



REPLY TO  
ATTENTION OF

DEPARTMENT OF THE ARMY  
OFFICE OF THE ASSISTANT SECRETARY OF THE ARMY  
ACQUISITION LOGISTICS AND TECHNOLOGY  
103 ARMY PENTAGON  
WASHINGTON DC 20310-0103

04 OCT 2001



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MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Areas of Special Interest for Fiscal Year (FY) 2002

As I do each year, I am providing guidance on areas of special interest to Army Senior Leadership. Enclosed are the areas I consider to be important for FY 2002 and should be emphasized by the Army procurement workforce.

To ensure continual improvement in the procurement process, the Procurement Management Assistance (PMA) Team will assess progress in these areas of interest. Principal Assistants Responsible for Contracting (PARCs) should also address these areas when reviewing their subordinate contracting offices.

The point of contact for the PMA Team is Geneva Halloran, DSN 761-7566, Commercial (703) 681-7566 or E-mail at [geneva.halloran@saalt.army.mil](mailto:geneva.halloran@saalt.army.mil).

Edward G. Elgart  
Acting Deputy Assistant Secretary of the Army  
(Procurement)

Enclosure

DISTRIBUTION:

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U.S. Army Robert Morris Acquisition Center, ATTN: AMSSB-AC,  
4118 Susquehanna Avenue, Aberdeen Proving Ground, MD 21005-5002  
U.S. Army Communications-Electronics Command, ATTN: AMSEL-AC,  
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U.S. Army Operations Support Command, ATTN: AMSOS-CC, Building 350,  
5<sup>th</sup> Floor, N Wing, Rock Island, IL 61299-6000

U.S. Army Tank-automotive and Armaments Command, ATTN: AMSTA-AQ,  
Building 231, Warren, MI 48397-5000  
Defense Supply Service - Washington, 5200 Army Pentagon, Washington,  
DC 20310-5200  
Headquarters Forces Command, ATTN: AFLG-PR, 1777 Hardee Avenue  
S.W., Fort McPherson, GA 30330-1062  
Third United States Army/U.S. Army Forces Central Command, 1301  
Anderson Way S.W., Fort McPherson, GA 30330-1064  
U.S. Army Medical Command, ATTN: MCAA, Building 2792, Suite 32, 2050  
Worth Road, Fort Sam Houston, TX 78234-5069  
U.S. Army Intelligence & Security Command, ATTN: IAPC, 8825 Beulah  
Street, Fort Belvoir, VA 22060-5246  
U.S. Army Medical Research and Materiel Command, ATTN: MCMR-AAZ-A,  
820 Chandler Street, Fort Detrick, MD 21702-5014  
U.S. Army Military District of Washington, Fort Lesley J. McNair, ATTN:  
ANPC, 103 Third Avenue SW, Building 39, Room 5B, Fort Lesley J.  
McNair, DC 20319-5058  
Military Traffic Management Command, ATTN: MTAQ, Hoffman Building II,  
200 Stovall Street, Alexandria, VA 22332-5000  
U.S. Army Space and Missile Defense Command, ATTN: SMDC-CM (PARC),  
P.O. Box 1500, Huntsville, AL 35807-3801  
U.S. Army Training and Doctrine Command, DCSBOS, ATTN: AIBO-A, 5  
North Gate Road, Building 5F, Room 306, Fort Monroe, VA 23651-1048  
U.S. Army Contracting Command, Europe, ATTN: AEAPR-PA (PARC),  
Unit 29331, APO AE 09266  
Headquarters, Eighth United States Army, ATTN: FKAQ/EAAQ, Unit 15237,  
APO AP 96205-0010  
U.S. Army, Pacific, ATTN: APAM, B Street, Building T-115, Fort Shafter,  
HI 96858-5100  
U.S. Army South, ATTN: PARC, P. O. Box 34000, Building 223, Fort  
Buchanan, PR 00934  
U.S. Army Corps of Engineers, ATTN: CEPR-ZA, 441 G Street, NW,  
Washington, DC 20314-1000  
National Guard Bureau, ATTN: NGB-AQ, Suite 8300, Jefferson Plaza 1,  
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Army Materiel Command, ATTN: AMCRDA-A, 5001 Eisenhower Avenue,  
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Chief, Contract Policy Team, Headquarters, U.S. Army Materiel Command,  
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Chief, Program Management and Acquisition Support Office, Headquarters,  
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**DEPUTY ASSISTANT SECRETARY OF THE ARMY  
(PROCUREMENT)**

**Fiscal Year (FY) 2002 Areas of Special Interest**

**Strategic Resourcing, Hiring, Retention and Training** – Establish forward-thinking programs addressing all facets of human capital management. Project personnel requirements over the Program Objective Memorandum (POM) years and obtain the appropriate authorizations necessary to fulfill the acquisition missions. Plan and execute effective recruiting strategies to ensure an adequate number of intern/trainee personnel to fill most projected journeyman level vacancies from within, and the remaining journeyman positions from external sources. Utilize local colleges and universities as sources of outstanding scholars. Ensure that contracting personnel have sufficient technical knowledge to analyze client needs and offer a wider range of business solutions. Develop programs that reward people for obtaining undergraduate and graduate degrees in contracting and business related areas. Personnel must obtain the mandatory training and appropriate certifications in accordance with the Defense Acquisition Workforce Improvement Act as well as meet the newer educational requirements of Section 808 of the FY 02 Authorization Act. Take steps to ensure personnel *pursue continuous learning to foster personal and professional growth.*

**Business Process Innovation** – Place great emphasis on the development of innovative business processes, procurement programs, pilots and initiatives. Develop a program that assures that new hires are not trained in old business models. Reorient and retrain the current acquisition workforce to help make better business decisions. Abolish supplements and standard operating procedures that add reviews beyond those required in the FAR, DFARS and AFARS. Provide strategic business advice to command leaders for spending and managing procurement funds. Provide responsive, creative, solution-oriented service to support program missions. Encourage the use of knowledge management links to help acquisition professionals in their day-to-day activities. Promote the effective use of electronic commerce, ensuring the mandatory use of the Army Single Face to Industry. Ensure a results-oriented focus by establishing a consistent set of business metrics that drive output.

**Competitive Sourcing (A-76)** – Ensure that contracting personnel working on competitive sourcing are familiar with A-76 contracting and program guidance. Deputy Assistant Secretary of the Army (Procurement) memorandum dated June 29, 2001, subject: Improving OMB A-76 Circular A 76 Contracting must be followed. All A-76 solicitations must be solicited best value and be performance based. Contracting personnel must be an integral part of each competitive sourcing undertaking from its earliest stages.

*Enclosure*

**Business Metrics That Drive Output** – Establish and maintain meaningful business metrics that quantitatively measure customer satisfaction and shorten cycle time.

**Incentive Contracting and Award Fees** – Use market research to determine appropriate incentives for the type of product or services being procured. Use incentives only to get something that is not achievable without them. Award fees and award term are two highly motivational incentives. The proper use of award fees is to provide motivation for excellence in contract performance, not to obtain just acceptable performance. Award fee should be measured against a small group (2-5 items) of goals. No award fee should be granted when any requirement of the contract has less than acceptable performance. Award term should be used to extend the life of a contract when the contractor significantly offers improved performance (i.e. improved product, lower cost, shorter time to deliver) over a sustained period of time. A significant application of incentives is to reduce the total cost of ownership for weapon systems and equipment.

**Acquisition of Commercial Supplies and Services** – Ensure all members of the acquisition team (requirements, program management, logistics, contracting, legal, etc.) are aware of the OSD emphasis on commercial item acquisitions and are properly trained in market research, performance requirements and the use of FAR Part 12. The Army-wide goal is to double the dollar value of FAR Part 12 contract actions awarded in 1999 by the end of FY 2005 and increase the number of FAR Part 12 contract actions awarded to 50 percent of all Army contract actions by the end of FY 2005. Ensure that price reasonableness is adequately documented for commercial item acquisitions up to \$5M using Simplified Acquisition Procedures (SAP). Cost and time savings must also be documented. Use of reverse auctions is the preferred method for buying commercial items.

**Performance Based Service Acquisition (PBSA)** – All solicitations for services must be performance based and fixed price. Commands should implement performance work statements and utilize quality assurance plans that support PBSA. Metrics that measure PBSA implementation against the OSD criteria are in place. All 1102, 800 and military 51C series personnel must have completed training in PBSA by December 31, 2001.

**Contingency Contracting** – Develop a plan for training and having civilian contracting officers available to deploy in a contingency environment. Assure that military contracting officers in a deployable unit are trained and have the tools to successfully perform their mission.

**Contracting Officer Representatives/Contracting Officer Technical Representatives** – Properly train, monitor and assure that CORs and COTRs are only accepting products and services in accordance with contract requirements and that they are not accepting unauthorized personal services.

**Source Selection Evaluation Criteria** – Must be designed to provide meaningful discriminators, which are spelled out in the solicitation. Numerical weighting (i.e., assigning points or percentages to evaluation factors and subfactors) is not an allowable method of expressing the relative importance of these factors and subfactors. Evaluation factors and subfactors must be definable in readily understood qualitative terms and represent the key areas of importance to be considered in the source selection process. No value beyond acceptable will be given to a proposal that just meets the base solicitation requirements.

**Purchase Card Program** – Properly train and give refresher training to cardholders, billing and certifying officials. Assure that mandatory programs as set forth in FAR Part 8 are being appropriately used. Devise a method to assure utilization of firms identified as part of the national small business programs. Empower non-contracting personnel to use the card as a payment mechanism when ordering off approved federal and defense schedules and contracts. Span of control between Billing Official and Cardholders should be reevaluated if it is more than four cardholders and must not exceed seven. Ensure accountable property acquired with the Purchase Card is being properly entered into property books. Conduct an annual review of the program.

**Past Performance** – Ensure contractor performance is documented on all contracts meeting the thresholds published in AFARS 42.1502-90(a). Past performance should be the most important factor in selecting service contractors. Assure Performance Assessment Reports (PARs) are completed in sufficient detail to fully and accurately capture the quantitative and qualitative aspects of contractor performance. Monitor and validate that PARs are input into the Past Performance Information Management System (PPIMS) in a timely manner and that past performance data is utilized in source selection. Assist Army Staff in improving the capability and usefulness of PPIMS.

**Price Based Acquisition** – Assure that all contracting and technical personnel understand and utilize price based acquisition to the maximum extent possible. Train them in value pricing and market research using commercial procedures for determining price. Prohibit the receipt of cost data for competitive fixed price solicitations.