as the total cost paid, including profit or fee. This led to the specific comments in the second issue. Another group of respondents disagreed with the use of the words "paid or charged" as they felt these terms include profit and therefore conflicted with the balance of the definition. The researcher agreed with the two alternatives suggested and incorporated them into the definition. The second issue also affected the synonyms and antonyms. Specific comments included:

- Amount paid may be much less than cost. See "Buy-in". Could be split: costs to Gov't and costs to Contractor which are incurred, regardless of amount paid.

- Cost means different things in different usages. Cost to the Government is the contract price. The Contractor's cost is the amount paid to provide supplies or services.
- Change "paid or charged for" to "required to manufacture or provide". Cost has nothing to do with what is paid or charged.
- I suggest 2 definitions. Actual cost amounts determined on the basis of costs incurred during performance, as distinguished from forecasted or estimated cost before performance and based on quotes and labor estimates and projected indirect rates.
- Is this cost, real cost or after disallowances under the DAR?
- Add (2): "In Government and acquisition planning: the total amount of value including profit or fee for the acquisition of an item."
- IRT "equivalent paid" NO, your cost can also include amounts a contractor is not reimbursed for (i.e. overrun)
- I wouldn't use total cost as a synonym as, although its probably technically correct, total cost implies inclusion of profit or fee to budget types.
- Need two definitions. (2): cost = price in "how much did it cost to buy a ___?"
(1): amount paid in your definition has nothing to do with cost. (delete "paid or")
- Delete all Synonyms: These are synonyms for price or estimated cost and fee. Cost is only a component of these words.

d. Proposed Definition Based on Responses:

COST

(1) For a Seller: The amount of money or equivalent incurred for supplies or services exclusive of profit or fee.

(2) For a Buyer: The amount of money or equivalent paid for supplies or services including profit or fee.

Synonyms: Expense.

Antonyms: None.

10. Cost or Pricing Data

a. *Original Definition:*

COST OR PRICING DATA

All factual or verifiable information as of the time of price agreement that prudent buyers and sellers would reasonably expect to affect price negotiations.

Synonyms: None.

Antonyms: None.

b. *Results:*

Agree as written 95 (70%)

Disagree 40 (30%)

1 of the 41 comments (2%) addressed Synonyms/Antonyms

c. *Issues:*

The present definition generated two main issues. The issue causing the most controversy concerned the question of whether cost or pricing data includes judgment. Nine of the respondents (7%) felt that judgment should be included. Two of the nine cited the fact that case law and Defense Contract Audit Agency (DCAA) audits are using a loose interpretation of factual information which includes judgment. Two respondents specifically requested that the definition be strengthened to exclude judgment. Another six respondents felt that the definition in FAR 15.801, which specifically excludes judgment, should be used instead of the present definition.

"Cost or pricing data" means all facts as of the date of price agreement that prudent buyers and sellers would reasonably expect to affect price negotiations significantly. Cost or pricing data are factual, not judgmental, and are therefore verifiable. While they do not indicate the accuracy of the prospective contractor's judgment about estimated future costs or projections,

they do include the data forming the basis for that judgment.... [Ref. 5:Part 15.801]

The majority (70%) agreed with the definition as written and the researcher assumes they agree that judgment does not belong in the definition. The researcher, therefore, specifically excluded judgment in the revised definition with the realization that case law shapes definitions which could result in a revision to this term in the future. Specific comments included:

- DCAA really loosely interprets this in defective pricing allegations.
- Legal case history seems to support the premise that "judgmental" information upon which a decision was arrived at can be interpreted as "factual" information. A good many audits center around the issue of "fact" versus "judgment" without offering alternative language. I believe the above definition is too simplistic.
- Cost or pricing data is always assumed to be future or estimates therefore not all data is verifiable, but can be factual estimates; add "including estimates based on experience or algorithms" after "verifiable information".
- Add "Cost or pricing data does not include information that is judgmental, but does include the factual information from which a judgment was derived."
- Change to "All factual and verifiable information, excluding judgments made using such information, as of ..."

In the second issue, the respondents were concerned that the definition actually referred to certified cost or pricing data. Specific comments included:

- The reference to "time of price agreement" refers to the act of certification.
- The description listed attempts to describe "certified cost or pricing data".
- Change to "... information provided to support the calculation of a proposed or negotiated price." Cost and pricing data are submitted with proposals. This definition applied more to certified cost or pricing data.

The researcher disagrees that the definition actually describes certified cost or pricing data and does not feel that the phrase "as if the time of price agreement" warrants deletion from the definition.

d. Proposed Definition Based on Responses:

COST OR PRICING DATA

All factual, verifiable, non-judgmental information as of the time of price agreement that prudent buyers and sellers would reasonably expect to affect price negotiations.

Synonyms: None.

Antonyms: None.

11. Cost Principles

a. Original Definition:

COST PRINCIPLES

The principles defining the basis for allowability, reasonableness and the concepts of allocability of contractor's costs under cost reimbursement contracts and for the negotiation of fixed price contracts. They are embodied in regulations which establish rules and policies relating to the general treatment of costs in Government contracts.

Synonyms: None.

Antonyms: None.

b. Results:

Agree as written 105 (78%)

Disagree 30 (22%)

1 of the 33 comments (3%) addressed Synonyms/Antonyms

c. *Issues:*

The present definition was well accepted by the respondents. Four minor issues were addressed. The first issue involved deleting the reference to a differentiation in types of contracts. These respondents argued that the cost principles could apply to all Government contracts through contract changes and that specifically listing cost reimbursement contracts and negotiated fixed price contracts was not necessary. The researcher does not agree that this is not necessary. These respondents generally substituted the word "certain" for the applicable contract types or deleted them in their entirety. The researcher believes that "certain" is too vague and deleting any reference to applicability implies that the cost principles should be applied to all contracts. A second group of respondents suggested deleting the reference to reasonableness and allocability as they are properly included in the definition of allowability. An equal number of respondents left reasonableness and allocability in the definition, but wanted to remove the phrase "concepts of" from allocability. The researcher agreed with the former group as the cost principles are one aspect of allowability and do not, in fact, include allocability and reasonableness. The fourth issue involved setting generally accepted accounting principles apart from the cost principles. The researcher felt that this was effectively done in the last sentence which states that cost principles are applicable to Government contracts and are regulatory. Specific comments included:

- Delete "reasonableness and the concepts of allocability" Allocability and reasonableness are prime requisites of allowability. Cost principles do not define reasonableness. Further, allocability is set forth in a section of FAR outside the cost principles.

- Delete "the concepts of".
- Good. Should you expand and say these may run contra to GAAP?
- Change to "The Government directed principles ..."; "Government" as opposed to GAAP. A good deal of what the government considers unallowable is more policy than a generally accepted principle.

d. Proposed Definition Based on Responses:

COST PRINCIPLES

The principles defining the basis for allowability of a contractor's costs under cost reimbursement contracts and for the negotiation of fixed price contracts. They are embodied in regulations which establish rules and policies relating to the general treatment of costs in Government contracts.

Synonyms: None.

Antonyms: None.

12. Defective Pricing

a. Original Definition:

DEFECTIVE PRICING

Result of cost or pricing data which were claimed by a contractor or subcontractor to be current, accurate and complete but in fact were not. It entitles the Government to an adjustment of the negotiated price, including profit or fee, to exclude any significant sum by which price was increased because of the defective cost or pricing data, provided the data were relied upon by the Government.

Synonyms: Defective cost or pricing data.

Antonyms: None.

b. Results:

Agree as written 104 (77%)

Disagree 31 (23%)

7 of the 34 comments (21%) addressed Synonyms/Antonyms

c. Issues:

The present definition received a strong level of support. The largest number of respondents disagreed with the words "Result of". They felt that defective pricing was not the result of defective cost or pricing data, instead, defective cost or pricing data defined defective pricing. The researcher agreed and deleted the words. The second issue involved the addition of the phrase "at time of price agreement" as defective pricing applies to the improper claim or certification that cost or pricing data is current, accurate, and complete. The researcher also agreed with this argument. The third issue concerned deleting the last sentence. These respondents felt that the last sentence dealt only with the Government's rights and was not properly part of the definition. Although this is true, the researcher felt that the sentence clarified the meaning and placed it in parentheses to indicate that it is a clarification. The final issues concerned specifying that the adjustment taken would always be downward and that other penalties could be involved. Specific comments included:

- Very comprehensive definition.
- Delete "Result of" Is defective pricing really the result? I think not.
- Delete "Result of"
- Definition should not include Government rights, but rather just define the terms.
- Delete all after the first sentence.
- Change to "... to a downward adjustment ..."; "A downward" adjustment is recognized by law as the logical result of defective pricing, so why not say it clearly. The "to exclude" is buried.

- Change to "... a downward adjustment of the negotiated price, including profit or fee, of any ..." It does not entitle the Government to increase the amount of the contract.
- What about interest on overpayments, offsets with underpriced items, etc.?

d. Proposed Definition Based on Responses:

DEFECTIVE PRICING

Cost or pricing data which were claimed by a contractor or subcontractor to be current, accurate and complete at the time of price agreement but in fact were not. (It entitles the Government to a downward adjustment of the negotiated price, including profit or fee, to remove any significant sum by which price was increased because of the defective cost or pricing data, less offsets for underpriced items, provided the data were relied upon by the Government.)

Synonyms: Defective cost or pricing data.

Antonyms: None.

13. Incentive

a. Original Definition:

INCENTIVE

(1) Something that stimulates one to take action.

(2) In Government: something that motivates the contractor in calculable monetary terms (a) to turn out a product that meets or exceeds significantly advanced performance goals, (b) to improve on the contract schedule up to and including final delivery, (c) to reduce costs of the work, or (d) to complete the project under a weighted combination of some or all of these objectives.

Synonyms: Inducement, stimulant, cause.

Antonyms: Disincentive, firm fixed price.

b. Results:

Agree as written 69 (51%)

Disagree 66 (49%)

37 of the 69 comments (54%) addressed Synonyms/Antonyms

c. *Issues:*

The majority of comments disagreeing with the original definition concerned the use of "firm fixed price" as an antonym. All thirty four respondents disagreeing with the antonym pointed to a firm fixed price contract as being the ultimate incentive.

- Delete "FFP" as Antonym. In the sense used here, FFP is hardly an antonym. In fact, it is the ultimate incentive for good performance.
- FFP as an antonym carries an incorrect implication. Contractors can work smarter and make more profit by so doing under FFP.
- Delete FFP - SHAME! A firm fixed price is the ultimate incentive!
- Delete "firm fixed price" from Antonyms. A FFP contract has a built-in incentive for the contractor. The lower the contractor's cost to perform, the greater the profit.
- IRT Antonym "FFP": NO! Many times FFP offers the greatest incentive!

The main issue concerning the definition was that satisfactory performance should be exceeded with the inclusion of an incentive and not merely met. Related comments argued that the words "significantly advanced" are not necessary. The researcher initially disagreed with these comments since part (2a) appeared to refer to incentivizing a contractor to push the state of the art. In this context, meeting a significantly advanced performance goal would constitute a proper incentive goal. However, due to the number of negative comments and the low approval rate, the definition was changed. Minor issues concerned deleting definition (1) as it did not constitute another meaning or add clarification; deleting references to Government, as incentive contracting is also used in commercial industry; include language to indicate

that an incentive can be non-monetary; and include a reference to service contracts.

These changes were incorporated into the revised definition. Specific comments included:

- We don't incentivize for meeting contract requirements. We incentivize for exceeding requirements in a beneficial way or may apply a negative incentive for failure to meet requirements. Question "all" in last as incentivizing more than just cost, which is mandatory, and one other parameter is almost always counterproductive.
- Awkward definition. Government contract incentives are usually monetary awards for difficult technical performance or schedule goals that are met or exceeded.
- Change "In Government:" to "In Contracting:"
- Delete "In Government:" Change to "... contractor, generally in calculable monetary terms, (a) ..." Incentive should not/cannot be limited to money. Also should cover both industry and government.
- IRT (1): Why this definition when we are talking acquisition? IRT (2): Why not delete "In government"? If must be used say "In acquisition, procurement, contracting" or something else.
- Delete "in calculable monetary terms" and "FFP". Many incentives are market driven and are not calculable monetarily i.e. "you meet the terms you get production, etc." This is particularly true in the commercial sector development area.
- Definition (2) does not cover service contract incentives. Many service contracts have award fees.

d. Proposed Definition Based on Responses:

INCENTIVE

Something that motivates a contractor, generally in calculable monetary terms, (a) to produce a product that exceeds performance goals, (b) to improve on the contract schedule, (c) to reduce costs of the work, (d) to provide high quality services, or (e) to complete a project under a combination of these objectives.

Synonyms: Inducement, stimulant, cause.

Antonyms: Disincentive.

14. Major System

a. Original Definition:

MAJOR SYSTEM

(1) A system which is critically important, complicated, expensive, controversial, or for any reason should involve top management.

(2) In Government: One of a limited number of end-items composed of subsystems and/or other components which, for reasons of urgency, criticality, or resource requirements, is determined to be vital to the national interest.

Synonyms: System subject to OMB Circular A-109, weapon system.

Antonyms: Spare components, major components.

b. Results:

Agree as written 89 (66%)

Disagree 46 (34%)

8 of the 52 comments (15%) addressed Synonyms/Antonyms

c. Issues:

The variety of responses made it difficult to reach a consensus for this term. While eleven respondents preferred the definition in FAR 34.001 or OMB Circular A-109 to the original definition, five respondents felt any reference to Government should be deleted. Another six respondents felt that the first definition should be deleted entirely, while fifteen respondents felt the first definition should merely be altered. The researcher agreed with CPT Florek that it was desirable to avoid the Federal or DoD definitions as they typically included dollar limits which would entail changes to the definition whenever the thresholds were changed and, therefore, attempted to incorporate the suggestions into the revised definition. [Ref 4:p 28] Specific comments included:

- Delete (1); "Major systems" seem to be only Government parlance. The "for any reason should involve top management" in particular is so vague as to include practically anything that irritates a customer!
- Why not use the definition in A-109? Its not bad.
- This definition may reflect written guidance, but is not good.
- Disagree with both (1) and (2). Needs a combination of both definitions.
- Why "In government" difference in (1) and (2)?
- IRT (1): Not all major systems are controversial, but some minor buys may be controversial. IRT (2): Are all major systems capable of impacting our national interest?
- No comment; DoD oriented.
- IRT (1) How about a filtration system for a drinking fountain? (i.e. involve top mgmt) Include definition out of OMB circular and reference the circular.
- Delete (1), not good.
- The definition under FAR 34.001 is recommended for use.

"Major system" means that combination of elements that will function together to produce the capabilities required to fulfill a mission need. The elements may include hardware, equipment, software or any combination thereof, but exclude construction or other improvements to real property....
[Ref. 5:Part 34.001]

- Change (1) to "... should involve special management attention." "Top management" is a relative term and not easily definable.
- Usually defined in monetary terms i.e. \$75M in R&D and \$250M in production.

d. Proposed Definition Based on Responses:

MAJOR SYSTEM

(1) A system which is critically important, complex, expensive, politically sensitive, or for any other reason requires special management control.

(2) One of a limited number of end-items composed of subsystems and/or other components which, for reasons of urgency, criticality, or resource requirements, is determined to be vital to the national or corporate interest.

Synonyms: System subject to OMB Circular A-109, weapon system.

Antonyms: None.

15. Market Survey

a. Original Definition:

MARKET SURVEY

Process of attempting to identify qualified sources which are capable of satisfying the buyer's requirement.

Synonyms: None.

Antonyms: None.

b. Results:

Agree as written 99 (73%)

Disagree 36 (27%)

5 of the 43 comments (12%) addressed Synonyms/Antonyms

c. Issues:

The present definition received a fairly high level of support. The respondents which disagreed with the original definition indicated only two areas of disagreement. The majority felt that market survey was a broader term and suggested an alternative meaning. In fact, four respondents felt that the original definition defined "Source Survey" instead of "Market Survey". Most of the alternate definitions centered around surveying a current market price or demand for a product. The second group of respondents felt that the word "qualified" should be deleted from the present definition.

The researcher agreed with both issues and changed the definition accordingly. Specific comments included:

- Commercial: Study of customer preferences for goods and services. Government: Study of sources, availability, and/or prices for goods and services.
- "Attempting to identify trends present in a specific sector of the market for purposes of establishing procurement strategy"
- Market survey also involves determining the "market" cost of a good or service to determine if it is economical to extend a contract or re-bid.
- Too specific definition. Market Survey encompasses studies to determine potential buyers, etc.
- Change to "SOURCE SURVEY" A market is what Industry looks for to sell its products i.e. the customer. A market survey is one which tries to determine whether customers exist for a given system. i.e. need, nice to have, duplicative competitive markets.
- Advertising people would say it is to test the marketability of a product. So, you could do a #1 for that and make this #2.
- It should be noted that the references to market survey in the FAR have been deleted.
- Close enough at this stage in the evolution of this practice.
- "Process of identifying pertinent characteristics of potential buyers."
- Delete "qualified" as it implies a Gov't qualification.
- Delete "qualified" Normally "qualification" takes place when the winning bidder passes the test for responsibility.

d. Proposed Definition Based on Responses:

MARKET SURVEY

- (1) Process of attempting to identify sources which are capable of satisfying the buyer's requirement.
- (2) Process of attempting to identify the level of demand or current price of a product.

Synonyms: None.
Antonyms: None.

16. Non-Developmental Item

a. Original Definition:

NON-DEVELOPMENTAL ITEM

A generic term describing either a commercial product or an item which has been previously developed and used by another service, country, or government agency.

Synonyms: Off-the-shelf, commercial product.
Antonyms: None.

b. Results:

Agree as written 110 (81%)

Disagree 25 (19%)

17 of the 41 comments (41%) addressed Synonyms/Antonyms

c. Issues:

The original definition was one of two terms which received the highest approval rating. Nevertheless, three issues were addressed which merit attention. Several respondents felt that references to the Government, commercial products, and "used by" should be deleted. The references to the Government and commercial products are not needed as they are still included in the revised definition without being specifically named. In addition, an item needs to have been developed, not necessarily used, to be a non-developmental item. Specific comments included:

- Change to "... used anywhere by anyone." Typical NDI item is not commercial but results from prior development. Why not same service?

- Change to "An item which is currently available that requires no development investment".
- Delete "and used by" as it is not necessary.
- Badly misused word! Many cases where "NDI" was purchased but considerable R&D was needed to meet specs. Gov't Planners/ Engineers can't keep their hands off specs. I doubt the Gov't in its current configuration can really buy "NDI".
- Change to "A generic term describing an item which has been previously developed." Commercial items can be developmental and the item may not have been "used".
- Delete all. "A generic term describing an off-the-shelf or commercial product."
- Add Antonym "Developmental Item"
- "Systems available from a variety of sources requiring little or no follow-on development effort to meet requirements."
- Change "used" to "produced" I believe "produced" is more appropriate as some items are never used, even if produced!
- Who uses this?
- Make sure commercial qualifications of an NDI are compatible with Government qualifications when attempting to use NDIs. So often this is not true, and the Gov't doesn't save money in the long run; has to fund the NDI contractor to bring his item up to Gov't standards, thus defeating the purpose of being able to use NDIs or commercial items.

d. Proposed Definition Based on Responses:

NON-DEVELOPMENTAL ITEM

A generic term describing an item which has been previously developed.

Synonyms: Off-the-shelf, commercial product.

Antonyms: Developmental Item.

17. Purchasing

a. Original Definition:

PURCHASING

The process of buying commercially available supplies and services utilizing procedures such as purchase orders, blanket ordering agreements, and pre-negotiated schedules. Usually identified further as orders which fall within certain dollar limits.

Synonyms: Buying.

Antonyms: Selling, disposal, scrapping.

b. Results:

Agree as written 85 (63%)

Disagree 50 (37%)

13 of the 58 comments (22%) addressed Synonyms/Antonyms

c. Issues:

Two major issues and one minor issue were addressed concerning the original definition. Twenty-three respondents felt that the words "commercially available" should be deleted from the definition because it excluded small items bought with Federal or Military specifications. An equal number of respondents felt that the original definition was too narrow and should be expanded considerably. The minor issue concerned deleting the last sentence as it defined a purchase order and did not help define or clarify the term. Specific comments included:

- Could be improved.
- Where does this differ from acquisition?
- Government definition only.

- There appears to be an attempt to differentiate between "purchasing" and "contracting" in this definition, but it doesn't come through. They are synonymous and best differentiated by their complexity, or the complexity of what is being procured.
- Delete "commercially"; Supplies may or may not be commercially available.
- Change to "... buying, normally, commercially ..." Tied more to dollar value than "commercially available". Many commercial avail items require large contracts - and many non-commercial avail items are small dollar purchases.
- Delete "commercially available".
- Change to "The process of procuring supplies ... within certain lower dollar thresholds." The supplies do not necessarily have to be commercially available.
- Delete "commercially available" This is not limited to only items which are commercially available.
- IRT "commercially available" - NO! NO! NO!. IRT "as purchase orders" - May be a subcontract. IRT last sentence: Says who? This is a broadly held misconception of purchasing ver us subcontracting or materiel versus purchasing.
- The definition is too narrow. There are places where purchasing means acquisition - i.e. it may include contracting for major items or for research, not only commercially available supplies. What you have defined is small purchases or simplified purchasing.
- The definition does not match the word which is being defined. The definition above, for the most part, appears to define "small purchase procedures" as defined in FAR 13.101.

"Small purchase procedures" means the methods prescribed in this part for making small purchases using imprest funds, purchase orders, and blanket purchase agreements. The term excludes- (a) Requirements obtained through the use of Delivery Orders; (b) Contracts with the Small Business Administration (SBA) under Section 8(a) of the Small Business Act (see (Part 19); and (c) Contracts awarded through (1) sealed bidding (see Part 14), (2) the negotiation procedures in Part 15, or (3) small business or labor surplus area set-asides (see Part 19 and 20), other than small business-small purchase set-asides prescribed in 13.105. [Ref. 5:Part 13.101]

- This should be definition #2 because I think you'll find in commercial world "purchasing" includes most Gov't "contracting".
- This is inconsistent with FAR definition of contracting at 2.101 which differentiates purchasing from renting or leasing, not based on dollar value or contracting mechanisms or procedures.

"Acquisition" means acquiring by contract with appropriated funds of supplies or services (including construction) by and for the use of the Federal Government through purchase or lease, whether the supplies or services are already in existence or must be created, developed, demonstrated, and evaluated. Acquisition begins at the point when agency needs are established and includes the description of requirements to satisfy agency needs, solicitation and selection of sources, award of contracts, contract financing, contract performance, contract administration, and those technical and management functions directly related to the process of fulfilling agency needs by contract. [Ref. 5:Part 2.101]

- Change to "The process of buying supplies and services utilizing a variety of contractual arrangements." Do not understand the intent of such a narrow definition as the one proposed!
- Change "buying" to "acquiring low dollar value"; Delete last sentence - The last line is a definition of purchase order, not purchasing.
- I don't believe the last sentence is accurate.
- Change to "... procedures other than formal RFPs or IFBs, and .. " Since there are so many purchasing instruments, it might be easier to define by exception.

LCDR Ryan, when initially synthesizing the term, sought to make a distinction between acquisition, contracting, procurement, and purchasing.

The definition which this researcher synthesized did attempt to make such a distinction because in Federal Government usage the term does have a separate meaning. In addition, the need to eliminate the common usage of more than two terms to convey the same meaning is vital to the establishment of a clear and concise language for the contracting discipline. [Ref. 1:p 31]

Due to the high number of respondent disapproval with the scope of the definition, the researcher added a more general definition to the original Government related definition.

d. Proposed Definition Based on Responses:

PURCHASING

(1) The process of buying supplies and services utilizing a variety of contractual arrangements.

(2) In Government: The process of buying readily available supplies and services utilizing procedures such as purchase orders, blanket purchase agreements, and pre-negotiated schedules.

Synonyms: Buying, procurement.

Antonyms: Selling.

18. Scope of Work

a. Original Definition:

SCOPE OF WORK

The total effort to be performed by a contractor in fulfillment of a contractual requirement.

Synonyms: Work statement.

Antonyms: None.

b. Results:

Agree as written 101 (75%)

Disagree 34 (25%)

22 of the 47 comments (47%) addressed Synonyms/Antonyms

c. Issues:

The original definition had the fifth highest rate of approval of the twenty terms. The comments reflected confusion between the terms scope of work and statement

of work. Further confusion existed in whether the scope of work included only work specifically delineated in the statement of work, or all work. These issues were also reflected in the comments received by CPT Cannaday in establishing the initial consensus. In response to comments received, he attempted to differentiate between "in scope", "statement of work", and "scope of work". All were terms included in his research. CPT Cannaday noted that "in scope" denotes a determination made by an individual; "statement of work" is a section of a contract defining work to be performed; and "scope of work" refers to the aggregate work included in a contractual requirement. [Ref. 2:pp 74 and 77] Due to the high number of respondents accepting the term as written, and the confusion existing among the others, the researcher did not change the definition. The researcher did change the synonym "work statement" to "statement of work" in response to comments, and added the synonym "in scope". Specific comments included:

- Should be "STATEMENT OF WORK"? Program Manager Course/Text should have a good definition.
- Add to the end: "as written in the statement of work and subordinate documents."
- Believe the definition should include mention of specifications, standards, etc. which form the SOW.
- Change "in fulfillment of a contractual requirement" to "to provide the goods and/or services required in a contract"; Work may be accomplished to fulfill contractual requirements (i.e. complying with Drug-Free Workplace clause) that is outside the scope of work.
- Change "total effort" to "written description of effort"; "Total" is overly inclusive. The SOW is traditionally the written record.
- Scope of Work doesn't seem to me to cover all the procedural accounting, management and personal efforts; or the societal requirements that have to be

performed as a result of terms and conditions. Rather believe it to cover the product or development with supporting data, etc.

- IRT "effort" Should this be more descriptive than effort? This implies a level of effort which is a grey area in construction contracting depending on the specification.
- Change "total effort" to "definition of the effort".
- Change to "The limits on the total ..." "Scope" implies boundaries, limits, etc.
- Add (1) A sphere of defined activity(s) directed toward the accomplishment of a designated objective. (2) In Gov't: ..."
- Add "It defines the parameters of the effort." The scope of work defines the limits of the efforts.
- This definition ignores the most important aspect of scope, i.e. what considerations there are in determining whether or not a particular activity (change) is within scope of the contract as written. Needs to be beefed up considerably.

d. Proposed Definition Based on Responses:

SCOPE OF WORK

The total effort to be performed by a contractor in fulfillment of a contractual requirement.

Synonyms: Statement of work, in scope.

Antonyms: None.

19. Solicitation

a. Original Definition:

SOLICITATION

(1) The practice or act of requesting.

(2) In Government: The practice or act of notifying prospective bidders that the Government wishes to receive bids or proposals on a set of requirements to provide goods and/or services. (The process might consist of public advertising, the mailing of invitations for bids, the posting of notices, or telephone calls to prospective vendors.)

Synonyms: Tender.
Antonyms: None.

b. Results:

Agree as written 87 (64%)

Disagree 48 (36%)

25 of the 60 comments (42%) addressed Synonyms/Antonyms

c. Issues:

The most common comment from respondents concerned adding "request for proposals/quotations" to the processes of soliciting. The other issues included changing the word "bidders" to either "offerors" or "contractors"; deleting the first definition, and making reference to the solicitation document; deleting reference to the Government; and deleting the portion in parentheses. The researcher agreed with all of the comments except the last. The portion in parentheses, although not part of the actual definition, clarifies the definition and is meaningful. Specific comments included:

- Delete "In Government:" and change "Government" to "solicitor" as the term also applies to non-government.
- Do not like short explanation in (1)
- The process might also consist of the mailing of requests for quotations and proposals.
- Change "bidders" to "offerors/bidders", and "IFB" to "IFB/RFP"
- "The document containing specifications, terms & conditions, and request for response"
- Also used as a noun referring to the document itself, i.e. RFP, IFB.
- Why (1) and (2)? Delete portion in parentheses as it is not a definition.

d. Proposed Definition Based on Responses:

SOLICITATION

(1) A document which notifies prospective bidders or offerors that a buyer wishes to receive bids, quotes, or proposals on a set of requirements to provide supplies, services, or construction.

(2) The practice or act of notifying prospective bidders or offerors that a buyer wishes to receive bids, quotes, or proposals on a set of requirements to provide supplies, services, or construction. (The process might consist of public advertising, mailing an invitation for bids or request for proposals/quotations, posting notices, or telephone calls to prospective vendors.)

Synonyms: Request for Proposals, Request for Quotations, Invitation for Bids.

Antonyms: None.

20. Weighted Guidelines

a. Original Definition:

WEIGHTED GUIDELINES

A structured approach for developing fee and profit negotiation objectives that provides consideration of the relative value of appropriate cost and risk related factors.

Synonyms: None.

Antonyms: None.

b. Results:

Agree as written 110 (81%)

Disagree 25 (19%)

2 of the 26 comments (8%) addressed Synonyms/Antonyms

c. Issues:

The original definition was one of two terms which received the highest approval rating. Only one issue received more than one comment. It concerned

specifically stating that weighted guidelines are peculiar to the Department of Defense. The researcher agreed and incorporated it into the definition. Minor editing suggestions were incorporated where they clarified the definition. Specific comments included:

- Of the definitions I have been asked to comment about, I like this definition the most because it covers a complex subject remarkably well with a small number of words.
- Change to "A DoD structured ..."
- Change to "A structured Federal Governmental approach ..."
- Change to "... provides a format for consideration ...", Weighted Guidelines are really just forms and formats. You provide the considerations, not the forms.
- Delete all after "... objectives." No way do the weighted guidelines consider relative value. They are arbitrary and government directed with little relationship to real risk assessment.

d. Proposed Definition Based on Responses:

WEIGHTED GUIDELINES

A Department of Defense (DoD) structured approach for developing profit or fee negotiation objectives that provides a format for consideration of the relative value of appropriate cost and risk related factors.

Synonyms: None.

Antonyms: None.

C. GENERAL COMMENTS

The respondents were very positive in responding to the initial questionnaire. Most were appreciative that they had an opportunity to help in what they considered valid and needed research. A concern was expressed by several of the respondents that a conscious attempt should be made to provide universal definitions to terms, and not concentrate on Government oriented terms and definitions. Three respondents did not appear to

understand the nature of this research and indicated that more than the twenty terms being refined in this effort need to be addressed. An equal number felt that this effort was wasted. They felt that the Government should assemble a dictionary of definitions from the FAR and attempt to enforce these as the only legitimate definitions. The researcher strongly disagrees with this opinion. Although some terms are applicable only to Government contracting, many other terms are also used widely in commercial contracting. Definitions to be used by acquisition and contracting professionals should be universal and applicable to the profession in general to the largest extent possible. The general comments included:

- I highly recommend that these definitions be included in the Federal Acquisition Regulation definitions section.
- You may use my suggestions in their entirety, in part, or not at all. Thanks for the opportunity.
- An excellent collection of terms and definitions.
- Good luck. I would be interested in receiving a copy of the final outcome.
- Good effort. Perhaps some effort to combine FAR definitions and UCC (if applicable). Should be delineated if there are differences. Will this dictionary apply to both government and commercial acquisitions?
- Much improved. Still very heavily oriented towards defense acquisition. Suggest a concerted effort be made to use terminology that is applicable to both defense and civilian acquisition whenever possible and more definitions of commercial acquisition terminology be added.
- When generating your definitions keep in mind that buyers, sellers, Government and non-government personnel will need to work with them. The procurement term needs to be defined in such a manner that each party may express the "meaning" within their particular context. I believe your survey approach will help achieve this result. If I can be of any further assistance, please don't hesitate to contact me.

- 20 words do not make a dictionary. Why these - why not other important terms. What value is such a limited list? Doesn't answer the typical confusion among the 3 terms: acquisition, contracting, purchasing. Have fun!
- Whenever possible, if you want industry to utilize your definitions, use the exact definition in the FAR!
- Caution: stick to established definitions in the FAR, etc. If they are outmoded or in need of refinement, offer suggested changes - don't try to reinvent the wheel from scratch! Most established definitions have been thoughtfully crafted. Good luck!
- In an attempt to provide synonyms and (especially) antonyms we seem to be reading too far in many cases. Where they are not very accurate, suggest they not be used. They add little, if any, value to the highly technical terminology we're addressing.

D. SUMMARY

This chapter has presented the analysis of terms from the initial questionnaire. Revisions to the definitions, synonyms, and antonyms for the terms were based on feedback from the surveys returned to the researcher. The information contained in this chapter was used to create the follow-up questionnaire, contained in Appendix C. In Chapter III, the results and analysis of the follow-up questionnaire will be presented.

III. ANALYSIS OF FOLLOW-UP RESPONSES

A. INTRODUCTION

This chapter is the second of the two analysis chapters, and deals with the results of the follow-up questionnaire. As in the previous chapter, the researcher analyzed the comments provided for each term using the criterion of improving the definition, either through content or enhancing the reader's ability to understand the term.

The format for section "B", Term Analysis, is presented in four subsections. Subsection "a" provides the proposed definition for the term as developed in the previous chapter. Subsection "b" presents the quantitative results of the questionnaire. As in the previous chapter, the number presented for "agree as written" includes respondents who agreed without comment, provided positive comments which did not propose a change or supported the definition, or suggested synonyms or antonyms without negative comments. The number presented for "disagree" includes respondents who offered constructive criticism, negative comments, or made any change to the definition, synonyms or antonyms. The subsection also includes an indication of the extent of the respondent's comments regarding synonyms and antonyms. The numbers include only respondents who provided comments, as discussed above. The number includes both comments which addressed only synonyms or antonyms, and comments on synonyms or antonyms which also addressed the term's definition. Subsection "c" identifies the

respondent's issues, representative responses, and the researcher's analysis. Subsection "d" provides a consensus definition.

B. TERM ANALYSIS

1. Acquisition

a. Proposed Definition:

ACQUISITION

- (1) The process by which one obtains legal possession or ownership.
- (2) The entire spectrum of actions, from the identification of a need through disposition, in obtaining supplies, services, construction, or systems.
- (3) In major systems: The process of obtaining complex systems through phases such as: concept exploration, concept demonstration and validation, full-scale development, production, logistic support, and major upgrade/system replacement.

Synonyms: Procurement.

Antonyms: None.

b. Results:

Agree as written 79 (87%)

Disagree 12 (13%)

2 of the 14 comments (14%) addressed Synonyms/Antonyms

c. Issues:

The comments of the respondents indicated that the proposed definition improved upon the original definition. The term, however, remained one of the most controversial terms in this research based on the issue of the term's scope. In the initial questionnaire, 15 respondents (11%) indicated that acquisition is complete when the supply or service is delivered. In the second questionnaire, 5 respondents (5%) restated this opinion. The other issues concerned deleting the third definition, mentioned by two

respondents, and deleting reference to construction, mentioned by one respondent.

Specific comments included:

- Improved. Concur with revisions.
- Better.
- Change "disposition" to "acceptance of the goods or services". Delete "in obtaining supplies, services, construction, or systems."
- Change "disposition" to "taking possession" and add Antonym "disposition". I believe "acquisition ends when one "acquires" the item, i.e. takes title or possession. "Use" of the item is not "acquisition" and starts the next phase. To me, the opposite of procuring an item is disposing of it.
- NO. Acquisition begins after a need has been identified and ends when the need is satisfied (i.e. when the last item contracted for is delivered). It does not include disposition.
- Delete "disposition". Contract management is responsible for management through disposition, but acquisition ends with receipt. Disposition is a separate function.
- "Needs identification" is the last step before acquisition, not part of acquisition.
- (3) is unnecessary.
- (3) is unnecessary. Systems are only a collection of supplies and services.
- Delete "construction" in (2). Construction is a service.
- Very Good. Change (2) to "... supplies, products, services ...". Disagree with Synonym "Procurement": still regard procurement as a subset of acquisition. The contracting/business aspect as opposed to the technical aspects with regard to major systems.

Although the term's scope remained the major concern of the respondents who disagreed with the proposed definition, the researcher believes that the scope delineated in the definition is correct and did not revise the definition.

d. Consensus Definition:

ACQUISITION

- (1) The process by which one obtains legal possession or ownership.
- (2) The entire spectrum of actions, from the identification of a need through disposition, in obtaining supplies, services, construction, or systems.
- (3) In major systems: The process of obtaining complex systems through phases such as: concept exploration, concept demonstration and validation, full-scale development, production, logistic support, and major upgrade/system replacement.

Synonyms: Procurement.

Antonyms: None.

2. Acquisition Strategy

a. Proposed Definition:

ACQUISITION STRATEGY

The conceptual iterative framework for conducting an acquisition. Acquisition Strategy encompasses the broad concepts and objectives which direct and control the overall development, production, and introduction to use of a product or system through the integration of strategic, technical, resource, and business concerns. It is developed and tailored to the unique circumstances of an individual program.

Synonyms: Acquisition planning, acquisition management plan, business strategy plan.

Antonyms: None.

b. Results:

Agree as written 81 (89%)

Disagree 10 (11%)

2 of the 10 comments (20%) addressed Synonyms/Antonyms

c. Issues:

The major issue concerning the proposed definition was the addition of the word "iterative". The word was added to the original definition in response to one

comment. It was intended to reflect the view of an acquisition strategy evolving through the milestone process and reacting to changes in the political environment. As the addition of the word appears to detract from the establishment of a consensus, it was removed. The comments were:

- Delete "iterative" and "to use".
- Instead of "iterative" use a more simple word. Also could eliminate it and lose nothing, or restructure sentence to include repeat-ing-ious-ed, etc.
- "Conceptual iterative framework" seems like a lot of fancy words when what you simply mean is "the plan". See FAR 7.101.

"Acquisition planning" means the process by which the effort of all personnel responsible for an acquisition are coordinated and integrated through a comprehensive plan for fulfilling the agency need in a timely manner and at a reasonable cost. It includes developing the overall strategy for managing the acquisition. [Ref. 5:Part 7.101]

- Change "iterative" to "encompassing". When looking for a definition one should not need to research the words in the definition.
- Strong opinion: Strategy ought not be iterative. Tactics are perhaps iterative, but not strategy. If an acquisition strategy must be altered, it reflects a failure of the original strategy.
- "Iterative": This may be common business school usage of this word, but is not grammatically correct.
- What does "interactive" add to the definition?
- Assumes a major system. Change "product or system" to "supplies, services, construction". Disagree with Synonym "business strategy plan" as it is a subset of acquisition plan. Change "Acquisition planning" to "Acquisition plan".
- Do not concur with the Synonym "Acquisition Planning" because the line of responsibility is not the same. FAR states Acquisition Plan is the Contracting Officer's responsibility, and Acquisition Strategy is the Program Manager's responsibility.

- IRT questionnaire rationale: Perhaps not, but the purpose of having an acquisition strategy is to increase efficiency/effectiveness, i.e., to avoid those situations which may contribute to cost overruns, late delivery, etc.

d. Consensus Definition:

ACQUISITION STRATEGY

The conceptual framework for conducting an acquisition. It encompasses the broad concepts and objectives which direct and control the overall development, production, and introduction to use of a product or system through the integration of strategic, technical, resource, and business concerns. It is developed and tailored to the unique circumstances of an individual program.

Synonyms: Acquisition plan, acquisition management plan, business strategy plan.

Antonyms: None.

3. Allowable Cost

a. Proposed Definition:

ALLOWABLE COST

A direct or indirect cost which, if reasonable, allocable, in accordance with the terms of the contract, Generally Accepted Accounting Principles (GAAP), and, if applicable, Cost Accounting Standards (CAS) and regulatory cost principles may be deemed reimbursable under a given contract.

Synonyms: None.

Antonyms: Unallowable cost.

b. Results:

Agree as written 85 (93%)

Disagree 6 (7%)

0 of the 9 comments (0%) addressed Synonyms/Antonyms

c. Issues:

Comments from the respondents indicated that the proposed definition significantly improved upon the original definition. The only concern mentioned by more than one respondent was that the revision made the proposed definition more cumbersome. The comments were:

- Revision should make all participants happy!
- Revised definition is much improved.
- Original definition was less cumbersome.
- This comes out as a burdensome definition.
- More complete but not easily understood when reading it first (or second) time. Suggest "A direct or indirect cost which may be deemed reimbursable under a given contract if determined reasonable and allocable in accordance with: 1) the terms of the contract and GAAP, and 2) CAS and regulatory cost principles, if applicable."
- Needs some numbering and a comma (after "principles") for easier reading.
- Change to "A direct or indirect cost which, if allocable and reasonable in amount may be deemed reimbursable under government contracts." The verbiage on GAAP, CAS, etc. is absolutely unnecessary for a definition. Allocability should come first in the definition. It is the first wicket a cost has to go through to be allowable. The definition must state "government" contracts. Allowability is not known in non-government contracting.
- Change to "... under a given negotiated contract."
- Delete "reasonable". May be unreasonable and still allowable (commercial or Gov't).

The researcher does not agree that the language concerning GAAP and CAS is unnecessary. The terms were added in response to numerous comments in the initial

questionnaire. The researcher believes that the proposed definition constitutes a consensus and did not change the definition.

d. Consensus Definition:

ALLOWABLE COST

A direct or indirect cost which, if reasonable, allocable, in accordance with the terms of the contract, Generally Accepted Accounting Principles (GAAP), and, if applicable, Cost Accounting Standards (CAS) and regulatory cost principles, may be deemed reimbursable under a given contract.

Synonyms: None.

Antonyms: Unallowable cost.

4. Buying-In

a. Proposed Definition:

BUYING-IN

A pricing technique of knowingly submitting an offer below anticipated costs or with no profit or fee to obtain a contract award. (Buying-in may be done expecting to gain benefit and recoup losses through contract changes or follow-on contracts. It may also be intended to achieve or protect market share, obtain access to new technology, or retain company viability through the absorption of fixed costs.)

Synonyms: Loss leader, low-balling.

Antonyms: High-balling.

b. Results:

Agree as written 78 (86%)

Disagree 13 (14%)

3 of the 15 comments (20%) addressed Synonyms/Antonyms

c. Issues:

This term remained one of the most controversial terms in this research. Respondents took issue with the change in the proposed definition from a management practice to a pricing technique. As more respondents disagreed with this change than suggested it in the initial questionnaire, the researcher changed the definition. The second issue addressed was the legality of buying-in to gain future benefit. Since an equal number addressed this issue in the initial questionnaire, the researcher incorporated the concept in the consensus definition. The third issue addressed concerned deleting the reference to submitting an offer with no profit or fee. Again, as more respondents disagreed with this change than suggested it in the initial questionnaire, the researcher changed the definition. Specific comments included:

- Much better.
- It seems to me that "buying-in" is a management practice rather than a pricing technique in that a conscious, intentional management decision must be made and usually "approved" by some relatively higher level of management. Also think a comment regarding legality/ethics is in order.
- The aspect of management decision is ignored. No company is going to allow a standard pricing technique of buying in without upper management review and guidance. Suggest change to "A management decision and pricing technique ..."
- Although "buying-in" may be a "pricing technique", it results from a "management practice" which I believe is the more important message.
- It's buying-in only if done with intention to get well. IRT "may be": implies it is OK by regulation. IRT "or with no profit or fee": only below cost is buying-in, not if break-even. IRT "or retain company ...": this is marginal pricing.
- Delete "through contract changes or". The concept of covering original under bidding through changes implies, if not illegal certainly, immoral acts. The prices for changes are supposed to reflect actual changes in scope of work. This definition

suggests that a contractor could somehow "pad" in changes to prices to recover some of its original under bid. I think it is improper to suggest this as a possible route to take.

- Change to "... follow-on contracts, although this must be precluded by the contracting officer in accordance with the FAR. ..."
- Change "anticipated costs" to "variable/recurring costs". Delete "or with no profit or fee" as they are mutually exclusive per FAR 3.501.1. The definition should include the Government solicitation practice of requesting first lot buys to be low, with recovery of fixed costs on the later option lots (U.S. Army, FAADS). Also, consider the new proposal evaluation criteria of having contractors specify how much money they are willing to lose on a cost type contract (a lose floor) (U.S. Army, LH).

"Buying-in" means submitting an offer below anticipated costs, expecting to-
(a) Increase the contract amount after award (e.g., through unnecessary or excessively priced change orders); or (b) Receive follow-on contracts at artificially high prices to recover losses incurred on the buy-in contract. [Ref. 5:Part 3.501-1]

- No, the original definition is better. Lack of anticipated profit or fee is not a "buy-in". If there is a problem with the reasons as originally stated, leave out the parenthetical statement altogether.

d. Consensus Definition:

BUYING-IN

A management decision to knowingly submit an offer below anticipated costs to obtain a contract award. (Buying-in may be done expecting to gain benefit and recoup losses through contract changes or follow-on contracts; however, this must be precluded by the contracting officer if suspected. It may also be intended to achieve or protect market share, obtain access to new technology, or retain company viability through the absorption of fixed costs.)

Synonyms: Loss leader, low-balling.

Antonyms: High-balling.

5. Buy-Out

a. *Proposed Definition:*

BUY-OUT

- (1) To buy all the stock, assets, or business rights, in a company.
- (2) Awarding a contract for all forecasted production requirements to a single contractor. Usually done towards the end of a production cycle or to acquire spare parts when a sole source contractor goes out of business.

Synonyms: None.

Antonyms: None.

b. *Results:*

Agree as written 84 (92%)

Disagree 7 (8%)

0 of the 8 comments (0%) addressed Synonyms/Antonyms

c. *Issues:*

The term generated only one minor issue, deleting the first definition.

The researcher did not believe that the issue generated sufficient response to change the definition. The comments were:

- Much better.
- Delete (1) or place in secondary position. Outside scope of the project (appropriate in Webster's).
- (1) is too narrow and may not be true. Many buy-outs involve only divisions or portions of a firm (Ford sold only the Aerospace Division).
- (1) does not fall under "contracting terminology" per se.
- Delete last sentence. Done for many reasons, such as when the 5 year acquisition objective can best be served (economically or otherwise) by one-time buy out.

- Change to "... forecasted requirements to ... business, or when an item will no longer be required in current configuration."
- This is an uncommon term. I'm sure there are other words or terms that would be much more valuable in the dictionary!! Throw it out!
- (2) Not necessarily a single contract.

d. Consensus Definition:

BUY-OUT

- (1) To buy all the stock, assets, or business rights, in a company.
- (2) Awarding a contract for all forecasted production requirements to a single contractor. Usually done towards the end of a production cycle or to acquire spare parts when a sole source contractor goes out of business.

Synonyms: None.

Antonyms: None.

6. Change

a. Proposed Definition:

CHANGE

A modification of the terms of a contract which alters the original requirements.

Synonyms: Amendment, alteration, revision, modification.

Antonyms: None.

b. Results:

Agree as written 83 (91%)

Disagree 5 (9%)

1 of the 10 comments (10%) addressed Synonyms/Antonyms

c. Issues:

The proposed definition generated two minor issues, one of which warranted a change to the definition. The primary issue concerned the deletion of the word "bilateral" from the original definition. This issue generated 95 comments in the initial questionnaire. As the respondents indicated that a change could also be unilateral, the researcher deleted the word "bilateral" to imply the possibility of a unilateral change. The point was made in the follow-up questionnaire that this should be made explicit by specifically including the word "unilateral". The researcher agreed and changed the definition. The second issue concerned expanding the word "terms" to something such as "terms and conditions". As this was not an issue in the initial questionnaire and generated only three comments in the follow-up questionnaire, the researcher did not believe it added to the establishment of a consensus. The comments were:

- Good!
- You misinterpreted the comments. Bilateral should not be deleted; rather, unilateral should be added to provide a more complete definition. I suggest you either incorporate both, or use two definitions. I believe this qualifier: "The change can be unilateral in accordance with the provision of the "changes" clause as incorporated in Federal Government Contracts." is appropriate as it is the only place unilateral changes arise, and one of the distinguishing features of Gov't contracts! (I learned that in "Contract Law" at Wright-Patterson around 20 years ago.)
- Contract change? Modifications/amendments can be either bilateral or unilateral. However, in Government, a change order (in accordance with the changes clause) is unilateral and changes specifications, drawings, or delivery requirements. Perhaps you need to differentiate between the two.
- Change to "terms or content of a contract"
- Change to "... terms or schedule of a contract ..."

- Change to "terms and conditions" and "requirements" to "agreement". You could have a formal change which alters the terms and conditions of the contract but does not alter the original requirements, such as a bilateral addition of a clause to the contract.
- "Modification" (or "modifies") and "alters" are synonymous. The "terms of a contract" are the original requirements. Therefore, "which alters the original requirements" is redundant.
- Except in some peculiar or bizarre circumstance, a modification must be "written" in order to be legally sufficient, i.e. binding on both parties.
- Delete "modification" and use "change" in lieu of.
- Add Synonym "change order".

d. Consensus Definition:

CHANGE

A unilateral or bilateral modification of the terms of a contract which alters the original requirements.

Synonyms: Amendment, alteration, revision, modification.
Antonyms: None.

7. Competitive Range

a. Proposed Definition:

COMPETITIVE RANGE

The offers which meet, or can be revised to meet, the requirements of a solicitation and have a reasonable chance of being selected for award as determined by an evaluation of technical, management, cost/price considerations and other factors stated in the solicitation.

Synonyms: Short List.
Antonyms: None.

b. Results:

Agree as written 82 (90%)

Disagree 9 (10%)

3 of the 10 comments (30%) addressed Synonyms/Antonyms

c. Issues:

Only one issue generated more than one comment. Four respondents did not agree with the inclusion of the phrase "or can be revised to meet". In the initial questionnaire, 13 respondents indicated that the initial competitive range includes offers which, through discussions, can be revised to meet the requirements. The researcher changed the definition to make this distinction clear. The comments were:

- I do not think you need the phrase "or can be revised to meet". I'm sure you have something in mind, but these words hint at a 2nd round of bidding which would have to be open to all. I would just leave it out; it raises lots of questions.
- Change to "... meet, or through discussions can be revised ... solicitation as determined by ... solicitation, and therefore have a reasonable ..."
- Disagree with the inclusion of the phrase "or can be revised to meet".
- Change to "or can revise their technical proposal to meet the ...". No. What is an offeror who was non-responsive to the solicitation in that he did not furnish a sample required. This definition would allow he/she to be responsive by providing the sample later.
- Change "meet" to "conforms to"; Delete "requirements of a", "technical, management," and "considerations". Definition makes an assumption that technical and management are always factors, but this is not the case. For example, in Program Research and Development Announcements (PRDAs) a single criterion, innovative solutions is often used. The FAR clause states that award will be on cost or price and other factors (FAR 52.215-16).

The Government will award a contract resulting from this solicitation to the responsible offeror whose offer conforming to the solicitation will be most advantageous to the Government, cost or price and other factors, specified elsewhere in this solicitation, considered. [Ref. 5:Part 52.215-16(a)]

- Change "can" to "may". "Can" implies certainty.
- This is not any more clear than the FAR definition.
- Disagree with Synonym, very colloquial.
- Add synonym "zone of consideration", used widely.
- Disagree with Synonym. Don't understand. Indeed the competitive range is a shortened list of proposers, but any short list is not "competitive range".

d. Consensus Definition:

COMPETITIVE RANGE

The offers which meet, or through discussions can be revised to meet, the requirements of a solicitation and have a reasonable chance of being selected for award as determined by an evaluation of technical, management, cost/price considerations and other factors stated in the solicitation.

Synonyms: Short List, zone of consideration.

Antonyms: None.

8. Contractor

a. Proposed Definition:

CONTRACTOR

(1) Any individual, corporation, partnership, association, institution or other legal entity who enters into a legally binding agreement to supply certain materials or to do certain work for a stipulated consideration.

(2) Any individual or other legal entity that is awarded a contract.

Synonyms: Awardee, supplier, vendor.

Antonyms: Customer, buyer.

b. Results:

Agree as written 80 (88%)

Disagree 11 (12%)

1 of the 12 comments (8%) addressed Synonyms/Antonyms

c. Issues:

Three minor issues generated more than one comment. Four respondents suggested that the phrase "or to do certain work" be changed. Two respondents felt that "who" in the first definition should be changed to "that". The researcher felt that the changes improved the definition, and changed the consensus definition. Two respondents felt that reference to offerors should not have been deleted in the proposed definition. As 13 respondents in the initial questionnaire did not agree that an offeror constituted a contractor, the researcher felt the reference did not reflect the consensus opinion. The comments were:

- Change "supply certain materials or do certain work" to "provide supplies, services, products, systems, construction".
- Change "or to do certain work" to ", products or services"
- Change to "... materials or services or to do ..."
- Change "who" to "that" and "do" to "perform".
- Change "who" to "that".
- Also includes one proposing or offering to provide services, i.e. offeror.
- Change "materials or to do certain work" to "goods or services". You don't have to be awarded a contract to be a contractor. I would be a potential contractor if I only submitted a bid.

- Change to "Any individual or other legal entity that is awarded a contract to supply materials or to do work." The definition goes further than it needs to. (2) with the added words as indicated suffices. If you retain the revised definition, delete the words "for a stipulated consideration". to be legally binding an agreement has to have consideration. Its a redundant phrase. Also, what does "stipulated" mean in this context?
- Delete "legally binding". The "contract" may be "voidable" and the contractor is still a contractor.
- Why bother with the second definition? It is contained within the first.
- Cost is historical and objective.
- Disagree with Antonyms.

d. Consensus Definition:

CONTRACTOR

(1) Any individual, corporation, partnership, association, institution or other legal entity that enters into a legally binding agreement to supply certain materials, products or services for a stipulated consideration.

(2) Any individual or other legal entity that is awarded a contract.

Synonyms: Awardee, supplier, vendor.

Antonyms: Customer, buyer.

9. Cost

a. Proposed Definition:

COST

(1) For a Seller: The amount of money or equivalent incurred for supplies or services exclusive of profit or fee.

(2) For a Buyer: The amount of money or equivalent paid for supplies or services including profit or fee.

Synonyms: Expense.

Antonyms: None.

b. Results:

Agree as written 77 (85%)

Disagree 14 (15%)

0 of the 15 comments (0%) addressed Synonyms/Antonyms

c. Issues:

This term remained one of the most controversial terms in this research.

In the initial questionnaire, 16 respondents suggested a second definition was needed. Most of these specifically noted the fact that "price" for a buyer is quoted as a "cost" for a seller. Four other respondents, in commenting on the synonym "total cost" noted that cost may or may not include profit. Nine respondents (10%) in the follow-up questionnaire did not agree with the addition of the second meaning for the term cost. As 90% of the respondents agreed with the proposed definition, the researcher felt a general consensus was achieved. Cost and price are generally interchangeable in general usage, but have separate and distinct meanings in the acquisition and contracting profession. The researcher, therefore, changed the viewpoint from "For a seller" and "For a buyer" to "In Contracting" and "General Usage". The comments included:

- I've experienced a lot of confusion between buyers and sellers regarding the use of "cost" and/or "price", so I'd recommend a cross-reference if the understandings are divergent, as the buyer definition of cost is the seller definition of price!
- The second definition is really the "price" not the "cost". When reporting "cost", everyone is a "seller", i.e. DoD goes to Congress and reports the "cost" of a system, a manufacturer reports the "cost" to the DoD, etc. Buyers pay the "price" which is the seller's cost plus profit, and which becomes his "cost" when the buyer becomes a seller. Change definition to "The amount of money incurred for supplies or services."

- Disagree with (2), sounds like price. Change to "which may include profit or fee."
- (1): Change to "The value of the resources input to produce a product or service." "incurred" is poor wording. (2): NO!! This is just WRONG. Leave it out as you did originally. Cost + profit = price.
- (2) is correct for commercial application; however, it is incorrect in Government terminology. In Government contracting, cost does not include profit/fee.
- (2) would also seem to be the definition of "price". Sometimes the buyer also views "cost" as the seller's cost (i.e. excluding profit/fee). We may be oversimplifying?
- In construction, the cost of a contract does not include profit/fee. The inclusion of cost and profit/fee is called "price".
- (1) is OK for all. (2) sounds like price, where cost plus profit/fee equals price.
- Disagree with (2). For a buyer, money paid including profit or fee would be price, not cost. Stick with one definition.
- Add "(3) Pertaining to contract type or cost proposals: Those elements of price excluding profit or fee."
- Change to "... incurred for providing supplies ..." and "... services received, including ..."
- (2): Change "equivalent" to "consideration".
- Change to "... incurred, directly or indirectly, for ..."
- Much more concise.
- IRT "equivalent": which is reimbursable?

d. Consensus Definition:

COST

- (1) General Usage: The amount of money or equivalent paid for supplies or services including profit or fee. (See definition of "Price".)
- (2) In Contracting: The amount of money or equivalent incurred for supplies or services exclusive of profit or fee.

Synonyms: Expense.
Antonyms: None.

10. Cost or Pricing Data

a. Proposed Definition:

COST OR PRICING DATA

All factual, verifiable, non-judgmental information as of the time of price agreement that prudent buyers and sellers would reasonably expect to affect price negotiations.

Synonyms: None.
Antonyms: None.

b. Results:

Agree as written 83 (91%)

Disagree 8 (9%)

0 of the 10 comments (0%) addressed Synonyms/Antonyms

c. Issues:

The two issues generated in the follow-up questionnaire were the same as the major issues in the initial questionnaire. In the initial questionnaire, 9 respondents (7%) felt that "cost or pricing data" should include judgment, and another 8 respondents (6%) felt that the phrase "as of the time of price agreement" should be deleted. In the follow-up questionnaire, only 4 respondents (4%) took issue with the addition of "non-judgmental" and 3 respondents (3%) restated their feeling that "as of the time of price agreement" should be deleted. The researcher believes that a consensus has been

achieved, since 91% support the proposed definition, and due to the rationale stated in the previous chapter. The comments were:

- Good.
- The factual basis upon which judgmental pricing was based is cost and pricing data.
- Delete "non-judgmental". Judgmental factors can be a part of cost or pricing data.
- All decisions require a judgment. By including the term "non-judgmental" it gives the appearance the cost/pricing data may be arbitrary and capricious.
- Delete "non-judgmental".
- Notwithstanding your rationale, "judgment" must be included as part of the definition, simply because it is part of "cost or pricing" data and "judgment" can be evaluated.
- Delete "as of the time of price agreement". I disagree with the researcher on this point. Cost or pricing data may well be required when a change to a contract is made. (See definition 6) The change may not be large enough to require certified cost or pricing data, but cost or pricing data must support the contractor's claim for adjustment. The words make the definition unduly restrictive.
- (IRT "as of the time of price agreement" discussion in rationale) This is true, but how do you cover updated information that pops up between the handshake and signing the certification? It's data that can get you into defective pricing problems too!
- Your rationale supports deleting the phrase "as of the time of price agreement"! Since there would be no further negotiation of price after price agreement, the phrase is redundant.
- Use the FAR definition.

d. Consensus Definition:

COST OR PRICING DATA

All factual, verifiable, non-judgmental information as of the time of price agreement that prudent buyers and sellers would reasonably expect to affect price negotiations.

Synonyms: None.
Antonyms: None.

11. Cost Principles

a. *Proposed Definition:*

COST PRINCIPLES

The principles defining the basis for allowability of a contractor's costs under cost reimbursement contracts and for the negotiation of fixed price contracts. They are embodied in regulations which establish rules and policies relating to the general treatment of costs in Government contracts.

Synonyms: None.
Antonyms: None.

b. *Results:*

Agree as written 86 (95%)

Disagree 5 (5%)

0 of the 6 comments (0%) addressed Synonyms/Antonyms

c. *Issues:*

The proposed definition generated overwhelming approval. The only issue generating more than one comment was to restore the words "reasonable and allocable" to the proposed definition. As only two respondents raised this issue, and 95% of the respondents agreed with the proposed definition, the researcher believes a consensus has been achieved. In reply to the respondent indicating that the proposed definition is wrong, the researcher notes that the word "negotiation" in the definition describes the act of negotiation of fixed price contracts. The word does not describe the method of contracting (negotiated versus sealed bid). The comments were:

- Acceptable.
- Disagree. Include reasonable and allocable. These are separate criteria and not included in "allowable".
- Personally, I prefer the initial definition. Although allowability may include reasonableness and allocability, they are handy additives for a less experienced and capable individual. Suggest re-including these terms, even as a parenthetical definition, i.e. allowability, including reasonableness and allowability.
- Change to "... allowability for reimbursement of ... and for including in the price for negotiation ..." The revised definition is an improvement, but it needs the suggested inserts for accuracy.
- Disagree, this is not a definition, its an explanation. Quit beating around and establish one that's useful for all (commercial and Government).
- Your revised definition is wrong. If the negotiated fixed price contract was a competed contract, cost principles would not apply because cost analysis would not be performed. See FAR Part 31. Change to "The accepted principles ... price contracts and modifications to contracts whenever cost analysis is performed. ..." Use a noun instead of "They". Pronoun is too far from the noun it modifies.

The applicable subparts of Part 31 shall be used in the pricing of fixed-price contracts, subcontracts, and modifications to contracts and subcontracts whenever (a) cost analysis is performed, or (b) a fixed-price contract clause requires the determination or negotiation of costs. However, application of cost principles to fixed-price contracts and subcontracts shall not be construed as a requirement to negotiate agreements on individual elements of cost in arriving at agreement on the total price. The final price accepted by the parties reflects agreement only on the total price. Further, notwithstanding the mandatory use of cost principles, the objective will continue to be to negotiate prices that are fair and reasonable, cost and other factors considered. [Ref. 5:Part 31.102]

d. Consensus Definition:

COST PRINCIPLES

The principles defining the basis for allowability of a contractor's costs under cost reimbursement contracts and for the negotiation of fixed price contracts. They are embodied in regulations which establish rules and policies relating to the general treatment of costs in Government contracts.

Synonyms: None.
Antonyms: None.

12. Defective Pricing

a. Proposed Definition:

DEFECTIVE PRICING

Cost or pricing data which were claimed by a contractor or subcontractor to be current, accurate and complete at the time of price agreement but in fact were not. (It entitles the Government to a downward adjustment of the negotiated price, including profit or fee, to remove any significant sum by which price was increased because of the defective cost or pricing data, less offsets for underpriced items, provided the data were relied upon by the Government.)

Synonyms: Defective cost or pricing data.
Antonyms: None.

b. Results:

Agree as written 81 (89%)

Disagree 10 (11%)

0 of the 11 comments (0%) addressed Synonyms/Antonyms

c. Issues:

Three issues generated comments from more than one respondent. Two of the issues were similar to comments in the original definition. The main issue, with four comments, concerned the deletion of the portion in parentheses. The researcher continues to believe that the clarification provides an aid to those unfamiliar with the acquisition process which is an objective of this research. The second issue, with two comments, concerned changing "claimed" to "certified". This issue was raised by one respondent in the initial questionnaire, and the researcher does not believe there is

sufficient grounds to change the proposed definition. Another issue generated only two comments; however, the researcher felt that it was sufficiently important to change the proposed definition. The term, defective pricing, describes an action, whereas the definition describes defective cost or pricing data. The researcher changed the definition for consistency. The comments were:

- No! Defective pricing is an action. Defective cost or pricing data are things. Defective pricing is the act of using defective cost or pricing data.
- Also the process by which a contractor or subcontractor utilizes cost or pricing data which are not current/accurate/complete.
- I would leave off the parentheses information. Defective cost or pricing data in Government contracting is a big issue/topic and can't be covered in one sentence anyway.
- Delete portion in parentheses! This is incomplete and would take many paragraphs to properly convey the rights and entitlements of each side. Don't open that door in this definition! (You are letting your Government hat show - shame on you.)
- Delete portion in parentheses.
- In this case the definition includes the resolution of the defective pricing situation. Why? Why not just the definition?
- Change "claimed" to "certified" and "to be" to "as being". Delete "downward". To sustain a defective pricing action the government must rely on certified cost or pricing data. I disagree with the addition of the word "downward". It is unnecessary and makes the definition sound defensive. Furthermore, if offsets are involved, no downward revision will occur.
- Change "claimed" to "certified".
- Add to portion in parentheses that the Government is also entitled to interest on any overpayments.
- At the time of "price agreement" or at time of "certification"?

- The Government relies on everything!

d. Consensus Definition:

DEFECTIVE PRICING

The use of cost or pricing data which were claimed by a contractor or subcontractor to be current, accurate and complete at the time of final price agreement but in fact were not. (It entitles the Government to a downward adjustment of the negotiated price, including profit or fee, to remove any significant sum by which price was increased because of the defective cost or pricing data, less offsets for underpriced items, provided the data were relied upon by the Government.)

Synonyms: Defective cost or pricing data.

Antonyms: None.

13. Incentive

a. Proposed Definition:

INCENTIVE

Something that motivates a contractor, generally in calculable monetary terms, (a) to produce a product that exceeds performance goals, (b) to improve on the contract schedule, (c) to reduce costs of the work, (d) to provide high quality services, or (e) to complete a project under a combination of these objectives.

Synonyms: Inducement, stimulant, cause.

Antonyms: Disincentive.

b. Results:

Agree as written 75 (82%)

Disagree 16 (18%)

1 of the 16 comments (6%) addressed Synonyms/Antonyms

c. Issues:

This term remains the most controversial of the terms in this research. The failure to change the word "something", as described in the rationale section of the follow-up questionnaire, provoked three times the initial number of comments. The researcher, therefore, changed the definition. Four respondents indicated that the definition should explicitly state that the incentive must be based on a measurable objective. This thought appeared to be the basis of a third issue in which four respondents objected to the addition of (d) to address award fee services contracts. The researcher agreed with these issues and changed the definition accordingly. Two respondents noted that "meets or exceeds" is a valid incentive goal in a difficult contract. Due to the large number of respondents opposing this issue in the initial questionnaire, the researcher did not change the definition in regard to this last issue. Specific comments included:

- Change "Something" to "A defined incentive", and "exceeds" to "maximize". Can "exceeds" be definite? 20% more than we asked for? What does it mean?
- Change "Something" to "The inducement that motivates". Professional people will use these definitions; they're entitled to "something" less elementary than "something".
- I think "That which" is preferable to "Something that" when used in a definition.
- Change to "Something that is intended to motivate ..." An incentive does not always motivate a contractor.
- "Something" doesn't sound good. How about "An inducement for a contractor to (a) ..." Maybe give examples.
- Change to "... exceeds definitive performance ..."

- Delete "(d) to provide high quality services". There is no such thing as "high" quality. Quality = Meeting the spec!
- A baseline objective is required so that attainment is readily discerned. Change to "... exceeds targeted performance ... on the expected contract schedule ... reduce expected costs ... services that exceeds targeted objectives/goals or ..."
- (d) is bad as you have written it. Whatever is rewarded by an incentive must first be measurable. In (c), delete "of the work"; in (e), delete "to complete a project under" and change to "... of these or other measurable objectives."
- Delete (d) and change (a) to read "to provide a product or service that exceeds performance and/or quality goals".
- Change to "(b) to meet or improve ...". Some CPAF Incentives are designed to encourage the contractor to meet the required delivery schedule, especially in a difficult contract.
- I believe you should go back to "meets or exceeds". There are situations where just meeting some difficult challenge should be incentivized. Also, I don't like to use "improving schedule" as an example. In many cases, getting something ahead of schedule can present real cash flow problems and storage problems! I suggest you eliminate schedule as an example.

d. Consensus Definition:

INCENTIVE

An inducement for a contractor, generally in calculable monetary terms, (a) to produce a product or service that exceeds definitive performance goals, (b) to improve the contract schedule, (c) to reduce costs, or (d) to complete a project under a combination of measurable objectives.

Synonyms: Inducement, stimulant, cause.

Antonyms: Disincentive.

14. Major System

a. *Proposed Definition:*

MAJOR SYSTEM

- (1) A system which is critically important, complex, expensive, politically sensitive, or for any other reason requires special management control.
- (2) One of a limited number of end-items composed of subsystems and/or other components which, for reasons of urgency, criticality, or resource requirements, is determined to be vital to the national or corporate interest.

Synonyms: System subject to OMB Circular A-109, weapon system.

Antonyms: None.

b. *Results:*

Agree as written 81 (89%)

Disagree 10 (11%)

1 of the 15 comments (7%) addressed Synonyms/Antonyms

c. *Issues:*

Only two issues generated more than one comment. Five respondents did not agree with the substitution of "politically sensitive" for "controversial". As this is consistent with the response from the initial questionnaire, the researcher deleted "politically sensitive" from the definition. The other issue involved deleting the first definition. The researcher did not believe that the issue generated sufficient response to change the definition. One respondent noted that the word "system" should not be included in the definition. This constituted a legitimate discrepancy, and the researcher changed the definition. Specific comments included:

- This is a tough one! The revised definition seems to cover both commercial and Government meanings.

- For dual use (Government and commercial), new definition is better. Concepts of "program management" are increasingly common - so still need two definitions.
- Don't use the word in the definition which is the same as the word being defined! Say rather end-item, product or service, etc as appropriate. Otherwise good.
- Have some trouble with "politically sensitive". Although normally the case, the political sensitivity is the result of (because of) the other elements in the definition, rather than the cause of "major".
- Change to "... simple or complex ..." Delete "expensive, politically sensitive" Costs should not dictate/determine definition. "Politically sensitive" should be covered as part of "special management control".
- I'd like to see you define "politically sensitive"!
- Change to "... end-items, often characterized by a dollar threshold, composed ..." This change will eliminate the need to change the definition when the threshold changes.
- "Major System" has no relevant meaning outside of Government, use the Government's definition.
- (2) appears redundant.
- From Gov't perspective (2) is more appropriate. (1) is still considered inapplicable.
- Close enough.

d. Consensus Definition:

MAJOR SYSTEM

(1) An end item which is critically important, complex, expensive, or for any other reason requires special management control.

(2) One of a limited number of end-items composed of subsystems and/or other components which, for reasons of urgency, criticality, or resource requirements, is determined to be vital to the national or corporate interest.

Synonyms: System subject to OMB Circular A-109, weapon system.

Antonyms: None.

15. Market Survey

a. *Proposed Definition:*

MARKET SURVEY

- (1) Process of attempting to identify sources which are capable of satisfying the buyer's requirement.
- (2) Process of attempting to identify the level of demand or current price of a product.

Synonyms: None.

Antonyms: None.

b. *Results:*

Agree as written 88 (97%)

Disagree 3 (3%)

1 of the 4 comments (25%) addressed Synonyms/Antonyms

c. *Issues:*

The only issue which generated more than one comment involved changes to the scope of definition (2). The researcher believes that the overwhelming approval of this term constituted a consensus and did not change the definition. The comments were:

- A market survey attempts to identifying any condition which might affect cost or availability of a product.
- (2): Don't really understand why current price is critical or necessary. I can rationalize "level of demand", but can't visualize the benefits from obtainment.
- Change to "Process used to identify potential sources ..." and "... level of supply and demand ...". Add Synonym "Market data acquisition".
- Much better.

d. Consensus Definition:

MARKET SURVEY

- (1) Process of attempting to identify sources which are capable of satisfying the buyer's requirement.
- (2) Process of attempting to identify the level of demand or current price of a product.

Synonyms: None.

Antonyms: None.

16. Non-Developmental Item

a. Proposed Definition:

NON-DEVELOPMENTAL ITEM

A generic term describing an item which has been previously developed.

Synonyms: Off-the-shelf, commercial product.

Antonyms: Developmental Item.

b. Results:

Agree as written 97 (97%)

Disagree 3 (3%)

3 of the 5 comments (60%) addressed Synonyms/Antonyms

c. Issues:

No issue generated more than one comment, therefore the researcher believes that the overwhelming approval of this term constituted a consensus and did not change the definition. The comments were:

- Add Synonym "developed items/systems".
- No. NDI includes the modification of a commercial or already developed item to meet the government's need.

- Nondevelopmental does not require a hyphen. Such an item may be commercial off the shelf. Add Synonyms "military-off-the-shelf" and "public-off-the-shelf".
- Add Antonym "non-commercially available item".
- Change to "A term describing a generic item which has been previously developed that will satisfy the requirement at hand."

d. Consensus Definition:

NON-DEVELOPMENTAL ITEM

A generic term describing an item which has been previously developed.

Synonyms: Off-the-shelf, commercial product.

Antonyms: Developmental Item.

17. Purchasing

a. Proposed Definition:

PURCHASING

(1) The process of buying supplies and services utilizing a variety of contractual arrangements.

(2) In Government: The process of buying readily available supplies and services utilizing procedures such as purchase orders, blanket purchase agreements, and pre-negotiated schedules.

Synonyms: Buying, procurement.

Antonyms: Selling.

b. Results:

Agree as written 82 (90%)

Disagree 9 (10%)

1 of the 9 comments (11%) addressed Synonyms/Antonyms

c. *Issues:*

There were only two minor issues and each generated only two comments. The first issue involved deleting the words "readily available". The second issue involved deleting definition (2). The researcher believes that the high percentage of approval for this term constituted a consensus. The synonym "procurement" was changed to "procuring" for consistency. The comments were:

- Delete "readily available".
- Delete "readily". It doesn't add anything to the definition except confusion.
- Do not need (2). Delete unless you are referring to "Small Purchases". If so, say so and rewrite.
- Combine and delete Government distinction, i.e. "Process of buying readily available supplies or services utilizing standardized or simplified contractual arrangements such as purchase orders, blanket purchase agreements, or pre-negotiated schedules."
- Change (2): "... procedures often referred to as small or simplified purchasing. Small due to dollar limitations for which these procedures may be used and simplified due to the relative simplicity of the contractual instruments that are utilized. These contractual instruments include purchase orders ..."
- Change to "... such as imprest/petty cash fund, purchase ..." Lots of purchasing is done at the local level with COD to the Imprest Fund Cashier, without a formal purchase order.
- Change synonym "procurement" to "procuring".
- IRT "utilizing a variety of contractual arrangements": this seems rather obvious - why keep it?
- Add (3) which addresses "Purchasing" as a noun, i.e. "a typical organization or department within a manufacturing firm which is responsible for procurement of supplies or services."

d. Consensus Definition:

PURCHASING

(1) The process of buying supplies and services utilizing a variety of contractual arrangements.

(2) In Government: The process of buying readily available supplies and services utilizing procedures such as purchase orders, blanket purchase agreements, and pre-negotiated schedules.

Synonyms: Buying, procuring.

Antonyms: Selling.

18. Scope of Work

a. Proposed Definition:

SCOPE OF WORK

The total effort to be performed by a contractor in fulfillment of a contractual requirement.

Synonyms: Statement of work, in scope.

Antonyms: None.

b. Results:

Agree as written 82 (90%)

Disagree 9 (10%)

7 of the 10 comments (70%) addressed Synonyms/Antonyms

c. Issues:

The question of whether the synonyms were proper were the only issues which generated more than one comment. Four respondents did not agree with the synonym "statement of work". This synonym was added to the proposed definition based on comments from 11 respondents. The researcher felt, therefore, that the consensus was

to retain the synonym. Two respondents did not agree with the synonym "in scope". An additional two respondents felt that the antonym "out of scope" should be added to complement the synonym. The researcher added the antonym as it had also received comments in the initial questionnaire. The comments were:

- Delete synonym "statement of work" and add antonym "cardinal change".
- Don't believe "statement of work" is a synonym - as scope of contract (work) is inclusive - "statement of work" can be very narrow.
- Disagree with Synonym "statement of work". SOW defines what the contractor has to do to fulfill the contractual requirement, whereas "scope of work" defines how the statement of work is performed. SOW, in my opinion, does not ever mean "scope of work".
- Change to "The total effort specified to be ..." Change Synonym "Statement of work" to "Extent of work" and add "authorized effort", "approved scope", and Antonyms "out-of-scope", "beyond scope".
- Generally agree. Though confusing to raise "in scope", a term usually associated with a contract change and whether it is within the general scope.
- Disagree with Synonym "in scope", this contributes to confusion.
- The addition of "in-scope" to the Synonyms begs the Antonym "out-of-scope".
- You don't "perform" "effort" - poor English. Just leave out "to be performed", it is redundant.
- Question whether the definition is useful/meaningful to someone who doesn't already have a handle on it.
- Delete "by a contractor". Could be done "in-house" or could have a contract between two Government agencies.

d. Consensus Definition:

SCOPE OF WORK

The total effort to be performed by a contractor in fulfillment of a contractual requirement.

Synonyms: Statement of work, in scope.

Antonyms: Out of scope.

19. Solicitation

a. Proposed Definition:

SOLICITATION

(1) A document which notifies prospective bidders or offerors that a buyer wishes to receive bids, quotes, or proposals on a set of requirements to provide supplies, services, or construction.

(2) The practice or act of notifying prospective bidders or offerors that a buyer wishes to receive bids, quotes, or proposals on a set of requirements to provide supplies, services, or construction. (The process might consist of public advertising, mailing an invitation for bids or request for proposals/quotations, posting notices, or telephone calls to prospective vendors.)

Synonyms: Request for Proposals, Request for Quotations, Invitation for Bids.

Antonyms: None.

b. Results:

Agree as written 85 (93%)

Disagree 6 (7%)

0 of the 6 comments (0%) addressed Synonyms/Antonyms

c. Issues:

No issue generated more than one comment, therefore the researcher believes that the overwhelming approval of this term constituted a consensus and did not change the definition. The comments were:

- Combine the definitions into one.
- Delete "bidders" in (1).
- One comment regarding construction doesn't seem to justify adding it. Is it not in facta "supplies and services"?
- Change to "... services, products, systems, or construction ..." in both (1) and (2).
- Change to "... proposals and provides a set of ..."
- RFQ's are not binding - bids and proposals can be - including quotes might be confusing.

d. Consensus Definition:

SOLICITATION

(1) A document which notifies prospective bidders or offerors that a buyer wishes to receive bids, quotes, or proposals on a set of requirements to provide supplies, services, or construction.

(2) The practice or act of notifying prospective bidders or offerors that a buyer wishes to receive bids, quotes, or proposals on a set of requirements to provide supplies, services, or construction. (The process might consist of public advertising, mailing an invitation for bids or request for proposals/quotations, posting notices, or telephone calls to prospective vendors.)

Synonyms: Request for Proposals, Request for Quotations, Invitation for Bids.

Antonyms: None.

20. Weighted Guidelines

a. Proposed Definition:

WEIGHTED GUIDELINES

A Department of Defense (DoD) structured approach for developing profit or fee negotiation objectives that provides a format for consideration of the relative value of appropriate cost and risk related factors.

Synonyms: None.

Antonyms: None.

b. Results:

Agree as written 81 (89%)

Disagree 10 (11%)

2 of the 11 comments (18%) addressed Synonyms/Antonyms

c. Issues:

The addition of the words "Department of Defense" dropped this term from the highest percentage of approval to well below the average percentage of approval. Seven respondents indicated that the term is used by more than one agency, and the qualifier is not appropriate. An equal number had requested the qualifier in the initial questionnaire. The requirement for a structured approach originates in FAR 15.902, which allows an agency to use another agency's structured approach. The researcher determined that DoD's weighted guidelines are used by other agencies such as the Environmental Protection Agency (EPA) and the Department of Agriculture. The Department of Energy (DoE), however, has developed two structured approaches. One structured approach is used for Government owned-contractor operated (GOCO) nuclear power plants, and is called the "Management and Operations (M & O) Fee Policy". The second structured approach is called weighted guidelines, but it is slightly different than DoD's weighted guidelines. Other agencies such as the National Aeronautics and Space Administration (NASA) and the General Services Administration (GSA) developed individual structured approaches which are called "Structured Approach for Profit/Fee Objective". As the term represents a different structured approach for more than one agency, the researcher deleted the reference to DoD. The comments were:

- Believe NASA uses weighted guidelines. Perhaps some other agencies too.
- How do you handle the NASA "structure approach" which is their shot at weighted guidelines? See NASA Form 634. I don't think it's "DoD peculiar".
- Delete "DoD" from definition! Previous comments that weighted guidelines are used only by DoD are inaccurate. DoE for instance uses weighted guidelines (See DEAR 915.970-2). The addition of the DoD limitation does not add to the definition which is more accurate and general without the DoD limitation.
- I thought other government agencies such as DOE used weighted guidelines.
- Do not believe it is DoD peculiar. Interior, DoE, NASA, and other agencies use weighted guidelines for fee or profit.
- Change "DoD" to "DoD and other Government agencies". This process is done in the Department of Transportation and other Government agencies outside of DoD.
- Change to "The structured approach developed by DoD for ... a format and rationale for ..." Other agencies use weighting factors when evaluating proposals. However, DoD did pioneer the concept. Add Synonym "tiered evaluation criteria" and Antonym "equal ranking factors/evaluation criteria".
- Change to "... cost, risk related factors, and capital investment." Weighted Guidelines are DoD unique. The policy stated in DFARS 15.902 includes three purposes: 1) rewarding risk; 2) motivating efficient and quality performance; and 3) stimulating capital investment in the defense industrial base. Ignoring (3) is detrimental to the underlying rationale for it being policy. The industrial base has been eroding and diminishing for many years. The Weighted Guidelines is a method for rewarding contractors who make the capital investments!
- Suggest changing "appropriate" to "specific" or something else which does not sound judgmental. The factors may be "appropriate" in the eyes of the drafter (or Congress or whoever) but perhaps not in the eyes of the users and/or offerors.
- Change "a format" to "specific guidelines".
- Add Antonym "gut feeling".

d. Consensus Definition:

WEIGHTED GUIDELINES

A structured approach for developing profit or fee negotiation objectives that provides a format for consideration of the relative value of appropriate cost and risk related factors.

Synonyms: Structured Approach for Profit/Fee Objective.

Antonyms: None.

C. GROWTH IN CONSENSUS

Figures 1 through 20 show the change in consensus rates for each of the terms refined in this research. If quantifiable data were available from previous research, these consensus rates are included in the graphs. The consensus rates were calculated by dividing the total number of respondents into the number of respondents indicating agreement with the definition. The consensus rates represent only the agreement of the respondents and should not be inferred to represent the rate of consensus of the population. As discussed previously, all previous research targeted a slightly different population for their sample audience. The previous researchers targeted individuals designated as Fellows by the NCMA. This research targeted individuals designated as CPCMs or CACMs by the NCMA. While the most of the NCMA Fellows have also been designated as CPCMs or CACMs, approximately one-third of the CPCMs and CACMs have also been designated as Fellows. Because of this, the consensus rates of previous research cannot be directly compared with this research, but can be used to detect trends in the growth of consensus.

The consensus rates from previous research are presented in a column labeled with the researcher's name. The consensus rate represents the rate of agreement with the researcher's initial definition which was synthesized from collected definitions, Government regulations and contracting literature. Since CPT Florek re-synthesized four of LCDR Ryan's five terms which are refined in this thesis, both consensus rates are included. As discussed previously, CPT Florek used LCDR Ryan's initial synthesized definitions instead of the proposed definition. In essence, this means that the consensus rate indicated for LCDR Ryan and CPT Florek for the four definitions cover exactly the same synthesized definition. Therefore, the consensus rates represent variation between samples, and are not indicative of the overall trend.

The column labeled "Initial" refers to the consensus rate established from responses to the initial questionnaire and reported in Chapter II. The consensus rate represents the rate of agreement with the definition presented as the end product of a previous thesis. The column labeled "Follow-up" refers to the consensus rate established from responses to the follow-up questionnaire and reported in Chapter III. The consensus rate represents the rate of agreement with the proposed definition developed in Chapter II.

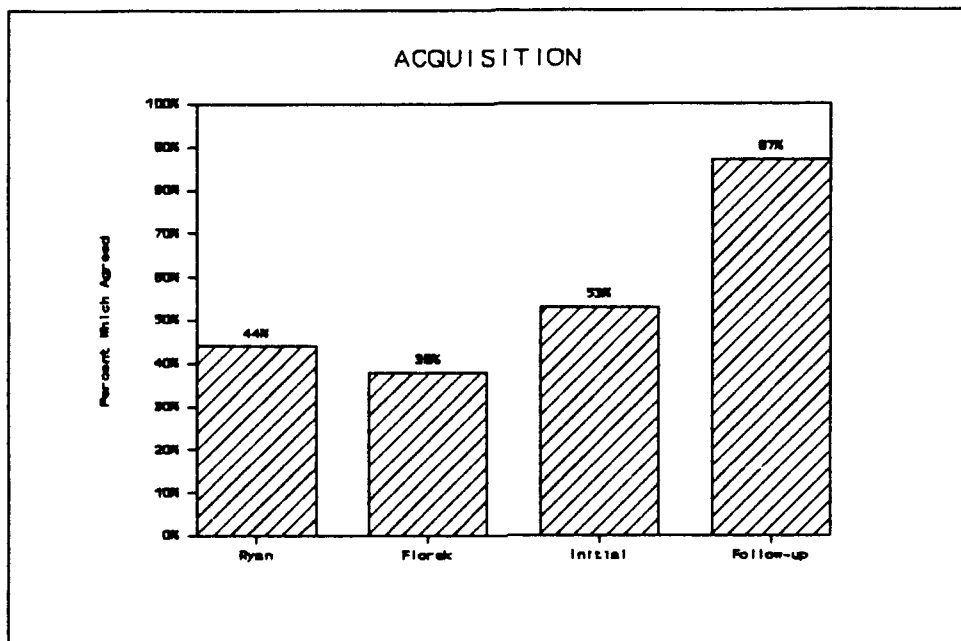


Figure 1. Acquisition

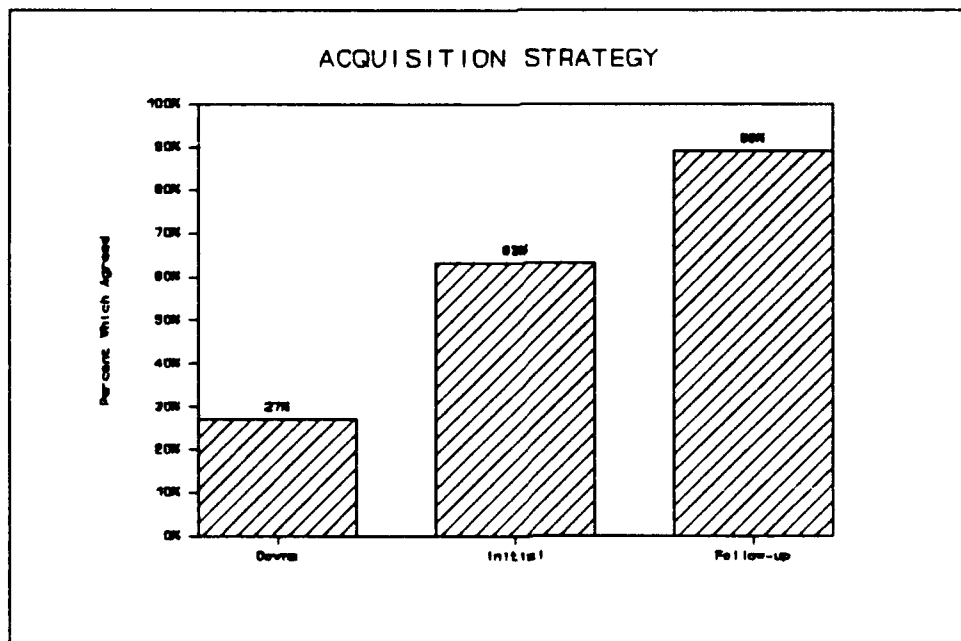


Figure 2. Acquisition Strategy

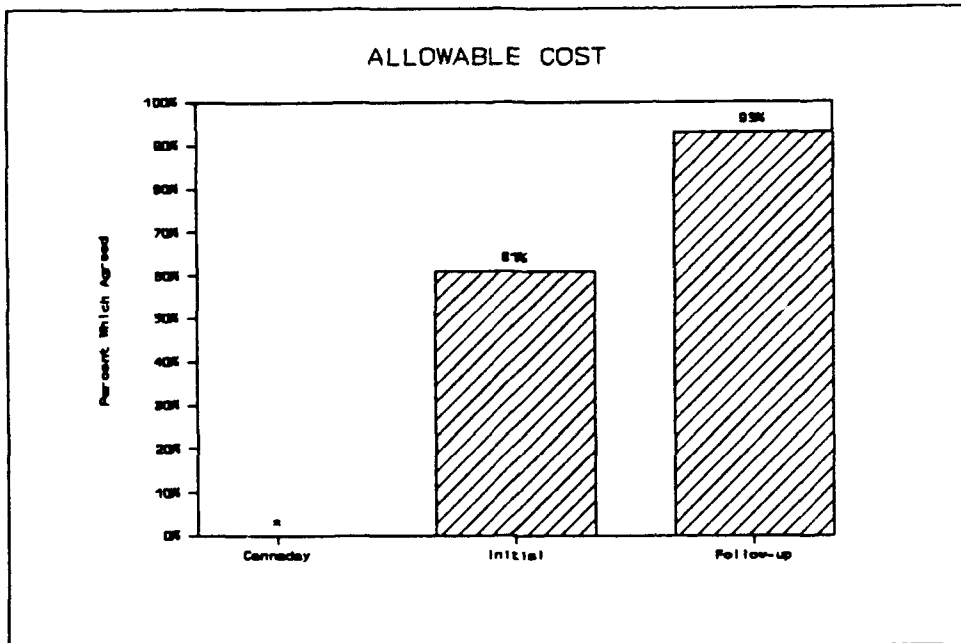


Figure 3. Allowable Cost
 * Data not available.

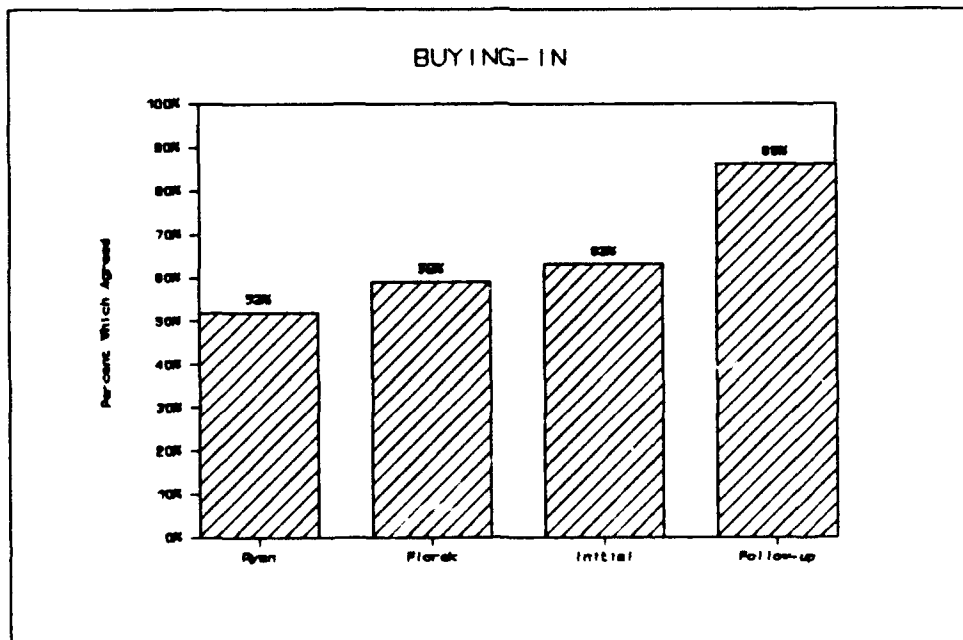


Figure 4. Buying-in

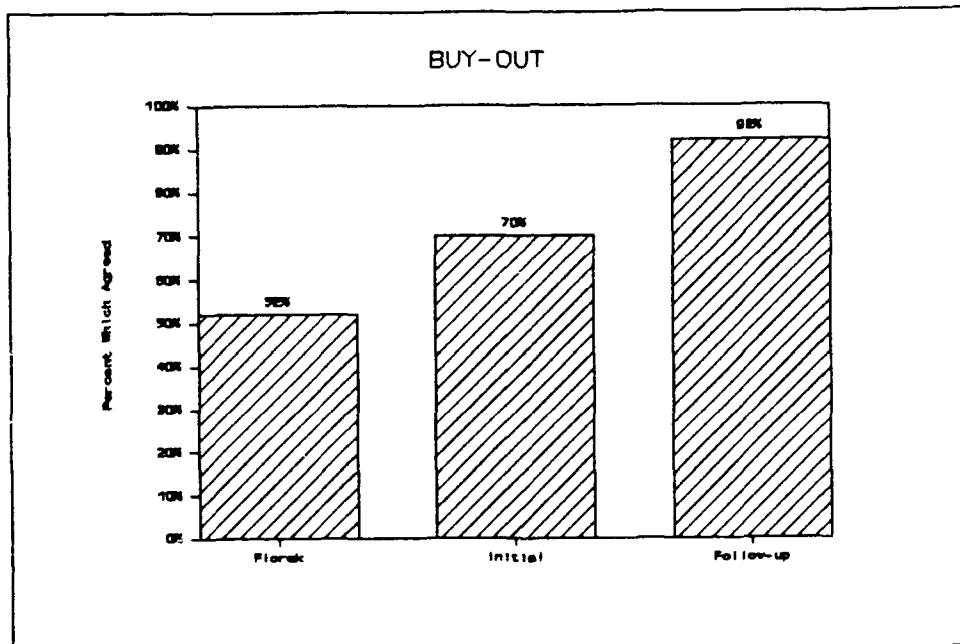


Figure 5. Buy-out

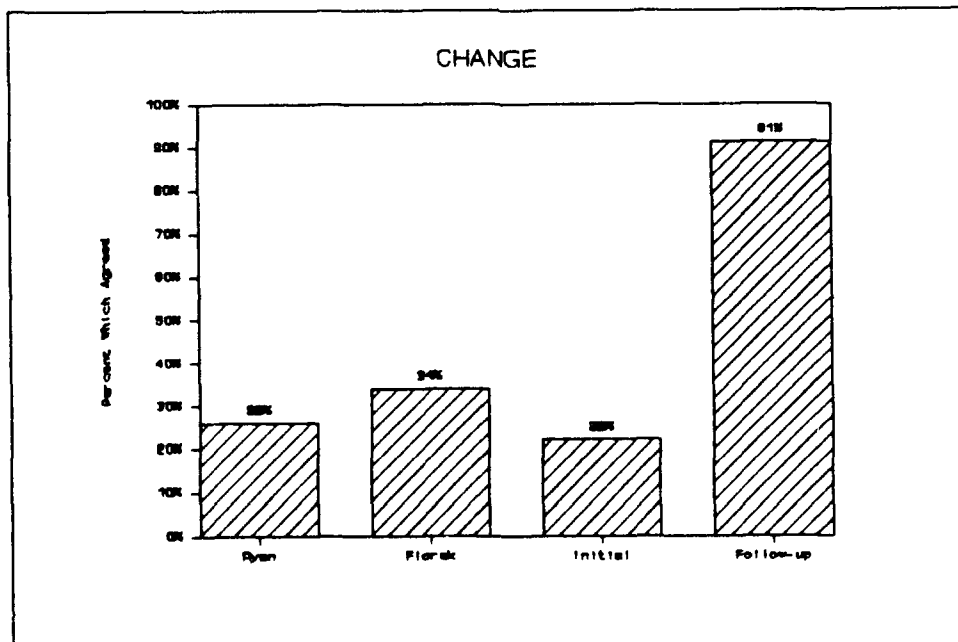


Figure 6. Change

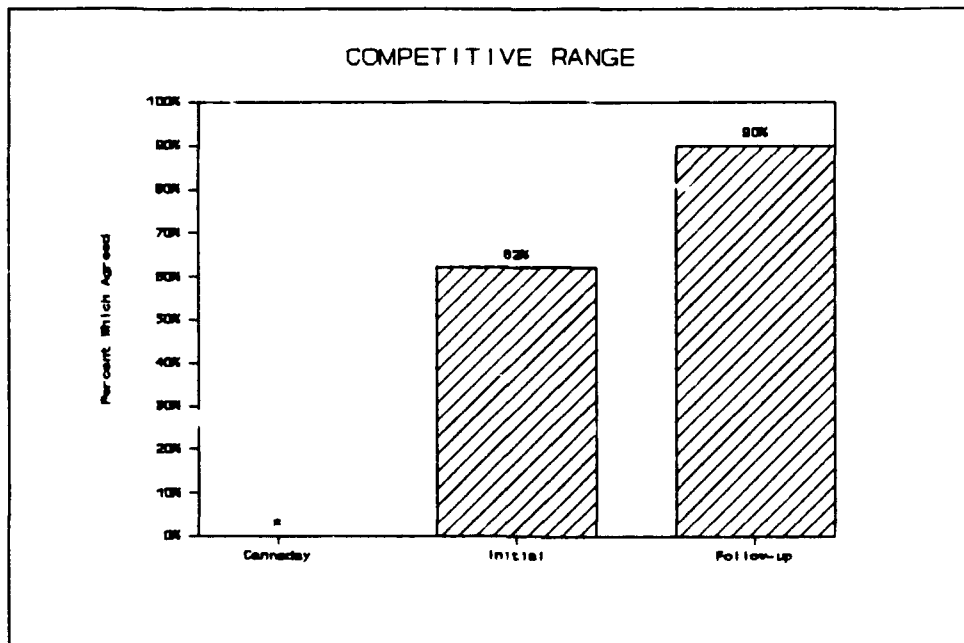


Figure 7. Competitive Range
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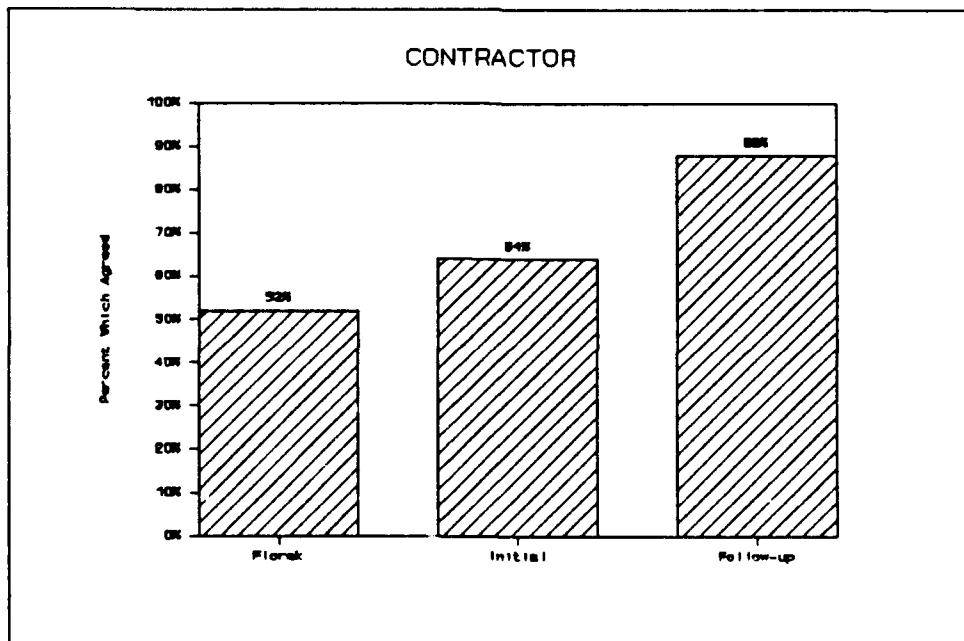


Figure 8. Contractor

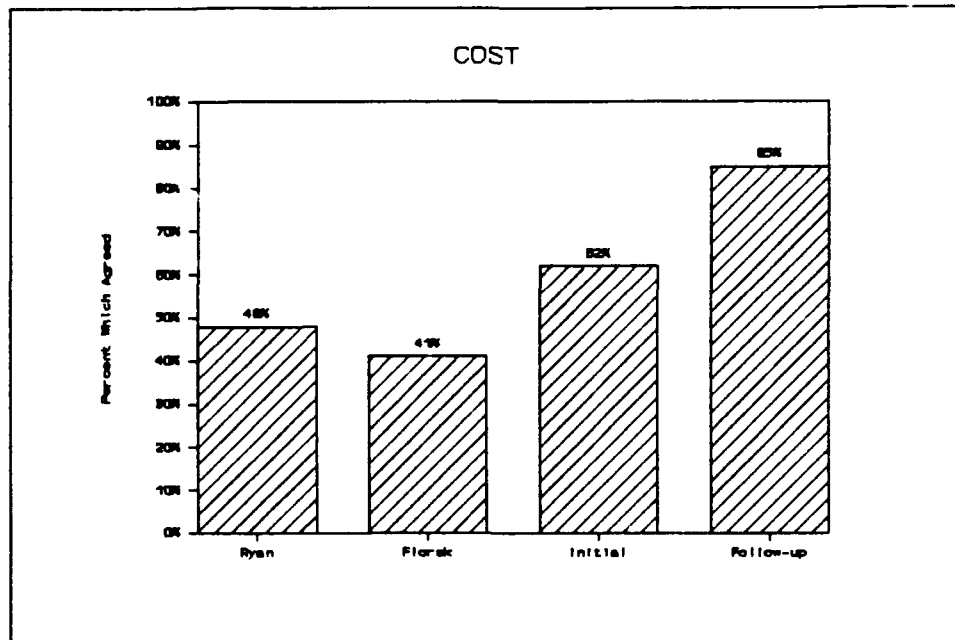


Figure 9. Cost

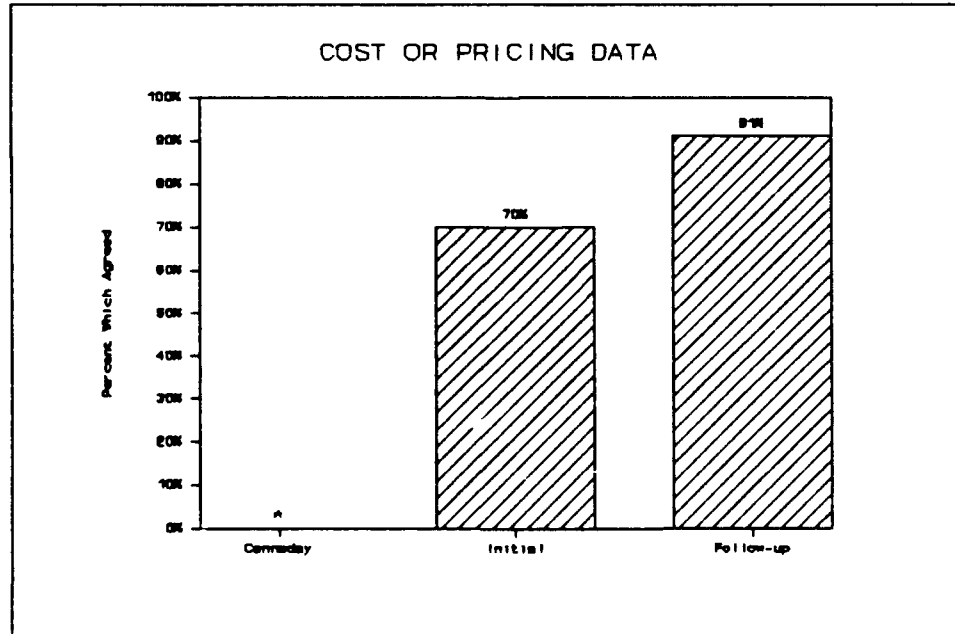


Figure 10. Cost or Pricing Data
 * Data not available.

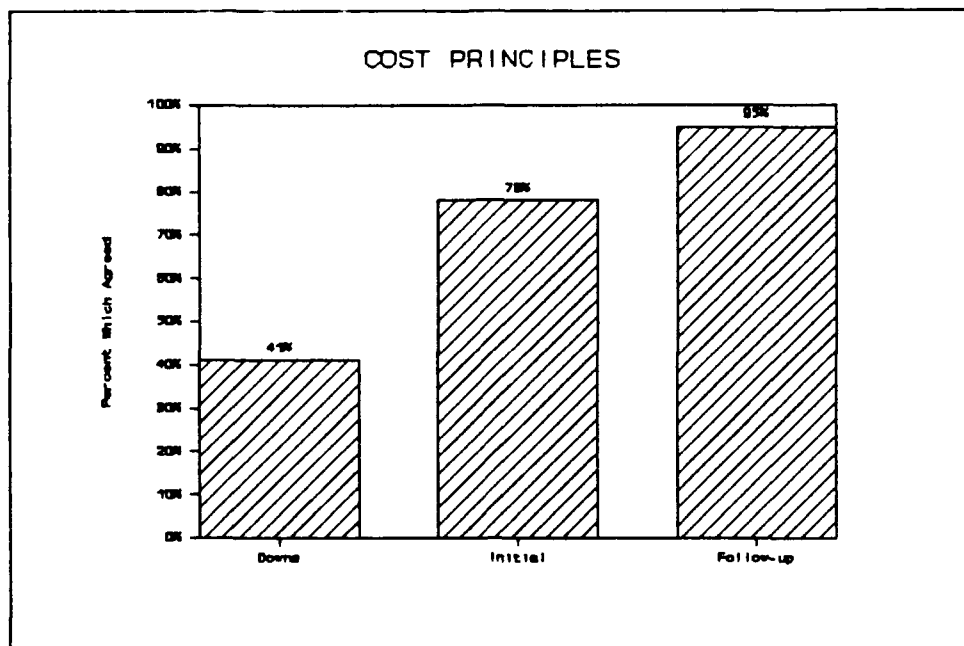


Figure 11. Cost Principles

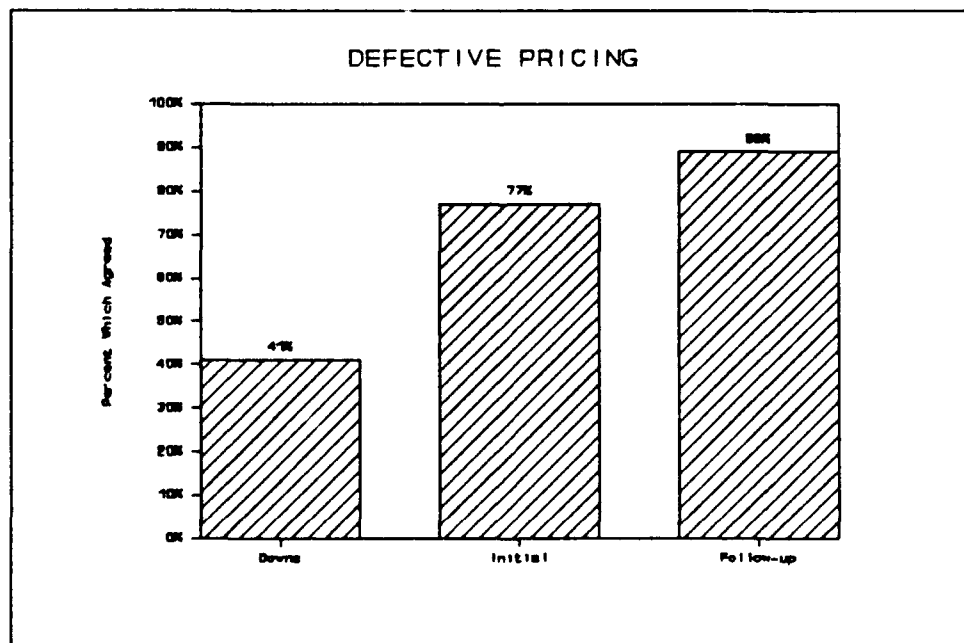


Figure 12. Defective Pricing

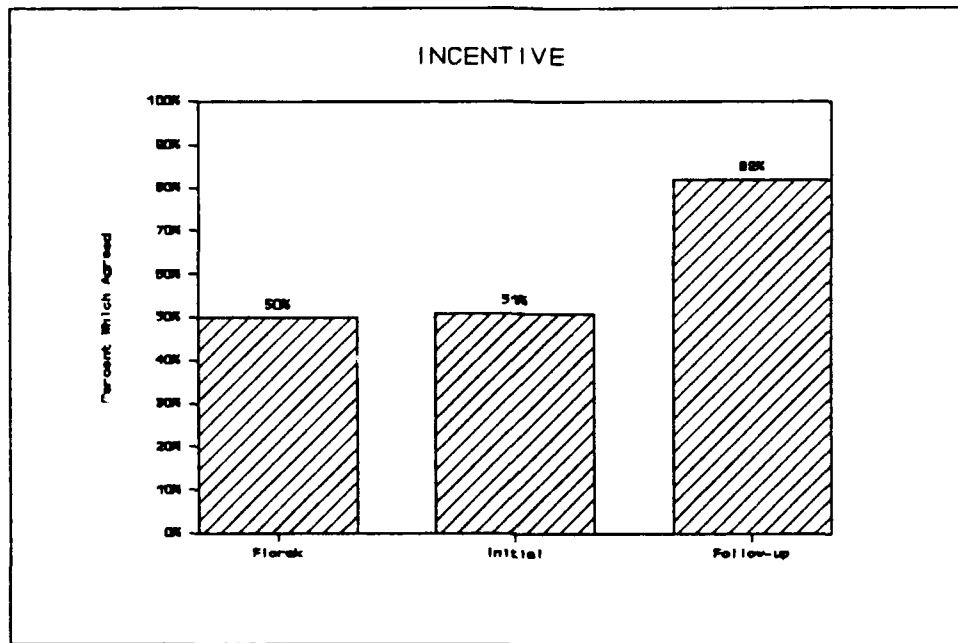


Figure 13. Incentive

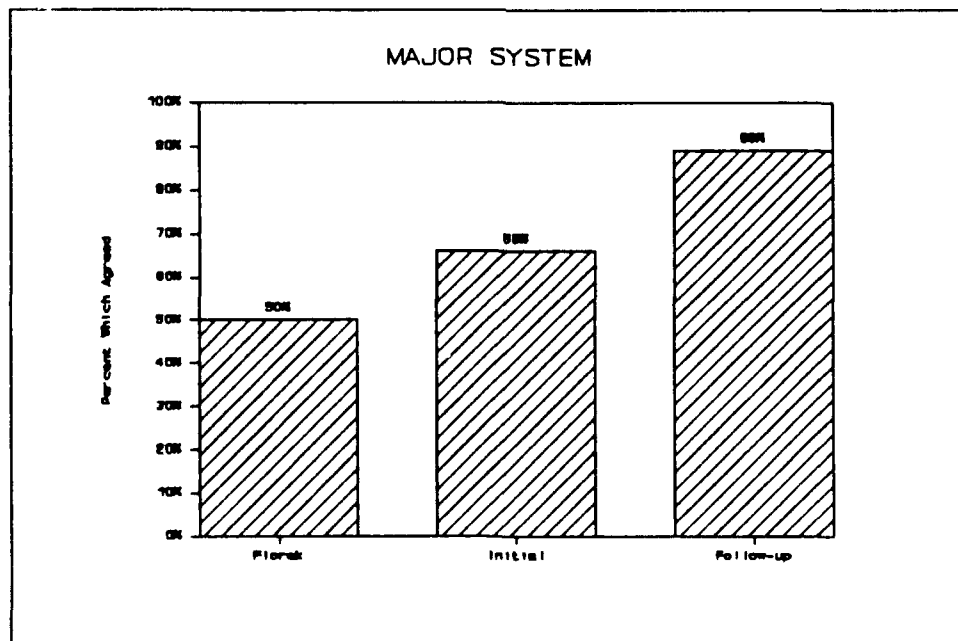


Figure 14. Major System

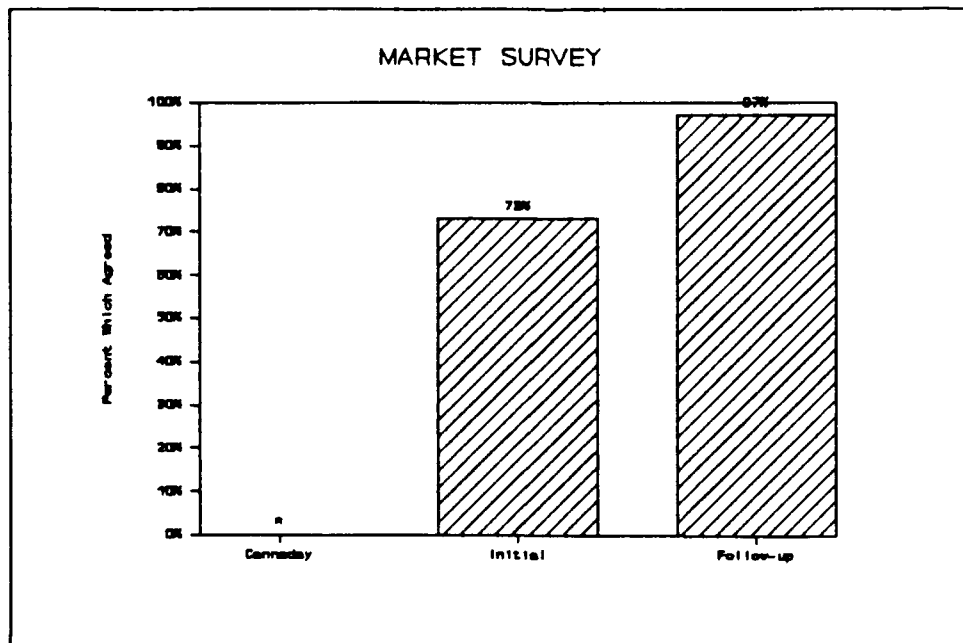


Figure 15. Market Survey
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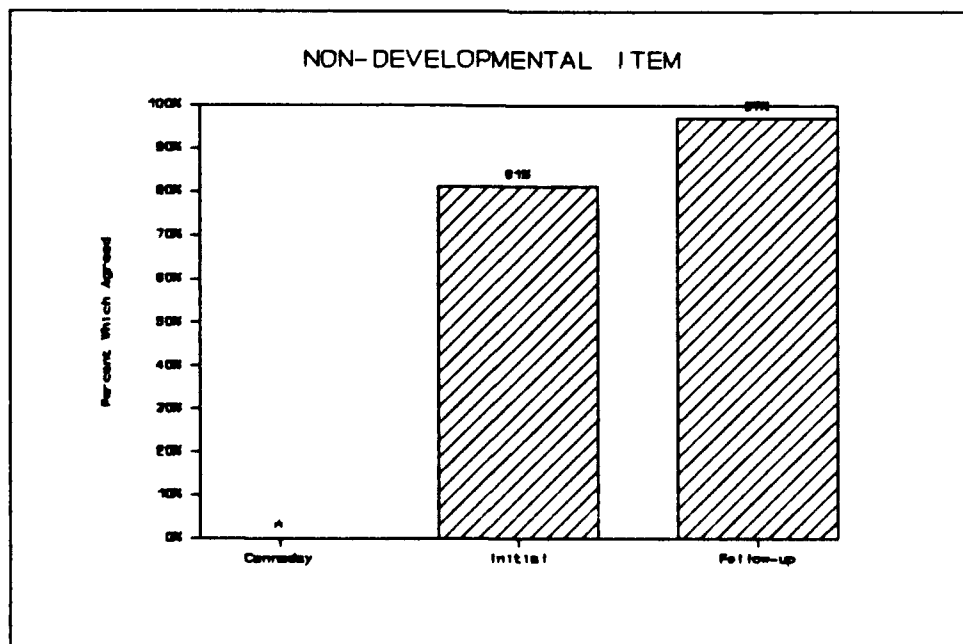


Figure 16. Non-Developmental Item
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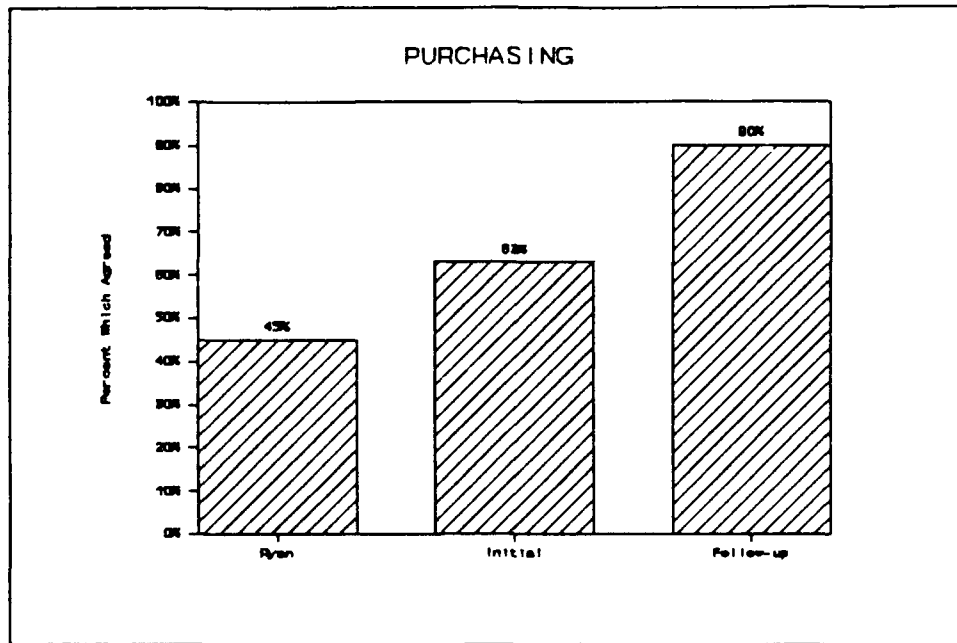


Figure 17. Purchasing

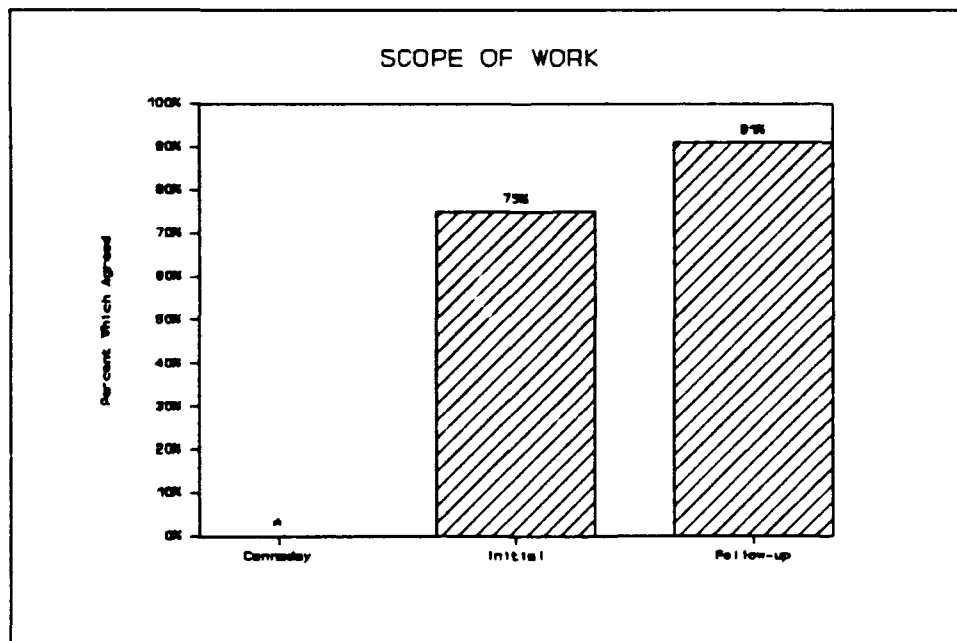


Figure 18. Scope of Work
* Data not available.

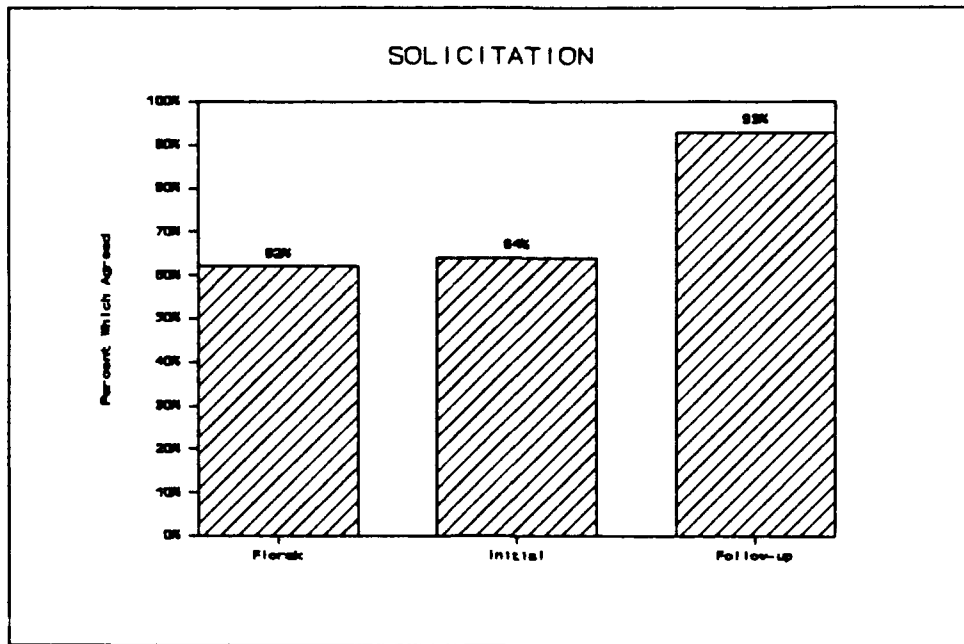


Figure 19. Solicitation

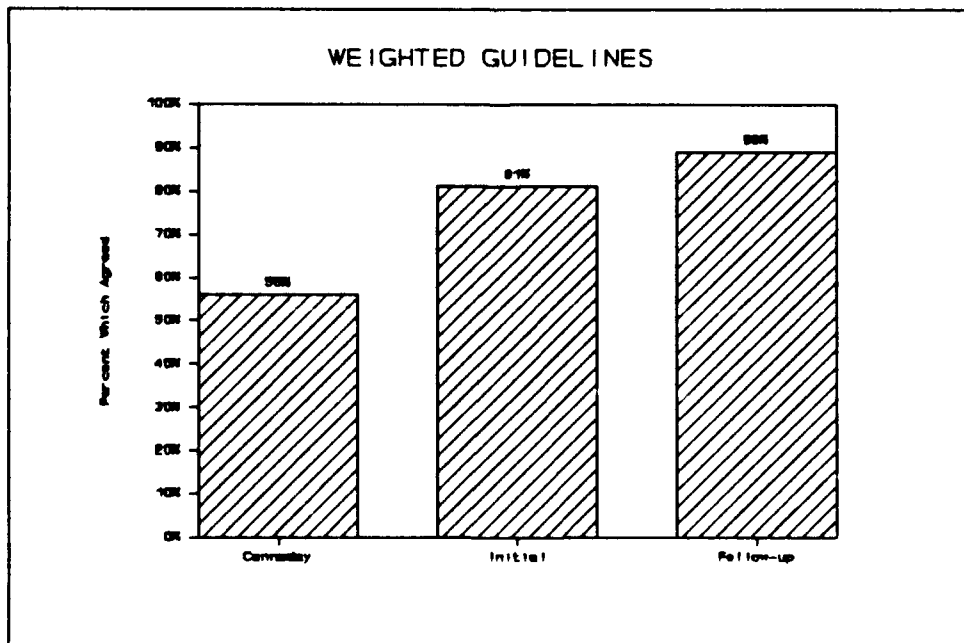


Figure 20. Weighted Guidelines

Figure 21 illustrates the relative order of agreement between the 20 terms refined in this research. The consensus rate indicates the rate of agreement with the proposed definition developed in Chapter II. The consensus rate does not reflect the changes made to the definitions as a result of respondents comments in the follow-up questionnaire. Terms with the same consensus rates are ranked by subjectively assessing the diversity of comments and extent of revision to the definition, as discussed previously.

	<u>Term</u>	<u>Consensus Rate</u>
1.	Non-Developmental Item	97%
2.	Market Survey	97%
3.	Cost Principles	95%
4.	Solicitation	93%
5.	Allowable Cost	93%
6.	Buy-Out	92%
7.	Cost or Pricing Data	91%
8.	Change	91%
9.	Scope of Work	91%
10.	Competitive Range	90%
11.	Purchasing	90%
12.	Acquisition Strategy	89%
13.	Weighted Guidelines	89%
14.	Defective Pricing	89%
15.	Major System	89%
16.	Contractor	88%
17.	Acquisition	87%
18.	Buying-in	86%
19.	Cost	85%
20.	Incentive	82%

Figure 21. Relative Order of Agreement with Term Definitions

D. SUMMARY

This chapter has presented the analysis of terms from the follow-up questionnaire. Revisions to the definitions, synonyms, and antonyms for the terms were based on feedback from the surveys returned to the researcher. The information contained in this chapter was used to create the list of consensus definitions, contained in Appendix A.

IV. CONCLUSIONS AND RECOMMENDATIONS

A. INTRODUCTION

This chapter presents the conclusions and recommendations drawn from this thesis effort. It includes observations drawn while conducting the research and recommendations for improving subsequent follow on efforts. It concludes with an answer to the primary research question posed at the beginning of this thesis along with a summary of the chapter.

B. CONCLUSIONS

Since this research follows up on four well-defined graduate theses, the researcher expected to arrive at the same conclusions. The conclusions drawn by LCDR Ryan, which were discussed by CPT Florek and LT Downs, will be compared to the results of this effort. The following are conclusions:

1. The product of this thesis will add to the body of knowledge which makes up the contracting discipline. [Ref. 1: p. 79] [Ref. 3: p. 58] [Ref. 4: p. 51]

The 20 terms which were refined in this thesis and the terms from the previous efforts provide a solid core that forms the basis from which a viable contracting dictionary can be developed. Follow-on research needs to continue in order to expand the volume of defined terms and refine the definitions of controversial terms.

2. The observations of questionnaire respondents reflected a concern for the continued development of the contracting discipline. [Ref. 1: p. 79] [Ref. 3: p. 59] [Ref. 4: p. 52]

The high response rate to both of the questionnaires, and the general comments, indicated a sincere desire among the respondents to contribute to the body of acquisition and contracting knowledge. Several respondents emphasized the need to establish consensus definitions, and requested information to obtain a copy of the dictionary when completed.

3. There is not universal agreement concerning the meaning of most contracting terms. [Ref. 1: p. 80] [Ref. 3: p. 59] [Ref. 4: p. 52]

The iterative process of the Delphi Technique helped to increase the rate of approval for the controversial definitions. Although the consensus definitions presented in this research received very high approval rates, an element of dissent remained. Some of these comments were valid and others reflected a misunderstanding of the term's meaning. This misunderstanding highlights the need for a comprehensive compilation of contracting terms.

4. The procedure used in this thesis to achieve consensus on term definitions as used in contracting is valid. [Ref. 1: p. 80] [Ref. 3: p. 59] [Ref. 4: p. 52]

The methodology established in the previous theses, modified to incorporate the Delphi Technique, was extremely effective in arriving at consensus definitions for the controversial terms selected.

5. The inclusion of synonyms and antonyms contributed very little to the thesis.

The researcher disagrees with this conclusion. This research differed from previous research by providing definitions for review which contained suggested synonyms and antonyms. When synonyms and antonyms are not included in the questionnaire, the respondents appear to have a tendency to review only the synthesized definition and not suggest synonyms and antonyms. This research demonstrated that including synonyms and antonyms in the questionnaire generated a significant number of comments. Of the comments received from the initial questionnaire, 28% addressed synonyms and antonyms. Even after these comments were addressed, 14% of the comments from the follow-up questionnaire addressed synonyms and antonyms.

C. RECOMMENDATIONS

1. The consensus definitions derived from this research should be added to those from previous research and incorporated into the contracting dictionary.

These terms generated an extremely high rate of approval. The researcher believes that the final definitions represent a consensus of experts in the profession of acquisition and contracting.

2. Continue to refine only the terms deemed controversial in subsequent research with the methodology utilized in this effort.

The researcher does not agree with recommendations by two of the previous researchers that all definitions should be subjected to refinement. Terms which do not

generate significant diversity in comments or require extensive revisions in response to comments should constitute consensus definitions.

3. Submit the consensus definitions in the completed dictionary to appropriate offices in an attempt to incorporate them into the FAR and agency instructions.

In order to achieve a common "universal" language in the acquisition and contracting profession, people must use standard meanings for terms. Diverse definitions, however slight, obscure effective communications. The researcher does not believe that industry should accept Government definitions verbatim in order to do business with the Government. Rather, Government should attempt to incorporate universal consensus definitions into regulations and statutes to accurately reflect the meanings and general understanding of terms. The researcher believes that the consensus definitions developed through this effort and like efforts provides these universal meanings.

4. Continue to follow up questionnaires with a reminder letter.

The mailing of a reminder letter approximately one week after the questionnaire is mailed increased the overall rate of response. Both reminder letters generated several phone calls by respondents indicating the questionnaire had not been received. In each instance the individual indicated a desire to participate in the research, and subsequently completed the questionnaire. In addition, several other respondents included the reminder letter in their response, indicating that the letter served its purpose in reminding them to return the questionnaire.

5. Submit proposed synonyms and antonyms with initial synthesized definitions.

The researcher believes that the inclusion of synonyms and antonyms in the definition of terms helps the general understanding of the ultimate user. As discussed previously, respondents appear reluctant to suggest synonyms and antonyms when none are presented to them. Currently, if the term is deemed non-controversial there is not an opportunity for comment on synonyms and antonyms included in the proposed consensus definition. If researchers conducting subsequent efforts include "straw man" synonyms and antonyms with their synthesized definitions, they will increase the opportunity for respondent analysis and feedback in order to provide consensus synonyms and antonyms in the consensus definition.

6. Standardize the procedure for determining agreement or disagreement with a term's definition.

In order to make a valid comparison of approval rates between research efforts, standard procedures and terminology must be used. The method used in this effort was to indicate approval if no comments were made, comments supported the definition, comments did not propose a change, or if the respondent suggested additional synonyms and antonyms without negative comments. The previous efforts did not explain the method of determining approval, or did not quantify approval rates. A simple way to determine whether the respondent agrees with the definition is to include an agree/disagree block in the questionnaire.

D. RESEARCH QUESTION ANSWERS

The subsidiary research questions were:

1. What agreement can be reached from professionals in the field?
2. What definition of terms can be concluded from research and feedback?
3. Can the Delphi Technique be used effectively to fine tune the definition of a term?

This research demonstrated that substantial, but not complete, agreement can be reached from professionals in the field. It has also demonstrated that the Delphi Technique is an effective means of fine tuning a term's definition. The researcher believes that including applicable issues and rationale in the follow-up questionnaire was particularly effective in gaining a consensus.

The primary research question was : To what extent can standard meanings be arrived at in the evolving field of contracting in which words are used with various meanings?

The researcher agrees with LCDR Ryan's answer to this question:

A 100 percent agreement on an exact definition for any given contracting term is not likely to occur, but a definition which represents a consensus can occur with success as demonstrated by the results of this thesis. [Ref. 1: p. 83]

Although a few dissenters exist who do not think the process is worthwhile, the experts in the profession are generally eager to share their knowledge and feel that the establishment of standard meanings for terms is overdue. "Enforcing" general usage of

the standard meanings will be a difficult task in the dynamic and evolving contracting discipline.

E. AREAS FOR FURTHER RESEARCH

Further research should be conducted in the following areas:

1. Resolve the difference of opinion as to whether terms designated as non-controversial should be subjected to refinement.

The methodology presented in this effort could be used to refine non-controversial terms from previous or subsequent graduate theses. An analysis similar to the graphs in Chapter III, would demonstrate whether the refinement was productive.

2. Continue to refine inherently controversial terms.

Although the researcher believes that the terms refined in this effort constitute a consensus of experts in the acquisition and contracting profession, the researcher considers four of the terms to be inherently controversial. These terms are: Acquisition; Buying-in; Cost; and Incentive. The approval rate for each of these terms was in, or near, the bottom 25% of the 20 terms selected for refinement, in both the initial and follow-up portions of this research. The five terms, therefore, could be subjected to further refinement.

F. SUMMARY

This chapter offered conclusions and recommendations regarding this research effort. Strengths and weaknesses of the process were discussed, as were suggestions to

help future researchers. The completion of a comprehensive dictionary of acquisition and contracting terms is a worthwhile goal and is needed by professionals in the field.

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APPENDIX A: PROPOSED CONSENSUS DEFINITIONS

This appendix presents the product of this thesis. These proposed consensus definitions, which were arrived at through utilization of the Delphi Technique, represent professionally acceptable definitions of the 20 controversial terms chosen for refinement.

ACQUISITION

- (1) The process by which one obtains legal possession or ownership.
- (2) The entire spectrum of actions, from the identification of a need through disposition, in obtaining supplies, services, construction, or systems.
- (3) In major systems: The process of obtaining complex systems through phases such as: concept exploration, concept demonstration and validation, full-scale development, production, logistic support, and major upgrade/system replacement.

Synonyms: Procurement.

Antonyms: None.

ACQUISITION STRATEGY

The conceptual framework for conducting an acquisition. It encompasses the broad concepts and objectives which direct and control the overall development, production, and introduction to use of a product or system through the integration of strategic, technical, resource, and business concerns. It is developed and tailored to the unique circumstances of an individual program.

Synonyms: Acquisition plan, acquisition management plan, business strategy plan.

Antonyms: None.

ALLOWABLE COST

A direct or indirect cost which, if reasonable, allocable, in accordance with the terms of the contract, Generally Accepted Accounting Principles (GAAP), and, if applicable, Cost Accounting Standards (CAS) and regulatory cost principles, may be deemed reimbursable under a given contract.

Synonyms: None.

Antonyms: Unallowable cost.

BUYING-IN

A management decision to knowingly submit an offer below anticipated costs to obtain a contract award. (Buying-in may be done expecting to gain benefit and recoup losses through contract changes or follow-on contracts; however, this must be precluded by the contracting officer if suspected. It may also be intended to achieve or protect market share, obtain access to new technology, or retain company viability through the absorption of fixed costs.)

Synonyms: Loss leader, low-balling.

Antonyms: High-balling.

BUY-OUT

(1) To buy all the stock, assets, or business rights, in a company.

(2) Awarding a contract for all forecasted production requirements to a single contractor. Usually done towards the end of a production cycle or to acquire spare parts when a sole source contractor goes out of business.

Synonyms: None.

Antonyms: None.

CHANGE

A unilateral or bilateral modification of the terms of a contract which alters the original requirements.

Synonyms: Amendment, alteration, revision, modification.

Antonyms: None.

COMPETITIVE RANGE

The offers which meet, or through discussions can be revised to meet, the requirements of a solicitation and have a reasonable chance of being selected for award as determined by an evaluation of technical, management, cost/price considerations and other factors stated in the solicitation.

Synonyms: Short List, zone of consideration.

Antonyms: None.

CONTRACTOR

(1) Any individual, corporation, partnership, association, institution or other legal entity that enters into a legally binding agreement to supply certain materials, products or services for a stipulated consideration.

(2) Any individual or other legal entity that is awarded a contract.

Synonyms: Awardee, supplier, vendor.

Antonyms: Customer, buyer.

COST

(1) General Usage: The amount of money or equivalent paid for supplies or services including profit or fee. (See definition of "Price".)

(2) In Contracting: The amount of money or equivalent incurred for supplies or services exclusive of profit or fee.

Synonyms: Expense.

Antonyms: None.

COST OR PRICING DATA

All factual, verifiable, non-judgmental information as of the time of price agreement that prudent buyers and sellers would reasonably expect to affect price negotiations.

Synonyms: None.

Antonyms: None.

COST PRINCIPLES

The principles defining the basis for allowability of a contractor's costs under cost reimbursement contracts and for the negotiation of fixed price contracts. They are embodied in regulations which establish rules and policies relating to the general treatment of costs in Government contracts.

Synonyms: None.

Antonyms: None.

DEFECTIVE PRICING

The use of cost or pricing data which were claimed by a contractor or subcontractor to be current, accurate and complete at the time of final price agreement but in fact were not. (It entitles the Government to a downward adjustment of the negotiated price, including profit or fee, to remove any significant sum by which price was increased because of the defective cost or pricing data, less offsets for underpriced items, provided the data were relied upon by the Government.)

Synonyms: Defective cost or pricing data.

Antonyms: None.

INCENTIVE

An inducement for a contractor, generally in calculable monetary terms, (a) to produce a product or service that exceeds definitive performance goals, (b) to improve the contract schedule, (c) to reduce costs, or (d) to complete a project under a combination of measurable objectives.

Synonyms: Inducement, stimulant, cause.

Antonyms: Disincentive.

MAJOR SYSTEM

(1) An end item which is critically important, complex, expensive, or for any other reason requires special management control.

(2) One of a limited number of end-items composed of subsystems and/or other components which, for reasons of urgency, criticality, or resource requirements, is determined to be vital to the national or corporate interest.

Synonyms: System subject to OMB Circular A-109, weapon system.

Antonyms: None.

MARKET SURVEY

(1) Process of attempting to identify sources which are capable of satisfying the buyer's requirement.

(2) Process of attempting to identify the level of demand or current price of a product.

Synonyms: None.

Antonyms: None.

NON-DEVELOPMENTAL ITEM

A generic term describing an item which has been previously developed.

Synonyms: Off-the-shelf, commercial product.

Antonyms: Developmental Item.

PURCHASING

(1) The process of buying supplies and services utilizing a variety of contractual arrangements.

(2) In Government: The process of buying readily available supplies and services utilizing procedures such as purchase orders, blanket purchase agreements, and pre-negotiated schedules.

Synonyms: Buying, procurement.

Antonyms: Selling.

SCOPE OF WORK

The total effort to be performed by a contractor in fulfillment of a contractual requirement.

Synonyms: Statement of work, in scope.

Antonyms: Out of scope.

SOLICITATION

(1) A document which notifies prospective bidders or offerors that a buyer wishes to receive bids, quotes, or proposals on a set of requirements to provide supplies, services, or construction.

(2) The practice or act of notifying prospective bidders or offerors that a buyer wishes to receive bids, quotes, or proposals on a set of requirements to provide supplies, services, or construction. (The process might consist of public advertising, mailing an invitation for bids or request for proposals/quotations, posting notices, or telephone calls to prospective vendors.)

Synonyms: Request for Proposals, Request for Quotations, Invitation for Bids.

Antonyms: None.

WEIGHTED GUIDELINES

A structured approach for developing profit or fee negotiation objectives that provides a format for consideration of the relative value of appropriate cost and risk related factors.

Synonyms: Structured approach.

Antonyms: None.

APPENDIX B: INITIAL QUESTIONNAIRE AND REMINDER LETTER

This appendix presents the initial questionnaire which was mailed to 300 Certified Professional Contracts Managers and Certified Associate Contracts Managers, and the reminder letter which was mailed one week later.

A. INITIAL QUESTIONNAIRE

Graduate students at the Naval Postgraduate School, Monterey, California, and the Air Force Institute of Technology, Wright-Patterson Air Force Base, Ohio, are conducting research to derive baseline definitions for commonly used acquisition words or phrases. When the project is complete, the definitions will be included as part of a professional dictionary of contracting terminology. The purpose of the dictionary is twofold. First, to provide an educational tool to those unfamiliar with the acquisition process. Second, to provide a reference document for those working in the field.

The purpose of this questionnaire is to obtain feedback from contracting professionals regarding proposed definitions of contracting terms. All of the terms have been synthesized from collected definitions, government regulations and contracting literature and have been reviewed once by National Contract Management Association Fellows in an effort to obtain a consensus definition. The terms in this questionnaire were selected for refinement using the Delphi Technique due to the diversity of comments which they generated.

The Delphi Technique is a method of refining a viewpoint by resubmitting successive opinions for review by the same respondents until consensus is reached. This research will entail resubmitting initial opinions to the respondents one time. Therefore, it is requested that you include your name and address with your response to enable the researcher to include you in the second review of the terms. Your responses will be considered confidential. Your name and address is requested solely for the purpose of conducting a second review.

Please review the definition provided for each contracting term. When reviewing, please feel free to make changes as you deem necessary. This may be done in any way which will be legible to the researcher, such as lining out words. Also, please include a

short explanation for the change in the remarks section; this will aid the researcher in understanding your reasoning when reviewing the proposed definition.

Your participation in this research and response by 6 August 1990 is greatly appreciated. If you need any additional details, LT Eric Wilson can be contacted by telephone at (408) 649-6276, or by writing to:

LT Eric Wilson, SC, USN
SMC 1385
Naval Postgraduate School
Monterey, CA 93943.

Name: _____

Address: _____

ACQUISITION

- (1) The process by which one attains legal possession.
- (2) The entire spectrum of actions, from planning through use, in attaining supplies, services, or systems through purchase, lease, or any combination of the two.
- (3) In major systems: The process of obtaining complex systems through the following phases: concept exploration, concept demonstration/validation, full-scale development, production, logistic support review, and major upgrade/system replacement.

Synonyms: Procurement, purchasing, purchase, acquirement, accomplishment, contract, buy.

Antonyms: Sell, dispose, disposition, terminating.

COMMENT: _____

ACQUISITION STRATEGY

The conceptual framework for conducting an acquisition. Through the integration of strategic, technical, and resource concerns, it encompasses the broad concepts and objectives which direct and control the overall development, production, and introduction to use of a product or system. It is developed and tailored to unique circumstances of the program.

Synonyms: Acquisition planning, acquisition management plan, business strategy plan.

Antonyms: Non-strategic, piecemeal acquisitions.

COMMENT: _____

ALLOWABLE COST

A cost, either direct or indirect, which, if in agreement with published cost principles, may be allocated and deemed reimbursable under an anticipated or existing contract.

Synonyms: None.

Antonyms: Unallowable cost.

COMMENT: _____

BUYING-IN

A management practice of knowingly submitting an offer below anticipated costs to obtain a contract award. (Buying-in may be done expecting to gain benefit and recoup losses through contract changes or follow-on contracts. May also intend to achieve or protect market status or obtain access to new technology, or for other reasons.)

Synonyms: Loss contracting, low-balling, under estimating.

Antonyms: Profitable contracting, high-balling, over estimating.

COMMENT: _____

BUY-OUT

- (1) To buy all the stock, business rights, etc.
- (2) In Government: Awarding of all remaining production of a contract to the winner of a final competition. Usually done towards the end of a production cycle.

Synonyms: None.

Antonyms: None.

COMMENT: _____

CHANGE

A bilateral modification of the terms of a contract which may alter original requirements.

Synonyms: Deviation, alteration, revision, modification.

Antonyms: Fixed, permanence.

COMMENT: _____

COMPETITIVE RANGE

The group of offerors whose responses meet the requirements of a solicitation and have a reasonable chance of being selected for award as determined by the buyer's evaluation of technical, management, cost/price considerations and other stated salient factors.

Synonyms: None.

Antonyms: None.

COMMENT: _____

CONTRACTOR

- (1) Any individual, corporation, partnership, association, institution or other entity who contracts to supply certain materials or to do certain work for a stipulated consideration.
- (2) In Government: Any individual or other legal entity that (a) submits offers for or is awarded a Government contract or a subcontract under a Government contract, or (b) conducts business with the Government as an agent or representative of another contractor.

Synonyms: Offeror, proposer, awardee, supplier, vendor, bidder.

Antonyms: Volunteer.

COMMENT: _____

COST

The amount of money or equivalent paid or charged for supplies or services exclusive of profit or fee.

Synonyms: Consideration, charge, total cost.

Antonyms: None.

COMMENT: _____

COST OR PRICING DATA

All factual or verifiable information as of the time of price agreement that prudent buyers and sellers would reasonably expect to affect price negotiations.

Synonyms: None.

Antonyms: None.

COMMENT: _____

COST PRINCIPLES

The principles defining the basis for allowability, reasonableness and the concepts of allocability of contractor's costs under cost reimbursement contracts and for the negotiation of fixed price contracts. They are embodied in regulations which establish rules and policies relating to the general treatment of costs in Government contracts.

Synonyms: None.

Antonyms: None.

COMMENT: _____

DEFECTIVE PRICING

Result of cost or pricing data which were claimed by a contractor or subcontractor to be current, accurate and complete but in fact were not. It entitles the Government to an adjustment of the negotiated price, including profit or fee, to exclude any significant sum by which price was increased because of the defective cost or pricing data, provided the data were relied upon by the Government.

Synonyms: Defective cost or pricing data.

Antonyms: None.

COMMENT: _____

INCENTIVE

- (1) Something that stimulates one to take action.
- (2) In Government: something that motivates the contractor in calculable monetary terms
 - (a) to turn out a product that meets or exceeds significantly advanced performance goals,
 - (b) to improve on the contract schedule up to and including final delivery, (c) to reduce costs of the work, or (d) to complete the project under a weighted combination of some or all of these objectives.

Synonyms: Inducement, stimulant, cause.

Antonyms: Disincentive, firm fixed price.

COMMENT: _____

MAJOR SYSTEM

- (1) A system which is critically important, complicated, expensive, controversial, or for any reason should involve top management.
- (2) In Government: One of a limited number of end-items composed of subsystems and/or other components which, for reasons of urgency, criticality, or resource requirements, is determined to be vital to the national interest.

Synonyms: System subject to OMB Circular A-109, weapon system.

Antonyms: Spare components, major components.

COMMENT: _____

MARKET SURVEY

Process of attempting to identify qualified sources which are capable of satisfying the buyer's requirement.

Synonyms: None.

Antonyms: None.

COMMENT: _____

NON-DEVELOPMENTAL ITEM

A generic term describing either a commercial product or an item which has been previously developed and used by another service, country, or government agency.

Synonyms: Off-the-shelf, commercial product.

Antonyms: None.

COMMENT: _____

PURCHASING

The process of buying commercially available supplies and services utilizing procedures such as purchase orders, blanket ordering agreements, and pre-negotiated schedules. Usually identified further as orders which fall within certain dollar limits.

Synonyms: Buying.

Antonyms: Selling, disposal, scrapping.

COMMENT: _____

SCOPE OF WORK

The total effort to be performed by a contractor in fulfillment of a contractual requirement.

Synonyms: Work statement.

Antonyms: None.

COMMENT: _____

SOLICITATION

(1) The practice or act of requesting.

(2) In Government: The practice or act of notifying prospective bidders that the Government wishes to receive bids or proposals on a set of requirements to provide goods and/or services. (The process might consist of public advertising, the mailing of invitations for bids, the posting of notices, or telephone calls to prospective vendors.)

Synonyms: Tender.

Antonyms: None.

COMMENT: _____

WEIGHTED GUIDELINES

A structured approach for developing fee and profit negotiation objectives that provides consideration of the relative value of appropriate cost and risk related factors.

Synonyms: None.

Antonyms: None.

COMMENT: _____

ADDITIONAL COMMENTS

B. REMINDER LETTER

About a week ago, you should have received a questionnaire regarding research to derive baseline definitions for commonly used acquisition words or phrases. If you have not yet received the questionnaire, please call me at (408) 649-6276, and I will fax you a copy immediately.

If you have already completed and returned the questionnaire, thank you for your cooperation. It is greatly appreciated.

If you have not yet returned the questionnaire, I urge you to do so by 6 August 1990 or as soon as possible thereafter. Your perspective is very important to this research which will be used, in part, to create a professional dictionary of contracting terminology.

If you need any additional details, feel free to contact LT Eric Wilson by telephone at (408) 649-6276, or by writing to:

LT Eric Wilson, SC, USN
SMC 1385
Naval Postgraduate School
Monterey, CA 93943.

APPENDIX C: FOLLOW-UP QUESTIONNAIRE AND REMINDER LETTER

This appendix presents the follow-on questionnaire which was mailed to the 129 respondents from the initial questionnaire who provided names and addresses, and the reminder letter which was mailed one week later.

A. FOLLOW-ON QUESTIONNAIRE

Thank you for completing the initial questionnaire and participating in this follow-on research to arrive at consensus definitions of contracting terminology. 45% of the questionnaires were completed and returned which provides an excellent base for the establishment of a consensus. This questionnaire will only be sent to those who responded to the initial questionnaire, so your continued participation is very important.

As a reminder: Graduate students at the Naval Postgraduate School, Monterey, California, and the Air Force Institute of Technology, Wright-Patterson Air Force Base, Ohio, are conducting research to derive baseline definitions for commonly used acquisition words or phrases. When the project is complete, the definitions will be included as part of a professional dictionary of contracting terminology. The purpose of the dictionary is twofold. First, to provide an educational tool to those unfamiliar with the acquisition process. Second, to provide a reference document for those working in the field. This research is the fifth effort in obtaining feedback from contracting professionals regarding proposed definitions of contracting terms. It differs from the previous research in that it is taking terms from the previous four efforts which generated significant diversity, and is refining them using the Delphi Technique. All twenty terms were synthesized from collected definitions, government regulations and contracting literature and were reviewed once by National Contract Management Association Fellows prior to your input on the initial questionnaire.

Attached are the results of the initial questionnaire and the proposed consensus definition based on your comments. Please review the information and revised definition provided for each contracting term. If you have any comments, please either annotate them where applicable, or write them on the back of the paper. **The attached package looks imposing, but it consists of information which you may not desire to review. It should not take too much of your time.** The researcher tried to err on the side of conservancy; providing more rather than less material for reviewing the revised definitions.

Your continued participation in this research and response by 21 September 1990 is greatly appreciated. If you need any additional details, LT Eric Wilson can be contacted by telephone at (408) 649-6276, or by writing to:

LT Eric Wilson, SC, USN
SMC 1385
Naval Postgraduate School
Monterey, CA 93943.

1. ACQUISITION

a. *Original Definition:*

- (1) The process by which one attains legal possession.
- (2) The entire spectrum of actions, from planning through use, in attaining supplies, services, or systems through purchase, lease, or any combination of the two.
- (3) In major systems: The process of obtaining complex systems through the following phases: concept exploration, concept demonstration/validation, full-scale development, production, logistic support review, and major upgrade/system replacement.

Synonyms: Procurement, purchasing, purchase, acquirement, accomplishment, contract, buy.

Antonyms: Sell, dispose, disposition, terminating.

- b. *Results:*
- | | |
|--------------------|------------------|
| # Agree as written | <u>72</u> (53 %) |
| # Disagree | <u>63</u> (47 %) |
- 37 of the 82 comments (45%) regard Synonyms/Antonyms

c. *Comments:*

1. Questioned the scope of the term: 15
2. Definition (2) best: 12 Delete (1): 9 Delete (3): 6
3. Use the word "obtain" vice "attain": 8
4. Definition (3) can apply to other than major systems: 2
5. Added different phases in definition (3): 8
6. Change "possession" to "ownership/title": 4
7. Add reference to construction: 3
8. Use either the definition in the FAR or OMB Circular A-109: 4

d. *Revised Definition:*

- (1) The process by which one obtains legal possession or ownership.
- (2) The entire spectrum of actions, from the identification of a need through disposition, in obtaining supplies, services, construction, or systems.
- (3) In major systems: The process of obtaining complex systems through phases such as: concept exploration/definition, concept demonstration and validation, full-scale development, production, logistic support, and major upgrade/system replacement.

Synonyms: Procurement.

Antonyms: None.

e. *Brief Rationale:*

1. The main question is whether acquisition includes the period between award of a contract and disposition. The researcher agreed that the scope of acquisition encompasses the identification of a need through disposition and changed the definition.
2. The three definitions represent different, valid meanings for the term. The researcher feels that they should be retained, but has incorporated several of the minor changes suggested to increase the term's applicability. Previous research synthesized the definition to include a separate definition for the Federal Government, but combined it with definition (2) due to responses received. The researcher agreed with the combined definition.

2. ACQUISITION STRATEGY

a. *Original Definition:*

The conceptual framework for conducting an acquisition. Through the integration of strategic, technical, and resource concerns, it encompasses the broad concepts and objectives which direct and control the overall development, production, and introduction to use of a product or system. It is developed and tailored to unique circumstances of the program.

Synonyms: Acquisition planning, acquisition management plan, business strategy plan.

Antonyms: Non-strategic, piecemeal acquisitions.

b. *Results:* # Agree as written 85 (63 %)
Disagree 50 (37 %)
18 of the 50 comments (36%) regard Synonyms/Antonyms

c. *Comments:*

1. Change wording of 2nd sentence: 6
2. Include Business/Admin aspects: 6
3. Change "program" at end: 5
4. Emphasize resulting increased efficiency/effectiveness: 2

d. *Revised Definition:*

The conceptual iterative framework for conducting an acquisition. Acquisition Strategy encompasses the broad concepts and objectives which direct and control the overall development, production, and introduction to use of a product or system through the integration of strategic, technical, resource, and business concerns. It is developed and tailored to the unique circumstances of an individual program.

Synonyms: Acquisition planning, acquisition management plan, business strategy plan.

Antonyms: None.

e. *Brief Rationale:*

The researcher incorporated the first three changes to make the definition more understandable. The fourth comment was not included as it did not clarify the definition.

3. ALLOWABLE COST

a. *Original Definition:*

A cost, either direct or indirect, which, if in agreement with published cost principles, may be allocated and deemed reimbursable under an anticipated or existing contract.

Synonyms: None.

Antonyms: Unallowable cost.

b. *Results:* # Agree as written 82 (61 %)
Disagree 53 (39 %)
6 of the 55 comments (11%) regard Synonyms/Antonyms

c. *Comments:*

1. Add "reasonable": 11
2. Cost principles vs GAAP: 12
3. Addressed in negotiation or in K: 9
4. Not under anticipated contract: 9
5. Delete reference to allocable: 7
6. Differentiate K type (FFP vs CR): 2
7. Use the FAR definition: 5

d. *Revised Definition:*

A direct or indirect cost which, if reasonable, allocable, in accordance with the terms of the contract, Generally Accepted Accounting Principles (GAAP), and, if applicable, Cost Accounting Standards (CAS) and regulatory cost principles may be deemed reimbursable under a given contract.

Synonyms: None.

Antonyms: Unallowable cost.

e. *Brief Rationale:*

As the definition could be altered to incorporate the five factors while still remaining applicable to commercial contracts, the researcher incorporated the changes.

4. BUYING-IN

a. *Original Definition:*

A management practice of knowingly submitting an offer below anticipated costs to obtain a contract award. (Buying-in may be done expecting to gain benefit and recoup losses through contract changes or follow-on contracts. May also intend to achieve or protect market status or obtain access to new technology, or for other reasons.)

Synonyms: Loss contracting, low-balling, under estimating.

Antonyms: Profitable contracting, high-balling, over estimating.

- b. *Results:* # Agree as written 85 (63 %)
 # Disagree 50 (37 %)
 28 of the 62 comments (45%) regard Synonyms/Antonyms

c. *Comments:*

1. Revise portion in parentheses: 7
2. Discuss legality/ethics: 4
3. Should add positive aspect: 6
4. Either delete "or for other reasons" or name them: 4
5. Delete portion in parentheses: 2
6. Could include reduced profit or no profit: 2

d. *Revised Definition:*

A pricing technique of knowingly submitting an offer below anticipated costs or with no profit or fee to obtain a contract award. (Buying-in may be done expecting to gain benefit and recoup losses through contract changes or follow-on contracts. It may also be intended to achieve or protect market share, obtain access to new technology, or retain company viability through the absorption of fixed costs.)

Synonyms: Loss leader, low-balling.

Antonyms: High-balling.

e. *Brief Rationale:*

The portion in parentheses was added in previous research in response to similar comments that reasons for buying-in are speculation and not part of the definition. The purpose was to clarify the meaning while acknowledging that the clarification is not part of the definition. The researcher agrees with this approach and made only minor changes to emphasize positive aspects of buying-in.

5. BUY-OUT

a. *Original Definition:*

- (1) To buy all the stock, business rights, etc.
- (2) In Government: Awarding of all remaining production of a contract to the winner of a final competition. Usually done towards the end of a production cycle.

Synonyms: None.

Antonyms: None.

- b. *Results:*
- | | |
|---|------------------|
| # Agree as written | <u>95</u> (70 %) |
| # Disagree | <u>40</u> (30 %) |
| 2 of the 42 comments (5%) regard Synonyms/Antonyms | |

c. *Comments:*

1. Should not include "etc": 5
2. Who cares about this definition?: 4
3. Disagree with (2): 14
4. Change "contract" to something else: 7
5. Delete "In Government:": 3

d. *Revised Definition:*

- (1) To buy all the stock, assets, or business rights, in a company.
- (2) Awarding a contract for all forecasted production requirements to a single contractor. Usually done towards the end of a production cycle or to acquire spare parts when a sole source contractor goes out of business.

Synonyms: None.

Antonyms: None.

e. *Brief Rationale:*

The researcher agreed with the comments and revised the definition.

6. CHANGE

a. *Original Definition:*

A bilateral modification of the terms of a contract which may alter original requirements.

Synonyms: Deviation, alteration, revision, modification.

Antonyms: Fixed, permanence.

b. *Results:* # Agree as written 30 (22 %)
Disagree 105 (78 %)
17 of the 105 comments (16%) regard Synonyms/
Antonyms

c. *Comments:*

1. Can also be unilateral: 95
2. Change "may alter" to "alters": 9

d. *Revised Definition:*

A modification of the terms of a contract which alters the original requirements.

Synonyms: Amendment, alteration, revision, modification.

Antonyms: None.

e. *Brief Rationale:*

The researcher agreed with the comments and deleted the words.

7. COMPETITIVE RANGE

a. *Original Definition:*

The group of offerors whose responses meet the requirements of a solicitation and have a reasonable chance of being selected for award as determined by the buyer's evaluation of technical, management, cost/price considerations and other stated salient factors.

Synonyms: None.

Antonyms: None.

- b. *Results:* # Agree as written 84 (62 %)
 # Disagree 51 (38 %)
 6 of the 57 comments (11%) regard Synonyms/Antonyms

c. *Comments:*

1. Allow for discussions: 8
2. Define/Delete "buyer's": 8
3. Change/delete "the group": 8
4. Delete "salient": 6
5. Tell where "stated": 6
6. Defined Qualified Bidder vice the range: 11
7. Don't necessarily meet all rqmts: 6
8. Use the FAR definition: 2

d. *Revised Definition:*

The offers which meet, or can be revised to meet, the requirements of a solicitation and have a reasonable chance of being selected for award as determined by an evaluation of technical, management, cost/price considerations and other factors stated in the solicitation.

Synonyms: Short List.

Antonyms: None.

e. *Brief Rationale:*

The researcher agreed with the first seven comments, but felt that the definition captured the meaning of the FAR definition in a more understandable form.

8. CONTRACTOR

a. *Original Definition:*

- (1) Any individual, corporation, partnership, association, institution or other entity who contracts to supply certain materials or to do certain work for a stipulated consideration.
- (2) In Government: Any individual or other legal entity that (a) submits offers for or is awarded a Government contract or a subcontract under a Government contract, or (b) conducts business with the Government as an agent or representative of another contractor.

Synonyms: Offeror, proposer, awardee, supplier, vendor, bidder.

Antonyms: Volunteer.

- b. *Results:*
- | | |
|--------------------|------------------|
| # Agree as written | <u>87</u> (64 %) |
| # Disagree | <u>48</u> (36 %) |
- 25 of the 51 comments (49%) regard Synonyms/Antonyms

c. *Comments:*

1. Delete reference to offeror: 13
2. Delete reference to subcontractor: 8
3. Delete reference to Government: 8
4. Don't use "contract": 8

d. *Revised Definition:*

- (1) Any individual, corporation, partnership, association, institution or other legal entity who enters into a legally binding agreement to supply certain materials or to do certain work for a stipulated consideration.
- (2) Any individual or other legal entity that is awarded a contract.

Synonyms: Awardee, supplier, vendor.

Antonyms: Customer, buyer.

e. *Brief Rationale:*

The researcher agreed with all of the comments and incorporated them into the definition. This led to the deletion of certain synonyms and the antonym as they conflicted with the respondent's comments.

9. COST

a. *Original Definition:*

The amount of money or equivalent paid or charged for supplies or services exclusive of profit or fee.

Synonyms: Consideration, charge, total cost.

Antonyms: None.

- b. *Results:*
- # Agree as written 84 (62 %)
 - # Disagree 51 (38 %)
 - 24 of the 55 comments (44%) regard Synonyms/Antonyms

c. *Comments:*

1. Problem with whether it includes profit/fee: 4
2. Add imputed costs: 2
3. Should be 2 definitions: 16
4. Recognize direct/indirect costs: 3
5. Make reference to Contract cost: 3
6. "Paid" should be "incurred": 12

d. *Revised Definition:*

(1) For a Seller: The amount of money or equivalent incurred for supplies or services exclusive of profit or fee.

(2) For a Buyer: The amount of money or equivalent paid for supplies or services including profit or fee.

Synonyms: Expense.

Antonyms: None.

e. *Brief Rationale:*

The researcher agreed with the suggestions and incorporated them into the definition.

10. COST OR PRICING DATA

a. *Original Definition:*

All factual or verifiable information as of the time of price agreement that prudent buyers and sellers would reasonably expect to affect price negotiations.

Synonyms: None.

Antonyms: None.

- b. *Results:*
- | | |
|--------------------|------------------|
| # Agree as written | <u>95</u> (70 %) |
| # Disagree | <u>40</u> (30 %) |
- 1 of the 41 comments (2%) regard Synonyms/Antonyms

c. *Comments:*

1. Delete factual/verifiable (i.e. include judgement): 9
2. Include "available at the time of ...": 1
3. Feel we're defining certified C&P data: 8
(delete "as of the time of price agreement")
4. Make more specific to exclude judgement: 2
5. Use the FAR definition: 6
6. Delete "price" from "price negotiations": 3

d. *Revised Definition:*

All factual, verifiable, non-judgmental information as of the time of price agreement that prudent buyers and sellers would reasonably expect to affect price negotiations.

Synonyms: None.

Antonyms: None.

e. *Brief Rationale:*

The majority (70%) agreed with the definition as written and the researcher assumes they agree that judgement does not belong in the definition. In addition, the definition in the FAR specifically excludes judgement. The researcher, therefore, specifically excluded judgement in the revised definition with the realization that, since case law shapes definitions, a revision to this term could be necessary in the future. The researcher disagrees that the definition actually describes certified cost or pricing data. The definition does describe the data which will be certified. As no further data is required for the purpose of costing or pricing a contract after the time of price agreement, the researcher does not feel that the phrase warrants deletion from the definition.

11. COST PRINCIPLES

a. *Original Definition:*

The principles defining the basis for allowability, reasonableness and the concepts of allocability of contractor's costs under cost reimbursement contracts and for the negotiation of fixed price contracts. They are embodied in regulations which establish rules and policies relating to the general treatment of costs in Government contracts.

Synonyms: None.

Antonyms: None.

- b. *Results:*
- | | |
|---|-------------------|
| # Agree as written | <u>105</u> (78 %) |
| # Disagree | <u>30</u> (22 %) |
| 1 of the 33 comments (3%) regard Synonyms/Antonyms | |

c. *Comments:*

1. Delete "concepts of": 4
2. Set apart from GAAP: 3
3. Delete reasonableness/allocability as they are included in allowable: 4
4. Do not differentiate the types of contracts: 5

d. *Revised Definition:*

The principles defining the basis for allowability of a contractor's costs under cost reimbursement contracts and for the negotiation of fixed price contracts. They are embodied in regulations which establish rules and policies relating to the general treatment of costs in Government contracts.

Synonyms: None.

Antonyms: None.

e. *Brief Rationale:*

The researcher feels that specifically listing cost reimbursement contracts and negotiated fixed price contracts is necessary. The comments generally substituted the word "certain" for the applicable contract types or deleted them in their entirety. The researcher believes that "certain" is too vague and deleting any reference to applicability implies that the cost principles should be applied all contracts, even the award of a firm fixed price sealed bid contract. The researcher agrees that the cost principles are one aspect of allowability and do not, in fact, include allocability and reasonableness. The researcher believes that setting generally accepted accounting principles apart from the cost principles was effectively done in the last sentence which states that cost principles are applicable to Government contracts and are regulatory.

12. DEFECTIVE PRICING

a. *Original Definition:*

Result of cost or pricing data which were claimed by a contractor or subcontractor to be current, accurate and complete but in fact were not. It entitles the Government to an adjustment of the negotiated price, including profit or fee, to exclude any significant sum by which price was increased because of the defective cost or pricing data, provided the data were relied upon by the Government.

Synonyms: Defective cost or pricing data.

Antonyms: None.

- b. *Results:* # Agree as written 104 (77 %)
 # Disagree 31 (23 %)
 7 of the 34 comments (21%) regard Synonyms/Antonyms

c. *Comments:*

1. Make "downward adjustment": 2
2. Delete "result of": 7
3. Add "at time of price agreement": 5
4. Definition should not include Government rights: 3
5. Include interest on overpayments, offsets, and penalties: 2

d. *Revised Definition:*

Cost or pricing data which were claimed by a contractor or subcontractor to be current, accurate and complete at the time of price agreement but in fact were not. (It entitles the Government to a downward adjustment of the negotiated price, including profit or fee, to remove any significant sum by which price was increased because of the defective cost or pricing data, less offsets for underpriced items, provided the data were relied upon by the Government.)

Synonyms: Defective cost or pricing data.

Antonyms: None.

e. *Brief Rationale:*

The researcher agreed with all but the fourth comment. Although the last sentence deals only with the Government's rights and is not properly part of the definition, the researcher felt that the sentence clarified the meaning and placed it in parentheses to indicate that it is a clarification.

13. INCENTIVE

a. *Original Definition:*

(1) Something that stimulates one to take action.

(2) In Government: something that motivates the contractor in calculable monetary terms (a) to turn out a product that meets or exceeds significantly advanced performance goals, (b) to improve on the contract schedule up to and including final delivery, (c) to reduce costs of the work, or (d) to complete the project under a weighted combination of some or all of these objectives.

Synonyms: Inducement, stimulant, cause.

Antonyms: Disincentive, firm fixed price.

b. *Results:* # Agree as written 69 (51 %)

Disagree 66 (49 %)

37 of the 69 comments (54%) regard Synonyms/Antonyms

c. *Comments:*

1. Emphasize exceeding satisfactory performance: 13

2. Mention positive and negative incentives: 2

3. Mention services (award fee): 4

4. Delete "In Government": 5

5. Delete #1: 5

6. Change "stimulates" to "motivates": 2

7. Not just monetary: 5

8. Delete "significantly advanced": 7

9. Don't use "something": 2

10. Delete "firm fixed price" as an antonym: 34

d. *Revised Definition:*

Something that motivates a contractor, generally in calculable monetary terms, (a) to produce a product that exceeds performance goals, (b) to improve on the contract schedule, (c) to reduce costs of the work, (d) to provide high quality services, or (e) to complete a project under a combination of these objectives.

Synonyms: Inducement, stimulant, cause.

Antonyms: Disincentive.

e. *Brief Rationale:*

The researcher initially disagreed with the comments concerning "meets or exceeds significantly advanced performance goals" since part (2a) appeared to refer to incentivizing a contractor to push the state of the art. In this context, meeting a significantly advanced performance goal would constitute a proper incentive goal. However, due to the number of negative comments and the low approval rate, the definition was changed. All of the comments except the use of "something" in the first sentence were addressed in the revised definition. "Something" was not changed as the two suggestions did not appear to significantly improve the definition.

14. MAJOR SYSTEM

a. *Original Definition:*

(1) A system which is critically important, complicated, expensive, controversial, or for any reason should involve top management.

(2) In Government: One of a limited number of end-items composed of subsystems and/or other components which, for reasons of urgency, criticality, or resource requirements, is determined to be vital to the national interest.

Synonyms: System subject to OMB Circular A-109, weapon system.

Antonyms: Spare components, major components.

b. *Results:* # Agree as written 89 (66 %)
 # Disagree 46 (34 %)
 8 of the 52 comments (15%) regard Synonyms/Antonyms

c. *Comments:*

1. Use FAR/A-109 definition: 11
2. Delete #1: 6
3. Delete #2: 2
4. Don't like "involve top mgmt": 6
5. Doesn't have to be controversial: 9
6. Delete "In Government": 5
7. Include dollar thresholds: 2

d. *Revised Definition:*

(1) A system which is critically important, complex, expensive, politically sensitive, or for any other reason requires special management control.

(2) One of a limited number of end-items composed of subsystems and/or other components which, for reasons of urgency, criticality, or resource requirements, is determined to be vital to the national or corporate interest.

Synonyms: System subject to OMB Circular A-109, weapon system.

Antonyms: None.

e. *Brief Rationale:*

The variety of responses made it difficult to reach a consensus for this term. While eleven respondents preferred the definition in FAR 34.001 or OMB Circular A-109 to the current definition, five respondents felt any reference to Government should be deleted. Another six respondents felt that the first definition should be deleted entirely, while fifteen respondents felt the first definition should merely be altered. The researcher agreed with previous research which indicated that it was desirable to avoid the Federal or DoD definitions as they typically included dollar limits which would entail changes to the definition whenever the thresholds were changed.

15. MARKET SURVEY

a. *Original Definition:*

Process of attempting to identify qualified sources which are capable of satisfying the buyer's requirement.

Synonyms: None.

Antonyms: None.

- b. *Results:*
- # Agree as written 99 (73 %)
 - # Disagree 36 (27 %)
 - 5 of the 43 comments (12%) regard Synonyms/Antonyms

c. *Comments:*

1. Actually defined "Source Survey": 4
2. Delete "qualified": 10
3. Suggested an alternate meaning: 19

d. *Revised Definition:*

(1) Process of attempting to identify sources which are capable of satisfying the buyer's requirement.

(2) Process of attempting to identify the level of demand or current price of a product.

Synonyms: None.

Antonyms: None.

e. *Brief Rationale:*

The researcher agreed with the last two comments and changed the definition accordingly. The current definition was considered to be an aspect of a Market Survey and retained, due to the overall high rate of approval.

16. NON-DEVELOPMENTAL ITEM

a. *Original Definition:*

A generic term describing either a commercial product or an item which has been previously developed and used by another service, country, or government agency.

Synonyms: Off-the-shelf, commercial product.

Antonyms: None.

b. *Results:* # Agree as written 110 (81 %)
Disagree 25 (19 %)
17 of the 41 comments (41%) regard Synonyms/Antonyms

c. *Comments:*

1. Delete reference to government: 6
2. Delete "commercial product": 3
3. Delete "and used by": 4

d. *Revised Definition:*

A generic term describing an item which has been previously developed.

Synonyms: Off-the-shelf, commercial product.

Antonyms: Developmental Item.

e. *Brief Rationale:*

Although the current definition had an extremely high rate of approval, the comments were incorporated into the definition as they were valid, and did not change the meaning of the term.

17. PURCHASING

a. *Original Definition:*

The process of buying commercially available supplies and services utilizing procedures such as purchase orders, blanket ordering agreements, and pre-negotiated schedules. Usually identified further as orders which fall within certain dollar limits.

Synonyms: Buying.

Antonyms: Selling, disposal, scrapping.

b. *Results:* # Agree as written 85 (63 %)

Disagree 50 (37 %)

13 of the 58 comments (22%) regard Synonyms/Antonyms

c. *Comments:*

1. Delete "commercially available": 23
2. Definition too narrow: 23
3. Delete last sentence: 6

d. *Revised Definition:*

(1) The process of buying supplies and services utilizing a variety of contractual arrangements.

(2) In Government: The process of buying readily available supplies and services utilizing procedures such as purchase orders, blanket purchase agreements, and pre-negotiated schedules.

Synonyms: Buying, procurement.

Antonyms: Selling.

e. *Brief Rationale:*

Previous research on this term sought to make a distinction between acquisition, contracting, procurement, and purchasing and approached the synthesis of the term from the Government's perspective. Due to the high number of respondent disapproval with the scope of the definition, the researcher added a more general definition to the current Government related definition.

18. SCOPE OF WORK

a. *Original Definition:*

The total effort to be performed by a contractor in fulfillment of a contractual requirement.

Synonyms: Work statement.

Antonyms: None.

b. *Results:* # Agree as written 101 (75 %)
 # Disagree 34 (25 %)
 22 of the 47 comments (47%) regard Synonyms/Antonyms

c. *Comments:*

1. Confusion with SOW: 9
2. "All" work or just SOW?: 6
3. Don't like "effort": 5
4. Implies limits: 3

d. *Revised Definition:*

The total effort to be performed by a contractor in fulfillment of a contractual requirement.

Synonyms: Statement of work, in scope.

Antonyms: None.

e. *Brief Rationale:*

The comments reflected confusion between the terms scope of work and statement of work. Further confusion existed in whether the scope of work included only work specifically delineated in the statement of work, or all work. These issues were also reflected in the comments received in previous research in establishing the initial consensus. An attempt was made to differentiate between "in scope", "statement of work", and "scope of work". "In scope" denotes a determination made by an individual; "statement of work" is a section of a contract defining work to be performed; and "scope of work" refers to the aggregate work included in a contractual requirement. Due to the high number of respondents accepting the term as written, and the confusion existing among the others, the researcher did not change the definition. The researcher changed the synonym "work statement" to "statement of work" in response to comments, and added the synonym "in scope".

19. SOLICITATION

a. *Original Definition:*

(1) The practice or act of requesting.

(2) In Government: The practice or act of notifying prospective bidders that the Government wishes to receive bids or proposals on a set of requirements to provide goods and/or services. (The process might consist of public advertising, the mailing of invitations for bids, the posting of of notices, or telephone calls to prospective vendors.)

Synonyms: Tender.

Antonyms: None.

b. *Results:* # Agree as written 87 (64 %)

Disagree 48 (36 %)

25 of the 60 comments (42%) regard Synonyms/Antonyms

c. *Comments:*

1. Include construction: 1

2. Delete #1: 5

2a. Add new #1 discussing the document: 6

3. "Mailing of RFP/Q, IFB": 10

4. Delete reference to Government: 4

5. Delete portion in parentheses: 3

6. Change "bidders" to either "offerors" or "contractors": 7

d. *Revised Definition:*

(1) A document which notifies prospective bidders or offerors that a buyer wishes to receive bids, quotes, or proposals on a set of requirements to provide supplies, services, or construction.

(2) The practice or act of notifying prospective bidders or offerors that a buyer wishes to receive bids, quotes, or proposals on a set of requirements to provide supplies, services, or construction. (The process might consist of public advertising, mailing an invitation for bids or request for proposals/quotations, posting notices, or telephone calls to prospective vendors.)

Synonyms: Request for Proposals, Request for Quotations, Invitation for Bids.

Antonyms: None.

e. *Brief Rationale:*

The researcher agreed with all of the comments except the fifth. The portion in parentheses, although not part of the actual definition, clarifies the definition and is meaningful.

20. WEIGHTED GUIDELINES

a. *Original Definition:*

A structured approach for developing fee and profit negotiation objectives that provides consideration of the relative value of appropriate cost and risk related factors.

Synonyms: None.

Antonyms: None.

b. *Results:* # Agree as written 110 (81 %)
 # Disagree 25 (19 %)
 2 of the 26 comments (8%) regard Synonyms/Antonyms

c. *Comments:*

1. DoD peculiar: 7

d. *Revised Definition:*

A Department of Defense (DoD) structured approach for developing profit or fee negotiation objectives that provides a format for consideration of the relative value of appropriate cost and risk related factors.

Synonyms: None.

Antonyms: None.

e. *Brief Rationale:*

The researcher agreed with the comment and incorporated it into the definition. Minor wordsmithing suggestions were incorporated where they clarified the definition.

B. REMINDER LETTER

About a week ago, you should have received a questionnaire regarding research to derive baseline definitions for commonly used acquisition words or phrases. This is a follow-up questionnaire and incorporates the comments and suggestions from the questionnaire you completed last month. If you have not yet received the questionnaire, please call me at (408) 649-6276, and I will fax you a copy immediately.

If you have already completed and returned the questionnaire, thank you for your cooperation. It is greatly appreciated.

If you have not yet returned the questionnaire, I urge you to do so by 21 September 1990 or as soon as possible thereafter. Your perspective is very important to this research which will be used, in part, to create a professional dictionary of contracting terminology.

If you need any additional details, feel free to contact LT Eric Wilson by telephone at (408) 649-6276, or by writing to:

LT Eric Wilson, SC, USN
SMC 1385
Naval Postgraduate School
Monterey, CA 93943.

APPENDIX D: COMPREHENSIVE LISTING OF CONSENSUS DEFINITIONS

Appendix D is a comprehensive listing of terms recommended for acceptance as consensus definitions in this and previous theses.

ACCEPTANCE

- (1) Exercising unqualified assent to an offer by the one to whom the offer was made.
- (2) In Government: The act of an authorized representative of the Government by which the Government, for itself or as an agent of another, assents to ownership of existing and identified supplies, or approves specific services rendered, as partial or complete performance of a contract.

Synonyms: Agreement, approval.

Antonyms: Rejection, disapproval, unacceptable.

ACQUISITION

- (1) The process by which one obtains legal possession or ownership.
- (2) The entire spectrum of actions, from the identification of a need through disposition, in obtaining supplies, services, construction, or systems.
- (3) In major systems: The process of obtaining complex systems through phases such as: concept exploration, concept demonstration and validation, full-scale development, production, logistic support, and major upgrade/system replacement.

Synonyms: Procurement.

Antonyms: None.

ACQUISITION PLAN

Document which formalizes and states the overall strategy for managing the acquisition of specific items or services by documenting the requirement (estimates of cost, recommended contract type, funding plan, etc.), recording program decisions, providing analysis of technical options, plans for obtaining competition, procurement team/organization and, in the case of hardware, life cycle planning for development, procurement, production, training and support of material items.

Synonyms: None.

Antonyms: None.

ACQUISITION STRATEGY

The conceptual framework for conducting an acquisition. It encompasses the broad concepts and objectives which direct and control the overall development, production, and introduction to use of a product or system through the integration of strategic, technical, resource, and business concerns. It is developed and tailored to the unique circumstances of an individual program.

Synonyms: Acquisition plan, acquisition management plan, business strategy plan.

Antonyms: None.

ADMINISTRATIVE CHANGE

A contract change (either unilateral or bilateral), in writing, that does not affect the substantive rights of the parties (e.g., a change of address or the appropriation data) or the contract price.

Synonyms: Unilateral modification or unilateral supplement, administrative modification.

Antonyms: Contract amendments.

ALLOCABLE

Identifiable and distributable among two or more objects, activities, or functions. (In Government: Associated with the distribution of costs among cost objectives.)

Synonyms: Assign, apportion, distributable, assignable, identifiable, appropriate.

Antonyms: Non-allocable, unassignable.

ALLOWABLE COST

A direct or indirect cost which, if reasonable, allocable, in accordance with the terms of the contract, Generally Accepted Accounting Principles (GAAP), and, if applicable, Cost Accounting Standards (CAS) and regulatory cost principles, may be deemed reimbursable under a given contract.

Synonyms: None.

Antonyms: Unallowable cost.

BASELINING

A process whereby all managers involved in a program entering full-scale development or production, review and approve critical program parameters including cost, schedule, and performance. Once the baseline is approved, the program manager has the authority to manage the program within the specified parameters.

Synonyms: Zero basing.

Antonyms: None.

BILL OF MATERIALS

A complete, descriptive and quantitative list of materials, parts, and components required to produce a particular product.

Synonyms: Parts list, parts breakout.

Antonyms: None.

BUYING-IN

A management decision to knowingly submit an offer below anticipated costs to obtain a contract award. (Buying-in may be done expecting to gain benefit and recoup losses through contract changes or follow-on contracts; however, this must be precluded by the contracting officer if suspected. It may also be intended to achieve or protect market share, obtain access to new technology, or retain company viability through the absorption of fixed costs.)

Synonyms: Loss leader, low-balling.

Antonyms: High-balling.

BUY-OUT

(1) To buy all the stock, assets, or business rights, in a company.

(2) Awarding a contract for all forecasted production requirements to a single contractor.

Usually done towards the end of a production cycle or to acquire spare parts when a sole source contractor goes out of business.

Synonyms: None.

Antonyms: None.

CERTIFICATE OF COMPETENCY

A written certificate from the Small Business Administration stating that a small business, with respect to all elements of responsibility (including but not limited to capability, competency, capacity, credit, integrity, perseverance, and tenacity), is able to receive and perform a specific Government contract.

Synonyms: None.

Antonyms: Not responsible.

CHANGE

A unilateral or bilateral modification of the terms of a contract which alters the original requirements.

Synonyms: Amendment, alteration, revision, modification.

Antonyms: None.

CHANGE ORDER

A unilateral action by the contracting officer or buyer, authorized by a contract clause, to modify contractual requirements within the scope of the contract.

Synonyms: Amendment, directed change, unilateral modification, contract amendment.

Antonyms: Bilateral contract modification.

COMMERCIAL ITEM

Supplies or services regularly sold or traded in substantial quantity to the general public in the course of normal business operations.

Synonyms: Off-the-shelf, commercial product.

Antonyms: Military specific equipment.

COMPETITION

(1) Opposition, or effective opposition, in a contest of match.

(2) In Government: The effort of two or more parties, acting independently, to contend equally for the Government's business by the offer of the most favorable terms. (The term implies effort by two or more to obtain the same object or result.)

Synonyms: Contend, contest, vie.

Antonyms: Sole source, single source, no-bid contracting, stand alone.

COMPETITIVE RANGE

The offers which meet, or through discussions can be revised to meet, the requirements of a solicitation and have a reasonable chance of being selected for award as determined by an evaluation of technical, management, cost/price considerations and other factors stated in the solicitation.

Synonyms: Short List, zone of consideration.

Antonyms: None.

CONFIGURATION MANAGEMENT

A discipline applying technical and administrative direction and surveillance to identify and document the functional and physical characteristics of an item or system, control any changes to such characteristics and record and report change processing and implementation status.

Synonyms: None.

Antonyms: None.

CONTRACT

A mutually binding relationship enforceable by law, expressing the mutual assent of two or more legally competent parties to do something they are not otherwise required to do, or not to do something they would otherwise have a right to do, for legal consideration.

Synonyms: Agreement, pact.

Antonyms: None.

CONTRACT ADMINISTRATION

(1) The management of all actions, after the award of a contract, to assure compliance with its terms.

(2) In Government: The performance of a contracting officer, or his authorized representative, of acts authorized by terms of a contract or in accordance with provisions of public laws, executive orders, or applicable regulations and instructions of the department assigned administrative responsibility for the contract.

Synonyms: Contract management, post-award administration.

Antonyms: None.

CONTRACTING

The entire spectrum of actions associated with obtaining supplies, services, and construction from business and industry from initial requirement description through contract completion.

Synonyms: Acquisition, buying.

Antonyms: Disposal, scrapping.

CONTRACTING OFFICER

A person with the authority to enter into, administer, and/or terminate contracts and make related determinations and findings. (A procuring contracting officer [PCO] who awards the contract or directs changes and additions, an administrative contracting officer [ACO] who monitors the performance of the contract, and a termination contracting officer [TCO] who represents the Government in the event of contract termination.)

Synonyms: None.

Antonyms: None.

CONTRACTOR

(1) Any individual, corporation, partnership, association, institution or other legal entity that enters into a legally binding agreement to supply certain materials, products or services for a stipulated consideration.

(2) Any individual or other legal entity that is awarded a contract.

Synonyms: Awardee, supplier, vendor.

Antonyms: Customer, buyer.

CONTRACTOR FURNISHED EQUIPMENT

An item manufactured or purchased by the contractor which the contractor is required to provide in order to carry out the requirements of a contract.

Synonyms: Contractor acquired equipment.

Antonyms: Government furnished equipment.

COST

(1) General Usage: The amount of money or equivalent paid for supplies or services including profit or fee. (See definition of "Price".)

(2) In Contracting: The amount of money or equivalent incurred for supplies or services exclusive of profit or fee.

Synonyms: Expense.

Antonyms: None.

COST OR PRICING DATA

All factual, verifiable, non-judgmental information as of the time of price agreement that prudent buyers and sellers would reasonably expect to affect price negotiations.

Synonyms: None.

Antonyms: None.

COST PRINCIPLES

The principles defining the basis for allowability of a contractor's costs under cost reimbursement contracts and for the negotiation of fixed price contracts. They are embodied in regulations which establish rules and policies relating to the general treatment of costs in Government contracts.

Synonyms: None.

Antonyms: None.

COULD COST

A concept of contract pricing that involves a cooperative buyer and seller effort to minimize or eliminate the non-value, added work done by a seller.

Synonyms: Value engineering, Total Quality Management.

Antonyms: Should cost, will cost.

DEBARMENT

- (1) To bar, exclude or preclude from having or doing something.
- (2) In Government: Action taken to prevent, for a specified period of time, contractors or potential contractors, from bidding on, or being awarded, Government contracts as a result of their violation of a statute or regulation.

Synonyms: Exclude, rule out, preclude.

Antonyms: None.

DEFECTIVE PRICING

The use of cost or pricing data which were claimed by a contractor or subcontractor to be current, accurate and complete at the time of final price agreement but in fact were not. (It entitles the Government to a downward adjustment of the negotiated price, including profit or fee, to remove any significant sum by which price was increased because of the defective cost or pricing data, less offsets for underpriced items, provided the data were relied upon by the Government.)

Synonyms: Defective cost or pricing data.

Antonyms: None.

DESIGN SPECIFICATION

A document (*including drawings*) setting forth the required characteristics of a particular component, part, subsystem, system or construction item.

Synonyms: Detailed specification.

Antonyms: Performance or functional specification.

DIRECT COST

Costs specifically identifiable with a contract requirement; including but not restricted to costs of material and/or labor directly incorporated into an end item.

Synonyms: Cost objective, expense.

Antonyms: Indirect cost, overhead, general and administrative costs.

DIRECT MATERIAL

Material, including raw material, purchased parts, and subcontracted items, directly incorporated into an end item, which is identifiable to a contract requirement.

Synonym: None.

Antonym: Indirect material, common items.

EFFECTIVE COMPETITION

A market condition which exists when two or more responsible offerors acting independently contend for a contract which results in the buyer receiving either (1) the lowest cost or price alternative or (2) the optimal combination of technical design coupled with a cost effective price.

Synonym: None.

Antonym: None.

ENGINEERING CHANGE PROPOSALS

A document which proposes a change in the physical or functional characteristics of a system or item. It requires revision to contract specifications or engineering drawings, if accepted by the buyer. It includes both a proposed engineering change and its documentation.

Synonyms: Class I change, value engineering change proposal.

Antonyms: Class II change.

EXPRESS

Direct; explicit; exact; precise; specific; language which manifests these characteristics and is not left to interpretation or inference.

Synonyms: Explicit, exact, precise.

Antonyms: Implied, ambiguous, general, unclear, inferred, between the lines, imprecise, indirect, assumed, vague.

FAIR & REASONABLE

A subjective evaluation of what each party deems as equitable consideration in areas such as terms and conditions, cost or price, assured quality and timeliness of contract performance and/or any other areas subject to negotiation.

Synonyms: Equitable, acceptable.

Antonyms: Unreasonable.

FEE

(1) A charge for a professional service.

(2) A payment for contractual considerations such as incentives and risks.

(3) A payment in addition to reimbursement of allowable costs on cost type contracts.

Synonyms: Profit.

Antonyms: Loss.

FIRST ARTICLE

A model, unit, lot, or sample used for testing and determining conformance to specified contract requirements before or in the initial stage of production of a contract.

Synonyms: Initial production sample, test sample, first lots, pilot models, pilot lots.

Antonyms: None.

FORWARD PRICING

Action involving negotiations and a resultant agreement between a contractor and the buyer to use certain rates (labor, indirect, materials, etc.) and/or indices for a specified future period of time in pricing contracts or contract modifications.

Synonyms: None.

Antonyms: None.

FULL AND OPEN COMPETITION

All responsible sources are eligible to compete and submit sealed bids or competitive proposals as required by the procurement.

Synonyms: Unrestricted competition.

Antonyms: Sole source, limited competition.

GOVERNMENT-FURNISHED MATERIAL

Any item of Government-furnished property provided to a contractor or Government production facility to be incorporated into, attached to, consumed or expended during production of an end item or in the performance of a contract. (This material includes, but is not limited to, raw and processed material, parts, components, assemblies, tools, and supplies.)

Synonyms: Government-furnished property, Government-furnished equipment.

Antonyms: Contractor-furnished equipment.

GOVERNMENT-FURNISHED PROPERTY

Items in the possession of or acquired by the Government and subsequently made available to the contractor to fulfill the requirements of a contract.

Synonyms: None.

Antonyms: Contractor-furnished property.

GOVERNMENT TITLE

The Government's vessel right to the ownership and possession of real or personal property. The right of possession of real or personal property. The right of possession may or may not be executed.

Synonyms: None.

Antonyms: None.

GUARANTEE

An assurance of the quality of a product or service from the seller to the buyer often with a promise of reimbursement, reperformance, repair or replacement for failure to perform or function as specified. Usually applies over a specific time period immediately following acquisition.

Synonym: Warranty.

Antonym: As is, disclaimer.

IMPLY

To indirectly convey meaning or intent; to leave the determination of meaning up to the receiver of the communication based upon circumstances, general language used, or conduct of those involved.

Synonyms: Infer, read between the lines, hint, suggest.

Antonyms: Express, specify, declare, direct, state.

INCENTIVE

An inducement for a contractor, generally in calculable monetary terms, (a) to produce a product or service that exceeds definitive performance goals, (b) to improve the contract schedule, (c) to reduce costs, or (d) to complete a project under a combination of measurable objectives.

Synonyms: Inducement, stimulant, cause.

Antonyms: Disincentive.

INDIRECT COST

Any cost incurred for common objectives not directly identifiable with a specific contract requirement or not subject to treatment as a direct cost.

Synonyms: Overhead, general and administrative expense, distributed cost, burden.

Antonyms: Direct Cost.

IN SCOPE

Phrase used to denote that an action performed or requested to be performed by a contractor for the buyer could reasonably be considered to be within the requirements of the contract.

Synonyms: None.

Antonyms: Out of scope.

LETTER CONTRACT

A contractual instrument, historically in letter form, that authorizes the contractor to commence work, incur costs and make commitments pending definitization of a fixed-price or cost-reimbursement pricing arrangement for the work to be done. Used when it is not possible to negotiate a definitive contract in sufficient time to meet the procurement need.

Synonyms: None.

Antonyms: None.

LIFE CYCLE COST

Total cost of ownership of an item or system over its entire lifetime including research, development, test, production, deployment, training, operation, maintenance and disposal.

Synonyms: System cost, total cost of ownership, price plus maintenance expense.

Antonyms: Purchase price only.

MAJOR SYSTEM

(1) An end item which is critically important, complex, expensive, or for any other reason requires special management control.

(2) One of a limited number of end-items composed of subsystems and/or other components which, for reasons of urgency, criticality, or resource requirements, is determined to be vital to the national or corporate interest.

Synonyms: System subject to OMB Circular A-109, weapon system.

Antonyms: None.

MANUFACTURING RESOURCE PLANNING

A production planning and control system used to schedule production jobs, purchase materials, check capacity requirements, forecast product demands, and redirect material supplies in the face of changing schedules.

Synonyms: Material management and accounting system, Material requirements planning.

Antonyms: None.

MARKET ANALYSIS

Analysis which measures the extent and nature of a market and determines its characteristics (e.g., product availability, market alternatives, prices, trends).

Synonyms: Market research, market survey.

Antonyms: None.

MARKET SURVEY

(1) Process of attempting to identify sources which are capable of satisfying the buyer's requirement.

(2) Process of attempting to identify the level of demand or current price of a product.

Synonyms: None.

Antonyms: None.

MATERIALITY

The measure of worth or significance of an item in relation to other items and/or relevant comparators. Measure can be in terms of the nature of the item or its size.

Synonyms: Significance, value, pertinence.

Antonyms: None.

MATERIALS MANAGEMENT

An integrated management approach to the complete life cycle of an item's material flow from the raw material state to the finished product state.

Synonyms: None.

Antonyms: None.

NEGOTIATION

(1) A process between buyers and sellers seeking to reach mutual agreement on a matter of common concern through fact finding, bargaining and persuasion.

(2) Government acquisition of supplies and services including construction by other than sealed bidding procedures.

Synonyms: Bargaining, bartering, discussion.

Antonyms: Sealed bidding, force.

NON-DEVELOPMENTAL ITEM

A generic term describing an item which has been previously developed.

Synonyms: Off-the-shelf, commercial product.

Antonyms: Developmental Item.

OFFER

(1) v. To bring to or before; to present for acceptance or rejection; to hold out or proffer.

(2) n. A promise which is in its terms conditional upon an act, forbearance or return promise being given in exchange for the promise or its performance.

Synonyms: Tender, propose, bid, proposal.

Antonyms: None.

OPTION

In Government: A unilateral right in a contract by which, for a specified time, the Government may elect to purchase additional supplies and/or services called for by the contract, or to extend the term of the contract.

Synonyms: Choice, prerogative.

Antonyms: None.

POST NEGOTIATION MEMORANDUM

Documentation of a negotiation which provides a permanent record of the decisions made by the negotiator in determining that the price agreed upon by the buyer and the successful offeror was fair and reasonable.

Synonyms: Price negotiation memorandum, PNM, record of contract action.

Antonyms: None.

PRICE

The amount of money or equivalent paid or charged for supplies or services including cost and profit or fee. (See definition of cost.)

Synonyms: None.

Antonyms: None.

PRICE ANALYSIS

The process of examining and evaluating a proposed price on the basis of data independent of that provided by the offeror. It is performed without evaluation of the separate cost elements and proposed profit (or fee). This method uses comparisons of competitive price quotes, prior quotes or contact prices, yardsticks, catalogs, and estimates.

Synonyms: Parametric estimating.

Antonyms: Cost analysis.

PRICING

The process of establishing the amount or amounts to be received or paid in return for providing goods and/or performing services.

Synonyms: Cost and price analyst report.

Antonyms: Costing.

PROCUREMENT

The function of obtaining goods or services using the techniques included in both sealed bidding and negotiation. To be differentiated from acquisition in that the procurement function can occur independently of the acquisition process, but the acquisition process cannot occur without the procurement function.

Synonyms: Buying, obtaining.

Antonyms: Disposal, destruction.

PROFIT

The net proceeds from selling a product or service when costs are subtracted from revenues. May be positive (profit) or negative (loss).

Synonyms: Mark-up, margin, earning, bottom line, return, "in the black".

Antonyms: Loss, "in the red".

PROGRESS PAYMENT

Payment made to a contractor, under other than a cost reimbursement contract, on the basis of cost incurred, or percentage of completion accomplished, or upon a specified stage of completion as applicable.

Synonyms: Interim payment.

Antonyms: Advance payment.

PROPOSAL

(1) An offer; something proffered.

(2) In contracting: An offer, by one person or entity to another, of terms and conditions with reference to work, or undertaking, or for the transfer of property, the acceptance whereof will make a contract between them.

Synonyms: Request for proposal, request for quotation, invitation for bid, proposition.

Antonyms: None.

PROPRIETARY DATA

Data which describes technical processes, tools, mechanisms, applications, or private business information that belong to an owner or entity as a result of authorship, invention, or discovery at private expense or through purchased rights.

Synonyms: Patent, copyright, license.

Antonyms: Public domain.

PROVISIONING

A process for determining and acquiring the range and quantity of support items necessary to operate and maintain an end item for an initial period of service. (It includes the identification of items of supply, the establishment of data for catalog, technical manual, and allowance list preparation and the preparation of instructions to ensure delivery of necessary support items with related end items.)

Synonyms: None.

Antonyms: None.

PRUDENT BUSINESS MAN CONCEPT

Phrase used as a measure of reasonableness in assessing an offer or counter-offer or other action taken under a contract. Related to making a procurement decision based on sound fiduciary or business principles.

Synonyms: None.

Antonyms: None.

PURCHASE ORDER

(1) A purchaser's written document to a supplier formally stating all terms and conditions of a proposed transaction authorizing the vendor to deliver.

(2) In Government: An offer by the Government to buy certain supplies or non-personal services and construction from commercial sources, upon specified conditions, the aggregate amount of which does not exceed the small purchase limit.

Synonyms: None.

Antonyms: Definitive contract.

PURCHASING

(1) The process of buying supplies and services utilizing a variety of contractual arrangements.

(2) In Government: The process of buying readily available supplies and services utilizing procedures such as purchase orders, blanket purchase agreements, and pre-negotiated schedules.

Synonyms: Buying, procurement.

Antonyms: Selling.

QUALITY

All attributes of a product including the meeting of required specifications, reliability, maintainability, ease of use, durability, performance, suitability, and utility which satisfy a given need.

Synonyms: Value.

Antonyms: Cheap, poor, discrepant, not up to specification, unsuitable.

REASONABLE

Based on the exercise of a prudent person's judgment. Agreeable to reason or sound judgment taking into consideration the circumstances. Not immoderate or excessive.

Synonyms: Fair, just, reasonable cost.

Antonyms: Unreasonable, excessive.

REQUEST FOR PROPOSAL

A document used in negotiated procurements for the purpose of soliciting a proposal from an offeror which can be used to create a binding contract.

Synonyms: None.

Antonyms: None.

REQUEST FOR QUOTATION

A form of solicitation which includes obtaining oral or written quotes from vendors, without formal advertising and receipt of sealed bids. A request for information which does not denote a binding commitment from the submitting firm.

Synonyms: None.

Antonyms: None.

RESIDUAL VALUE

The remaining value of a tangible asset at the end of its economic life.

Synonyms: None.

Antonyms: None.

RESPONSIBLE CONTRACTOR

A capable party (has adequate financial resources; can deliver product or service; can deliver on time; operates in accordance with acceptable standards of conduct; has the technical know how) who appears able to satisfactorily fulfill a specific contractual requirement.

Synonyms: Accountable, qualified producer, competent, qualified source.

Antonyms: Nonresponsible contractor, irresponsible, unqualified.

RESPONSIVE

- (1) When a bidder fully complies with and does not materially deviate from the terms, conditions, and specifications set forth in an invitation for bids (sealed bid method).
- (2) When an offeror materially complies with a solicitation and is capable of being made compliant through discussions.

Synonyms: Capable, qualified.

Antonyms: Non-responsive, non-compliant.

REVERSE ENGINEERING

Process whereby a product is analyzed to determine the composition of its various design elements for the purpose of producing a like product or performance capability.

Synonyms: Copycat engineering.

Antonyms: Original design.

RISK

The degree of uncertainty in an undertaking. It is a function of the likelihood of consequential events occurring and the consequences of the events on the objectives.

Synonyms: Contract cost risk.

Antonyms: None.

SCOPE OF WORK

The total effort to be performed by a contractor in fulfillment of a contractual requirement.

Synonyms: Statement of work, in scope.

Antonyms: Out of scope.

SCRAP

Item, thing, or part that has no value except for its basic material content.

Synonyms: Intrinsic value.

Antonyms: Extrinsic value.

SHOULD COST

An estimate of what an item or system should cost based upon an evaluation by independent reviewers of all applicable contractor business methods (contrasting more efficient methods with present contractor methods). This evaluation should include subcontractor procedures when subcontracting is part of the proposal. The result is utilized to develop realistic price objectives for contract negotiation purposes.

Synonyms: Independent cost estimate, cost analysis.

Antonyms: Wili cost, actual cost.

SOLICITATION

(1) A document which notifies prospective bidders or offerors that a buyer wishes to receive bids, quotes, or proposals on a set of requirements to provide supplies, services, or construction.

(2) The practice or act of notifying prospective bidders or offerors that a buyer wishes to receive bids, quotes, or proposals on a set of requirements to provide supplies, services, or construction. (The process might consist of public advertising, mailing an invitation for bids or request for proposals/quotations, posting notices, or telephone calls to prospective vendors.)

Synonyms: Request for Proposals, Request for Quotations, Invitation for Bids.

Antonyms: None.

SOURCE SELECTION

The process wherein the requirements, facts concerning potential offers, and policies applicable to a competitive award decision of a system/project are examined by evaluators whose subsequent findings (based on an integrated assessment) for the final award decision are then forwarded to the selection authority.

Synonyms: None.

Antonyms: None.

SPECIFICATION

A clear and accurate description of the technical or performance requirements for supplies or services, including the criteria for determining whether the requirements have been met.

Synonyms: Standard, description, statement of work.

Antonyms: None.

STATEMENT OF WORK

The document which defines and/or describes the work which the buying organization requires the contractor to perform.

Synonyms: Work statement, purchase description specification.

Antonyms: None.

TECHNICAL ANALYSIS

Evaluation, ordinarily conducted by engineering, technical or specialized personnel, of the (1) technical and managerial qualifications of a contractor to perform a particular contract requirement (2) applicability/sufficiency of the technical solution proposed to fulfill contemplated contract requirements.

Synonyms: Technical evaluation.

Antonyms: None.

TECHNICAL LEVELING

Helping an offeror to bring its proposal up to the level of other proposal(s) by pointing out weaknesses resulting from the offeror's lack of diligence, competence, or inventiveness in preparing the proposal.

Synonyms: Technical transfusion, unfair competitive advantage, technical auction.

Antonyms: None.

TECHNICAL TRANSFUSION

Disclosure of technical information pertaining to a proposal that results in changes in a competing proposal.

Synonyms: Technical leveling, unfair competitive advantage.

Antonyms: None.

TERMINATION LIABILITY

The maximum cost the buyer would incur if a contract were terminated.

Synonyms: None.

Antonyms: None.

VALUE

- (1) The worth of a thing in money or goods at a certain time.
- (2) The utility of an object in directly or indirectly satisfying a recognized need.

Synonyms: None.

Antonyms: None.

VALUE ENGINEERING

An organized effort concerned with the elimination or modification of anything that contributes to the acquisition, operation or support cost of an item or task but which improves or maintains needed performance, quality, maintainability, reliability or interchangeability.

Synonyms: Value analysis.

Antonyms: None.

WARRANTY

A promise or representation, either express or implied, regarding the nature, usefulness, or condition of supplies, or performance of services to be furnished. Normally applies during a specific time frame of negotiated duration.

Synonyms: Guarantee.

Antonyms: As is.

WEIGHTED GUIDELINES

A structured approach for developing profit or fee negotiation objectives that provides a format for consideration of the relative value of appropriate cost and risk related factors.

Synonyms: Structured approach.

Antonyms: None.

WILL COST

A projection by an offeror as to what a contract will cost based upon the offeror's best estimate utilizing current methods, historical costs and forecasts.

Synonyms: Bottom line, contractor's estimate.

Antonyms: Should cost.

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