

# Army Acquisition Reform Newsletter



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Army Acquisition Reform Web Site: <http://acqnet.sarda.army.mil/acqref/default.htm>  
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## Innovation in Army Business Practices – YOU are Part of the Change!

The DoD and the Army are changing the current control mechanisms used to ensure reasonable prices, on-time delivery, product quality and superior performance. Industry and Government are successfully streamlining acquisition processes through legislation and policy changes aimed at compressing cycle times, reducing program costs, leveraging commercially available technologies and practices, and shifting from Government oversight to risk management by the contractor.

To continue to achieve these “better, quicker, cheaper” goals efficiently, and to benefit from both the pace of technology advancement and the innovation that high-technology companies offer, the Army must adopt many of the mechanisms and processes that have been successful in the commercial marketplace. This means reexamining our business relationships with existing and potential contractors. A critical component of this reexamination is the opportunity to develop a new range of innovative contractual incentives that can be employed to ensure timely delivery of the highest quality goods and services at the best value to the Army. To this end, the Army is conducting a study on innovation in contractual incentives.

Phase I of the Study is a report (<http://www.acqnet.sarda.army.mil/library/study/default.htm>) that provides a research baseline that explores the history of the current acquisition environment, the

motivation behind performance, and practices from throughout the Government and private marketplaces that are relevant to incentivizing Army contractors.

In Phase II, we will further investigate potentially more advanced and innovative approaches to increasing performance through the structure and implementation of contractual incentives. We will accomplish this in two ways. First, we will engage the talents, opinions, and suggestions of key senior industry and Government leaders through two focus group sessions. Second, your comments, suggestions, insights, and recommendations are required to provide much needed perspective. Government and industry field contracting and acquisition managers are in the unique position of negotiating and working with contractual incentive arrangements on a daily basis. Examine your experience of what worked and didn't work and what you wanted to try, but didn't or couldn't. Email comments and information to [macfarlk@sarda.army.mil](mailto:macfarlk@sarda.army.mil).

The goals of the Phase II Study are to identify a range of potential contractual incentives that the Army can employ and to develop a decision matrix that can be utilized by contracting and program professionals to help guide them through the formation of more effective business relationships.

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