



ACQUISITION AND  
TECHNOLOGY

THE UNDER SECRETARY OF DEFENSE  
3010 DEFENSE PENTAGON  
WASHINGTON, D.C. 20301-3010



JUN 29 1995

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS  
DIRECTORS OF THE DEFENSE AGENCIES

SUBJECT : Elimination of Unnecessary Reviews Related to  
Procurement

In October 1994, the Office of the Under Secretary of Defense for Acquisition and Technology created process-action teams within the Department of Defense in an effort to improve the procurement process. The teams found that agencies were implementing policies that extended procurement lead time. The Department of Defense should improve processes to reduce procurement lead time as soon as possible.

To accomplish this, the Military Departments and Defense Agencies will incorporate into their respective service supplements to the FAR and DFARS a requirement that management evaluate, on a biennial basis from the date of its establishment, the need to continue each procurement review that is not required by law, regulation or Executive Order. In the absence of a written determination of a continued need, a review will be eliminated within three months after the biennial evaluation. Reviews determined to be unnecessary, which are required by regulation but not based on law or Executive Order, should be recommended for elimination at the next higher organizational level.

I encourage all Military Departments and Defense Agencies to implement policies that do not extend lead time, delegate decision making authority to the lowest appropriate level, and do not impose requirements more restrictive than those in the FAR and the DFARS.

*Paul G. Kaminski*

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MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS  
DIRECTORS OF DEFENSE AGENCIES

SUBJECT : Good Judgment in the Competitive Procurement Process

The Procurement Process Reform Process Action Team, formed under my charter, provided five recommendations related to the issue of risk avoidance versus risk management. The recommendations are designed to improve procurement and administration procedures, which will shorten the time it takes us to award. None of these recommendations requires changes to our existing regulations, but they do require that we apply common sense and good judgment as we attempt to manage risk rather than avoid it completely. I ask that you distribute this memo to the buying activities within your organization and urge you to promptly adopt the concept these recommendations support.

Formal versus Less Formal Source Selection - The use of formal source selection procedures unnecessarily delays smaller dollar value procurements. Acquisitions not meeting the definition of "major systems", as defined by 10 USC 2302 (5) or those not designated by the head of the agency responsible for the system, *should not* be subjected to procedures similar to those in the formal source selection process. Generally, for less than major acquisitions, the Source Selection Authority should be at the level of the head of the contracting division or the program manager. For small dollar purchases the source selection decisions should be made by the contracting officer with the advice of technical and other specialists as may be appropriate. Unnecessary layers of review should be eliminated and the decision making authority maintained at a lower level more familiar with the details of the acquisition.

Limiting the Number of Evaluation Factors - Limiting source selection evaluation factors to those that genuinely discriminate among proposals saves time, reduces the personnel required for the evaluation and reduces the cost to companies to prepare proposals. Technical evaluation factors should be limited to those areas that are pivotal in successful contract performance and with which an offeror's compliance must be established prior to award.



Preliminary Evaluation Approach - When a large number of proposals are expected in response to a solicitation, consideration should be given to using a preliminary evaluation to identify those proposals that are determined to have a reasonable chance for award. Proposals that are unacceptable and proposals that are acceptable but nonetheless do not stand a real chance of being selected for award should be excluded from the competitive range and the offerors should be so notified. The solicitation should inform offerors that there may be a preliminary evaluation of proposals on the basis of the most significant factors (price or cost must always be among those factors) . These factors will be specifically identified in the solicitation and based upon an evaluation of these factors, proposals that have no chance of being included in the competitive range will be excluded from further consideration.

Award on Initial Offers - Since negotiations are costly and time-consuming, solicitations should provide for award without discussions in appropriate circumstances. Contracting officers should not open discussions unless other matters need to be resolved, provided offered prices can be determined to be reasonable based on initial offers.

I believe by implementing these principles, and operating in a risk management mode, we can save money for the taxpayers, use the time of our acquisition personnel more judiciously and be more responsive to our customers.

*Paul G. Kaminski*

**Paul G. Kaminski**



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JUN 281995

MEMORANDUM FOR SERVICE ACQUISITION EXECUTIVES  
DIRECTORS OF DEFENSE AGENCIES

SUBJECT: Lead Projects Using Teaming and Use of Letter  
Solicitations in Sole Source Procurements

On February 9, 1995, I approved, with certain exceptions, the Process Action Team Report on Procurement Process Reform. One of the report's main recommendations (Chapter 2, Recommendation 1A) called for a trial of the usefulness of teaming in sole source procurements. To implement that recommendation all Military Departments and Defense Agencies will identify a minimum of three trial sole source procurements that will be conducted as follows. At least one procurement will utilize full teaming, that is, teaming involving both the contractor and the major government parties. At least one will use limited teaming, that is, teaming involving only the various government participants. And at least one will not utilize teaming and will be conducted according to normal practice. Projects of more than \$10M for all three categories are preferred. However, if that is not possible, projects of lesser value may be selected.

Each Military Department and Defense Agency will have selected the trial projects and begun the procurement process for them by one year from the date of this memorandum. By four months after contract award for the" trial procurements each Military Department and Defense Agency will submit to me a report on the results of the trial efforts. After receipt of those reports, I will make a decision on whether to implement teaming more widely in sole source procurements.

Recommendation 1C of the same report concluded that the use of letter solicitations reduces the lead time expended in drafting formal solicitations. I request that the Military Departments and Defense Agencies issue policy guidance, within ninety days of the date of this memorandum, to encourage the use of letter solicitations, rather than formal solicitations, in sole source procurements, to the maximum practical extent.

*Paul G. Kaminski*  
Paul G. Kaminski





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OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON  
WASHINGTON DC 20301-3000



JUN 14 1995

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MEMORANDUM FOR SERVICE ACQUISITION EXECUTIVES  
DIRECTORS OF DEFENSE AGENCIES

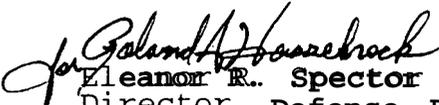
SUBJECT: Justification and Approvals (J&As) for Other than  
Full and Open Competition

This memorandum implements Procurement Process Reform process action team recommendations 3B, C, and D regarding J&As. Addressees should review local procedures for processing J&As to ensure they are consistent with the FAR and with good management concerns.

Acquisition planning, required by Part 7 of the Federal Acquisition Regulation (FAR), must be performed in a timely manner, preferably well in advance of the fiscal year in which contract award is planned. Acquisition plans may be reviewed and approved earlier than or simultaneously with J&As.

The FAR provides that J&As must be approved before commencement of negotiations unless the contracts are being awarded under the authority of unusual and compelling urgency. Military Department and Defense Agency guidance must be consistent with the FAR. Local guidance should not generally "require the preparation of J&As substantially in advance of the issuance of the solicitation. However, where there is a question whether a justification consistent with the law exists, the preparation of a J&A may be useful before expending substantial effort that would be wasted if a J&A cannot be signed.

J&As covering a class of related contracts are permitted by the FAR. The class J&A must identify the anticipated contracts that comprise the class, specify the factual basis for limiting competition that is applicable to those contracts, and justify the use of other than competitive procedures. Arbitrary local barriers that discourage the sensible use of class J&As are discouraged.

  
Eleanor R. Spector  
Director, Defense Procurement

