

# Where to Look for Future Trends in Contracting

BY JOSEPH J. MCGRENRA AND THOMAS REID



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#### IF YOU HAVE BEEN PRACTICING IN THE

field of contract management for any part of your career, you have witnessed dramatic changes in approach, tactics, techniques, and processes. Whether you are in the private sector or working for the government; whether you are an intern in a training program or a seasoned veteran—regardless of your tenure or experience, anyone in the contracting field in the early years of the 21st century has seen the profession progress through its continued evolution. But even with these dramatic changes, is it demonstrably ahead of and improved from where it was even a few years ago? Let's take a brief look at a couple of examples.

The U.S. Air Force's directorate of procurement and production implemented an internal restructuring. The overall goal of this reorganization was to make the government organization function more like a business. Major General David H. Baker was quoted as saying

Our reorganization has become necessary in the light of the many new responsibilities with which the directorate has been charged....These include decentralization of a large percentage of procurements and a vastly increased span of operations in off-shore procurement....<sup>1</sup>

One of the driving forces behind this restructuring was complaints from industry about the time required for processing contractual actions. The restructuring was intended to transform contracting specialists from mere technicians into business managers. These managers were then tasked to evaluate each potential contractual action on the basis of this question: "Is it a sound business deal for the U.S. Air Force?"

The second example also involves the air force, but this time the Air Research and Development Command and an attempt to shorten the development cycle for new weapons. The strategy to reduce this lead time was to transform the relationship between the Air Research and Development Command and their contractors from an adversarial one to more of a partnering/teaming

arrangement. An article describing the new relationship stated "...At no time in history has there been closer co-operation between industry and government, with the former holding so much crucial responsibility...."<sup>2</sup> This partnering arrangement was intended to involve industry partners earlier in the procurement process and to eliminate unneeded and wasteful steps with an overall result of saving time for the government and money for industry.

The government has sought to explore the remedies necessary to fix what is perceived to be a broken system. One report stated that

Procurement regulations, practices, and procedures are relatively uncoordinated and often



inconsistent. The volume of expensive paperwork swells yearly, and the procurement procedures grow more complicated with each passing day.<sup>3</sup>

Another study noted that “the legal regime for defense acquisition is today impossibly cumbersome.... At operating levels within DOD, it is now virtually impossible to assimilate new legislative or regulatory refinements promptly or effectively.”<sup>4</sup> And, a third study established 10 objectives to guide its review, which included the idea that acquisition laws should promote financial and ethical integrity, acquisition laws should not alter commercial accounting or business practices, and that acquisition laws should encourage the exercise of sound judgment on the part of acquisition personnel.<sup>5</sup>

One of the perennial problems with the federal acquisition workforce involves the revolving door between government and industry. The goal of all of the statutes and regulations is to stop those involved in the acquisition process who have access to sensitive data and information from leaving the government and using their knowledge to benefit their new employer. The most famous case in recent years was that of Darlene Druyun. Whenever another of these cases becomes public, the press runs rampant with calls for new laws and new ideas on how to protect the interests of the government. The House Oversight and Government Reform Committee has recently approved legislation increasing the time that federal acquisition personnel must wait to take certain jobs and forbidding newly hired federal acquisition personnel from awarding contracts to their previous employers for several years. But what these cases most commonly tell us is that the systems we have in place now actually work. Druyun and her Boeing co-conspirators lost their jobs, were fined, and went to jail. New laws, while most often the result of such events, are not necessarily improvements to the process.

Making the government operate more like the private sector, reducing procurement administrative lead time (PALT), becoming business managers, partnering with industry, and addressing the revolving door and other conflict-of-interest issues

are phrases that continually echo through the halls of Congress and across the desks of contract management professionals. Perhaps the earlier examples sound familiar, and you have seen some similar events or situations in your agency or organization. It may surprise you to know that these examples did not take place as recently as you might suspect. The first example was reported in the August 16, 1954, issue of *Aviation Week*, while the second example was from the August 6, 1956, issue. As for problems with the revolving door between government and industry, the first attempts at Congressional regulation were made in 1872.<sup>6</sup>

Do the findings of the studies referenced earlier sound familiar? They should, since they reflect a common refrain of acquisition process studies. The referenced studies include the Report of the Commission on Government Procurement (1972) (which led to the creation of the Office of Federal Procurement Policy and the *Federal Acquisition Regulation*); the President’s Blue Ribbon Commission on Defense Management (1986, also known as the Packard Commission), and the Report of the Acquisition Law Advisory Panel (1993). It seems sometimes that the more things change, the more they stay the same.

It was George Santayana who said, “Those who cannot remember the past are condemned to repeat it.”<sup>7</sup> Contract management professionals are no exception. It would not be an exaggeration to say that in terms of sheets of paper or bytes of data (starting at the Congressional level and working its way to the policy branch of every private and public organization doing contracting) promulgating revisions or wholesale changes to procedures, the acquisition field annually generates more than just about any other profession. Yet, for all the paper and bytes generated, very little has been written about the history of contracting with a notable exception being the book, *History of Government Contracting*<sup>8</sup> by James F. Nagle, Fellow.

To simplify acquisition business process theory, contracting philosophy can range from a centrally controlled, heavily regulated environment to one that decentralizes the authority by empowering every

office and acquisition professional to the greatest extent possible. Historically, contracting, like many business processes, has been on a continuous pendulum, swinging from one extreme on this spectrum to the other. Amidst this vacillation, it is often theorized that the contracting profession has been on a continuous path towards improvement and greater efficiency. The argument usually goes that the further back in time you looked, the more centralized, formal, and clerical was the role of the contracting professional.

The recent work of Thomas Friedman, most particularly in *The World is Flat*,<sup>9</sup> tells us in very convincing terms that the world is shrinking. More and more information—useful information that will increase both efficiency and effectiveness of all world systems including governments—is now in the hands of more and more of the world’s citizens. The cost-savings, for example, that was touted as the key reason for off-shoring is shrinking as those off-shore workers learn the true value of their services in a worldwide economy. This has a direct impact on contract professionals as the most recent regulatory updates, the newest thinking, and the latest articles are put in their hands for immediate consideration and use. We are collectively smarter than we have ever been with access to nearly any data-point we need or desire.

How long you have been in contracting will determine how many shifts in philosophy you have witnessed. Now some (incorrectly in our opinion) would argue that contracting is a science, and that the “body of knowledge” has progressed with all the advanced developments in the field putting us far ahead of our predecessors decades or even just years ago. We would argue just the opposite—that contracting is an art. Yes, there have been huge technological advances over the last decade that have resulted in efficiencies undreamed of just a few short years ago.

Many of these advances, such as the use of computer hardware and software, allowing fewer people to do more work have been mistaken for advances in the actual field or profession. In our view, however, simply automating antiquated practices is confusing activity with progress.

The last decade or so has seen huge

changes in the realm of federal contracting. Among the factors contributing to an acquisition workforce that is both smaller and more professional are the tremendous strides in computer capacity and technology that resulted in the reduction or elimination of many of the clerical aspects of the contracting process. These strides also gave the contracting specialist the ability to handle a much greater volume of work, more stringent education requirements for those entering and those desiring to remain in the contracting field, increased importance of professional certification, and expansion of the Government Purchase Card Program. More recently, we have seen the complete rewrite of FAR Part 45, which attempts to simplify property management processes, swinging the pendulum back to a less centralized approach. These changes have had a profound impact on the

- Threshold requirements to qualify as a contract manager,
- Composition of the workforce,

- Skills required to perform the function, and
- Size of the contracting workforce.

However, the underlying range of contracting philosophies has changed surprisingly little. And, it is by studying those philosophies of the past that contracting professionals can go “back to the future.” Learning about the successes and failures experienced years or even decades ago, can be a valuable tool in designing and implementing a reconstruction or reorganization. Or, in simply understanding the latest “policy change de jure!” *CM*

**Endnotes**

1. “Reshuffle Clears Procurement Channels,” *Aviation Week* (August 16, 1954): 106.
2. Claude Witze, “Industry Role in New Weapons Increased,” *Aviation Week* (August 6, 1956): 16.
3. *The Report of the Commission on Government Procurement; Volume 1* (December 1972): 2.

4. *A Quest for Excellence: Final Report by the President’s Commission on Defense Management 55* (June 1986).
5. *Streamlining Defense Acquisition Laws: Report of the Acquisition Law Advisory Panel to the United States Congress I-8 to I-9* (January 1993).
6. Stephen Barr, “Bill Would Tighten Restrictions for Procurement Officials,” *The Virginian-Pilot* (March 11, 2007): K2.
7. George Santayana, *Life of Reason, Reason in Common Sense*, Scribner’s (1905): 284.
8. James F. Nagle, *A History of Government Contracting 2d ed.* (Washington, DC: George Washington University Press, 1999).
9. Thomas Friedman, *The World is Flat* (revised and expanded) (Farrar, Straus, and Giroux, New York, 2006).

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