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Services Supply Chain in the Department of Defense: Drivers of Success in Services Acquisition

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- Ongoing Research Stream
- Current Research Design
- Empirical Study
- Recommendations



- 2006: Exploratory Research: Opportunities and Challenges
- 2007: Implications for a Program Management Approach
- 2008: Empirical Study of Management Practices in the Air Force and Navy
- 2009: Empirical Study of Management Practices in the Army
- 2010: Comparison of Acquisition Management Practices in Army, Navy, and Air Force
- 2011: Drivers of Acquisition Management Practices in the Army
- 2012: Defining and Measuring Success of Services Contracts in the Navy
- 2013: Drivers of Success in Services Acquisition

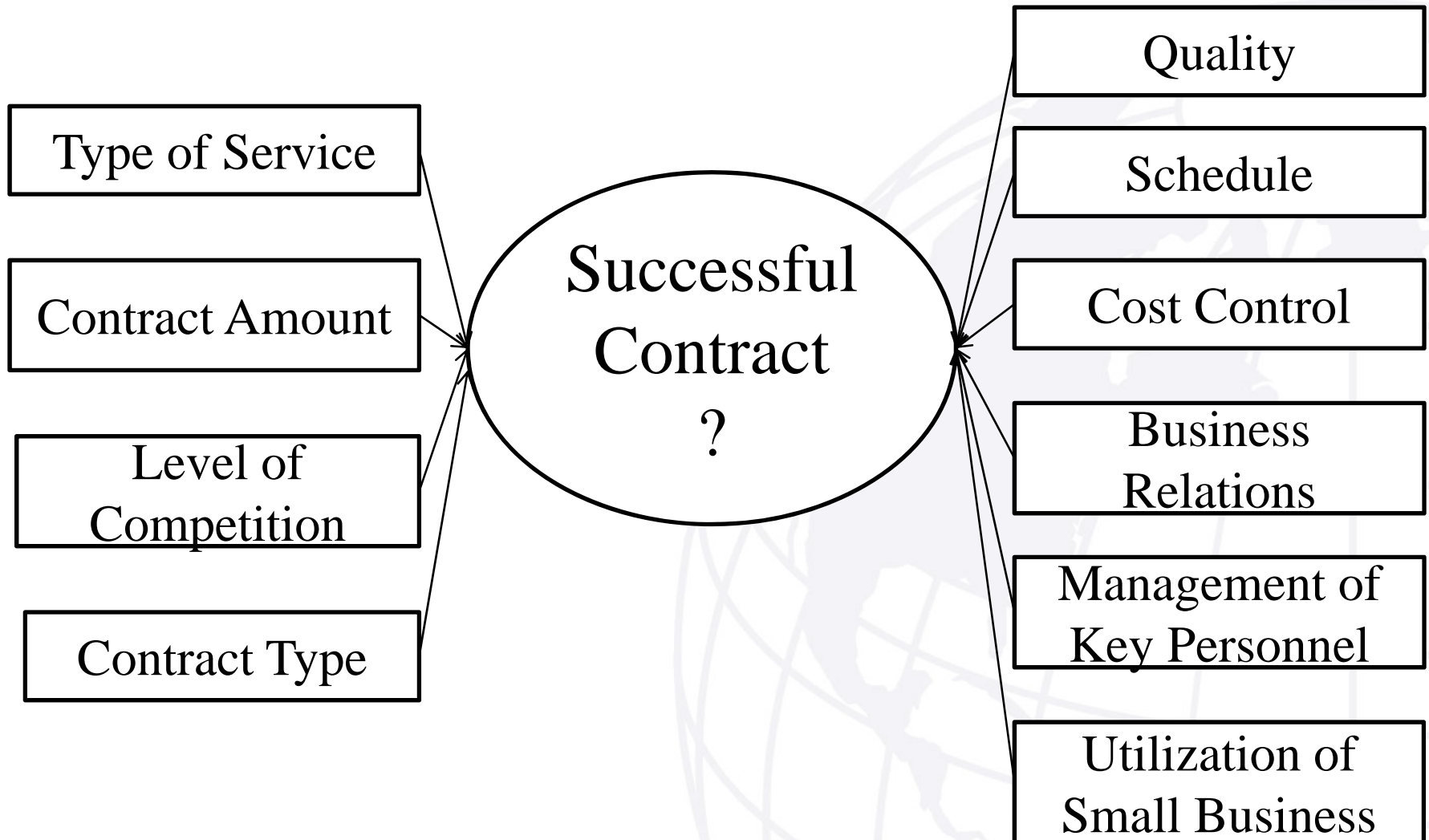


- Purpose of our research is to use CPAR data to identify variables in the services contracting process that drive the success of services acquisition.
- Research Question: Do the following variables affect the success of a service contract?
 - Service Type
 - Contract Amount
 - Level of Competition
 - Contract Type



Contract Variable

CPAR Area





Contractor Performance Assessment Reporting System

Assessment Areas

Quality

Schedule

Cost Control

Business Relations

Management of Key Personnel

Utilization of Small Business

Objective Ratings

Exceptional (5)

Very Good (4)

Satisfactory (3)

Marginal (2)

Unsatisfactory (1)

A contract for which the contractor received either Marginal or Unsatisfactory rating in any assessment area was considered as an unsuccessful contract.



	Total Contracts
Total Army MICC Non-System Contracts	14,395
Less: Non-R, J, S, D Service Contracts	8,774
Total R, J, S, D Service Contracts	5,621
Less: R, J, S, D Service Contracts at other MICC	4,906
R, J, S, D Service Contracts at MICC FDO Eustis, Knox, Hood, Bragg, Sam Houston	715
Fort Eustis	238
Fort Knox	119
Fort Hood	114
Fort Bragg	55
Fort Sam Houston	189



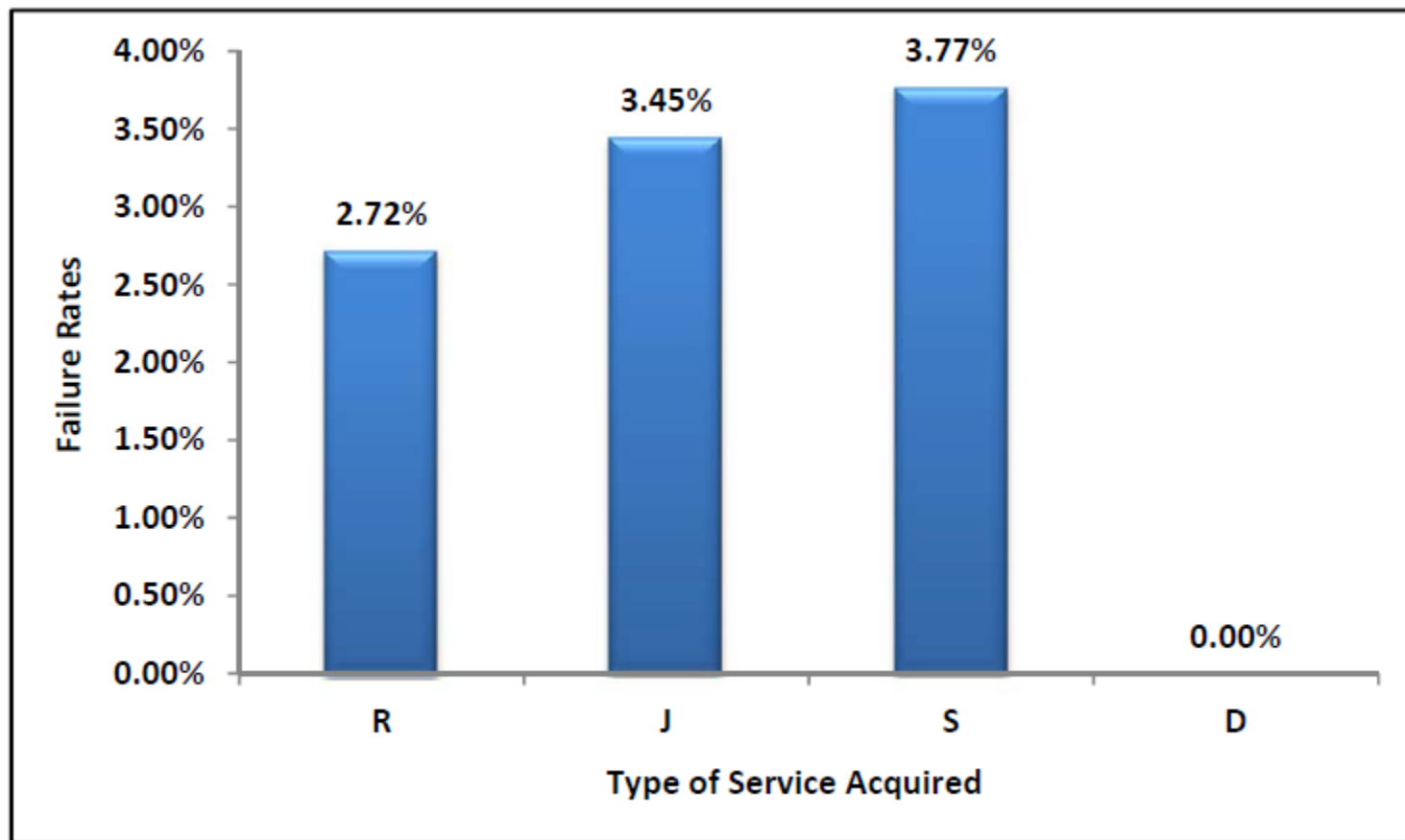


	Failures	Success	Total	Failure Rate
Contracts	22	693	715	3.08%

	Successes Average Ratings	Failures Average Ratings
Quality	4.19	2.5
Schedule	4.19	2.5
Cost Control	4.1	2.31
Business Relations	4.17	3
Management of Key Personnel	4.18	2.68
Utilization of Small Business	4.07	2.5

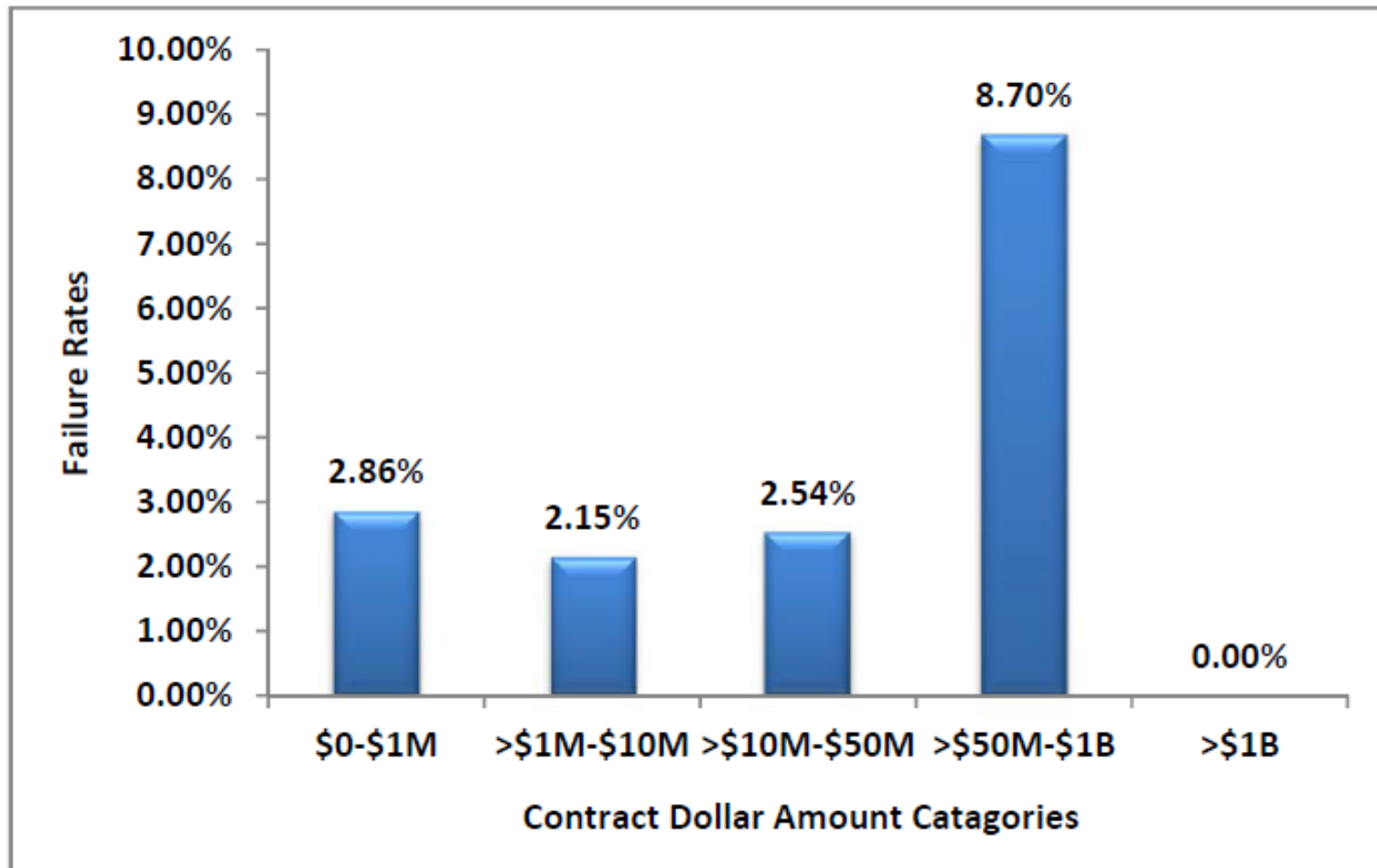


Finding 1: The S type services (Utilities and Housekeeping) had the highest failure rate of all the product service codes analyzed.
(p -value = 0.761; Not significant)





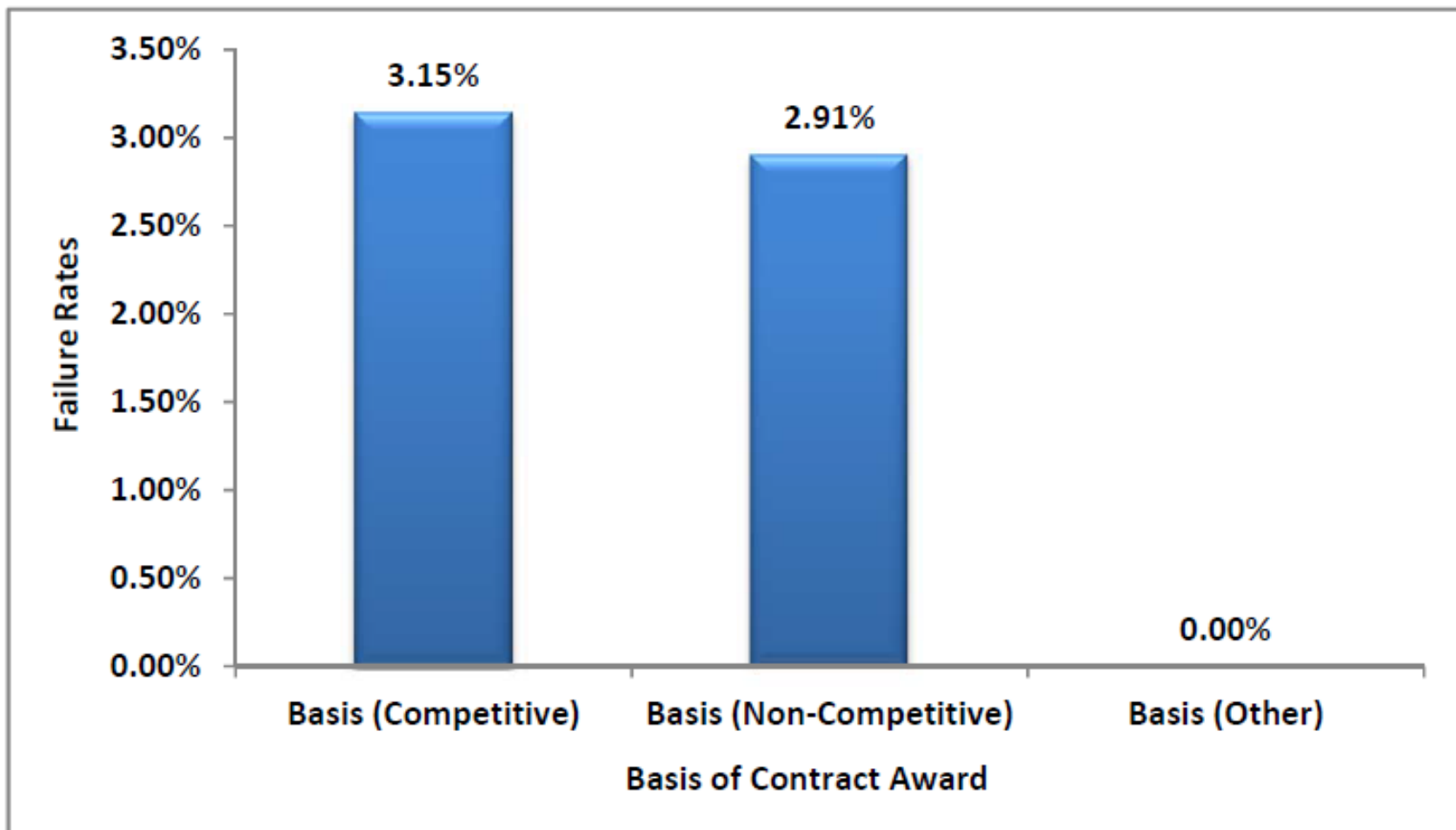
Finding 2: Contracts with a dollar value from \$50 million to \$1 billion had the highest failure rate of all the contract categories.
(p -value = 0.036; Significant)





Finding 3: Contracts awarded competitively had the highest failure rate when compared to the other contracts.

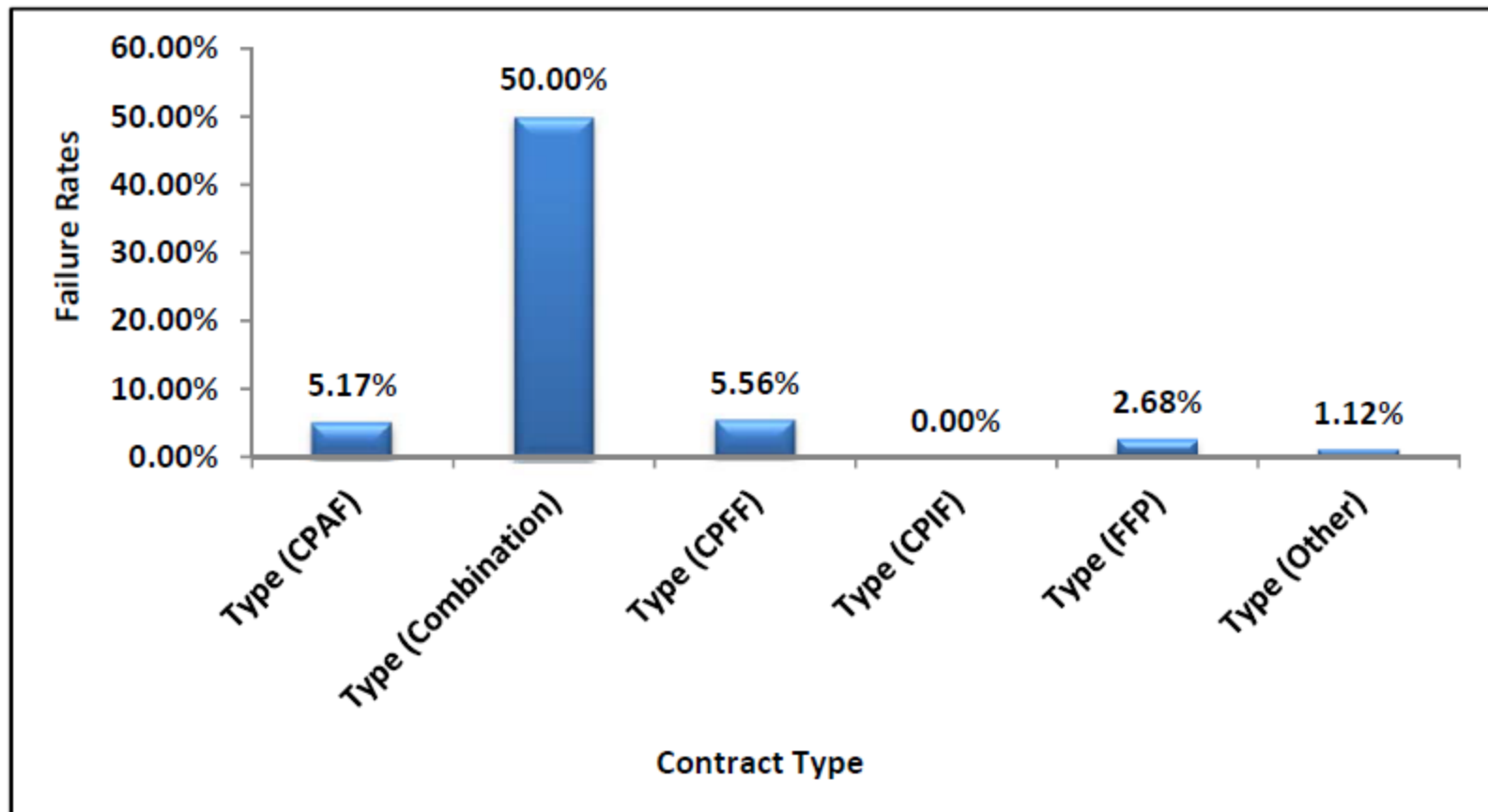
(p -value = 1.00; Not significant)





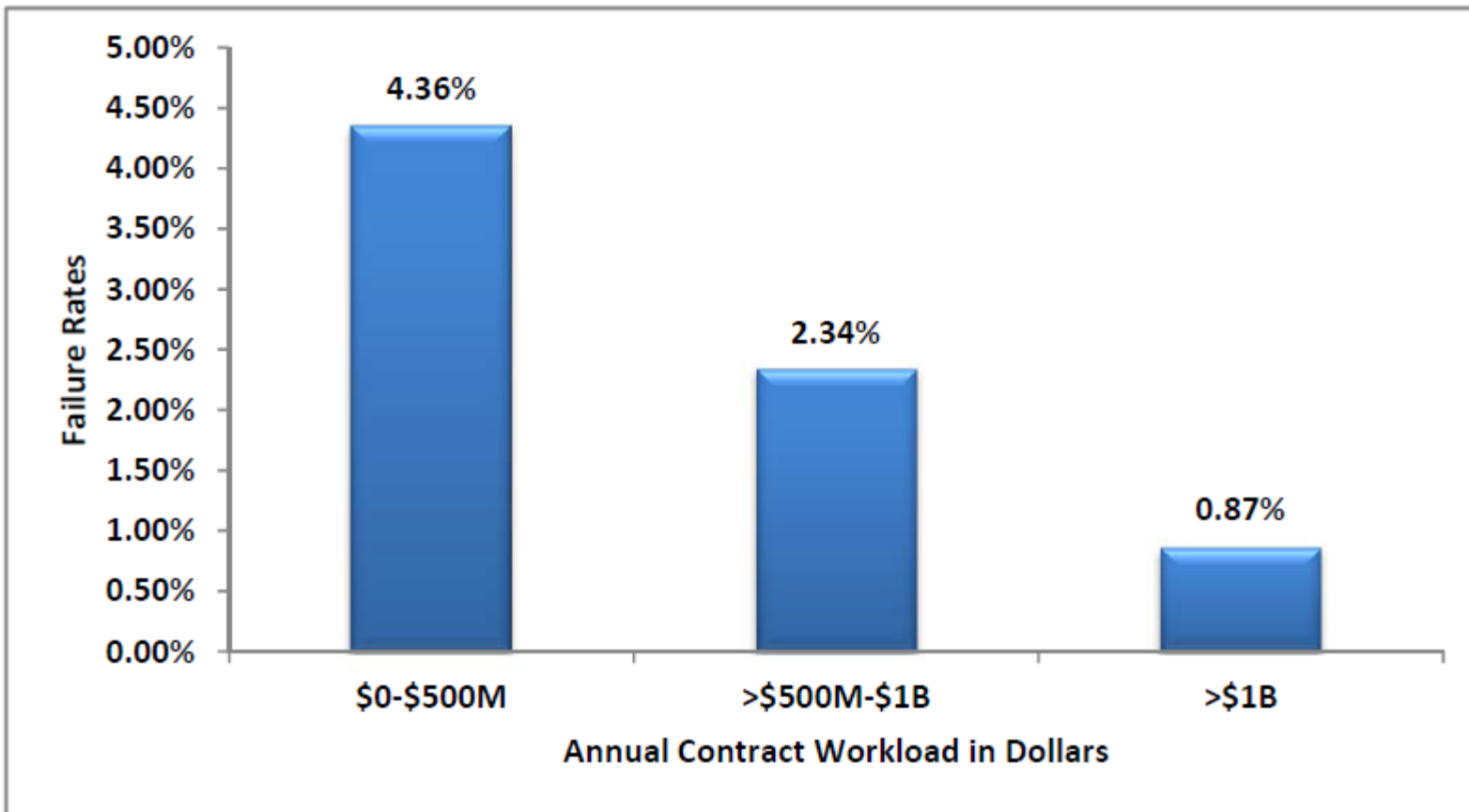
Finding 4: Contracts structured as a combination contract had the highest failure rate when compared to the other five types of available contracts.

(p -value = 0.009; Significant)



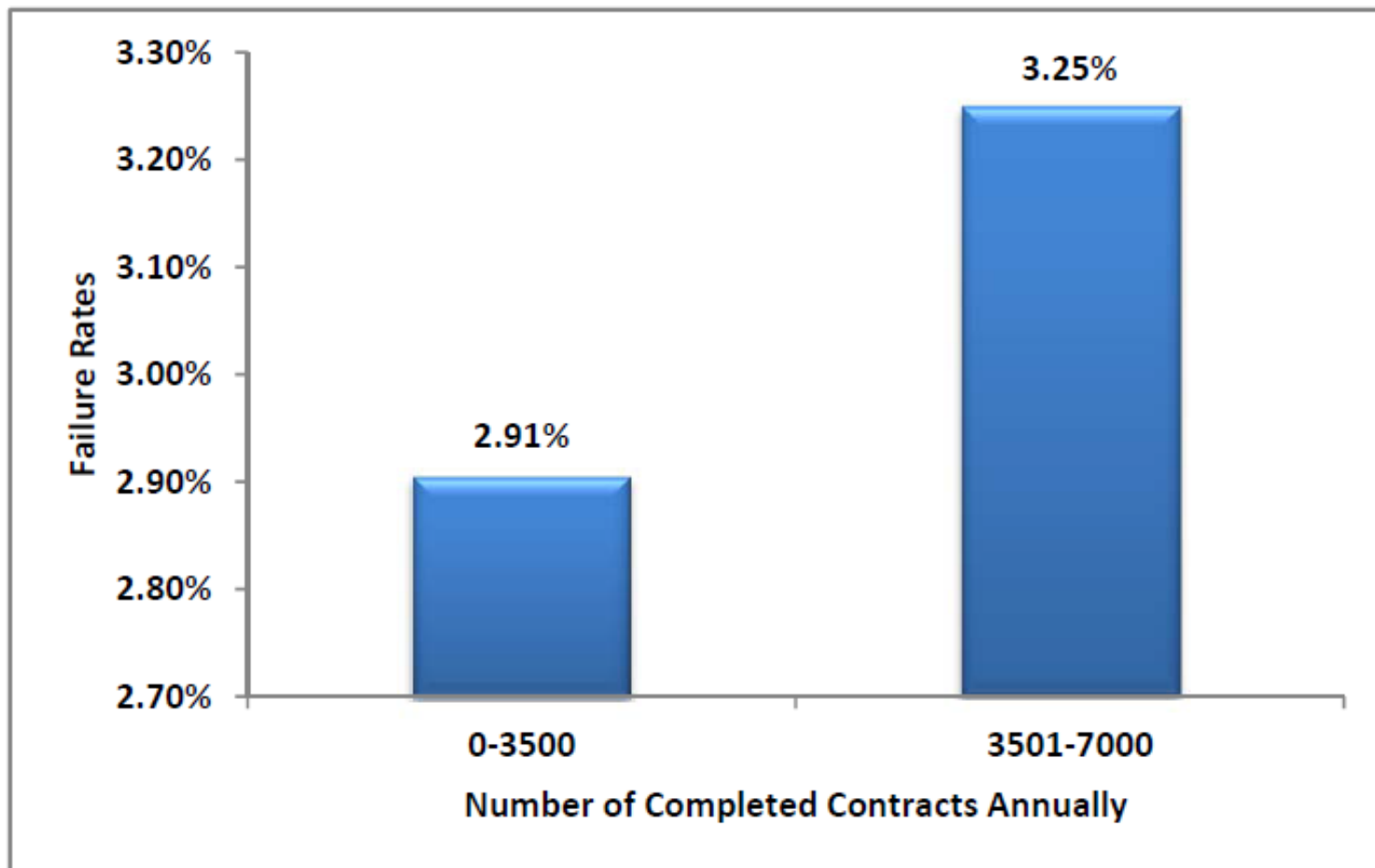


Finding 5: Regional MICC offices that had spent between \$0 and \$500 million in annual workload had the highest failure rate.



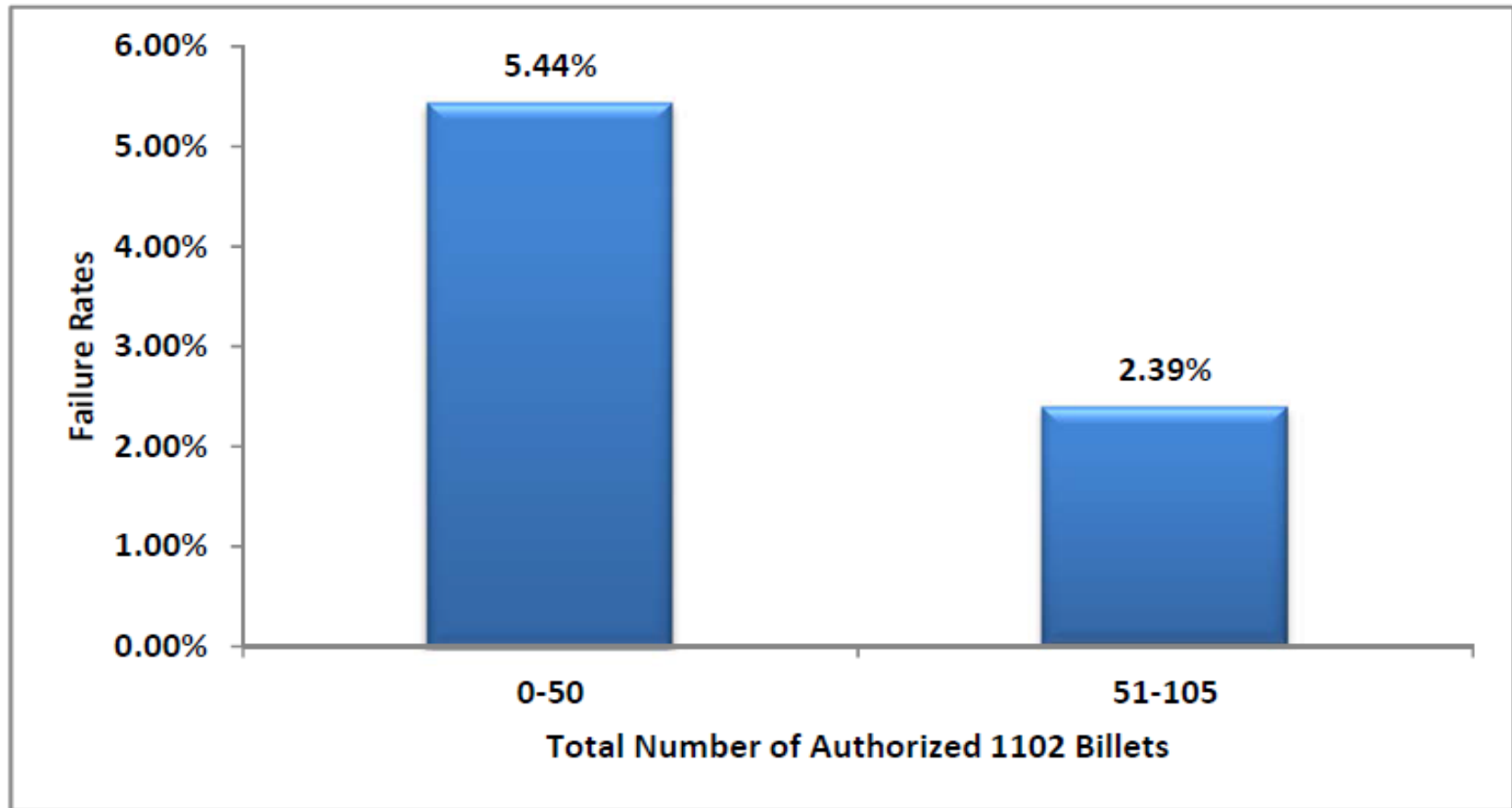


Finding 6: MICCs that completed 3,501 to 7,000 contract actions annually had the highest failure rate when compared to MICCs that completed 3,500 or fewer contract actions.



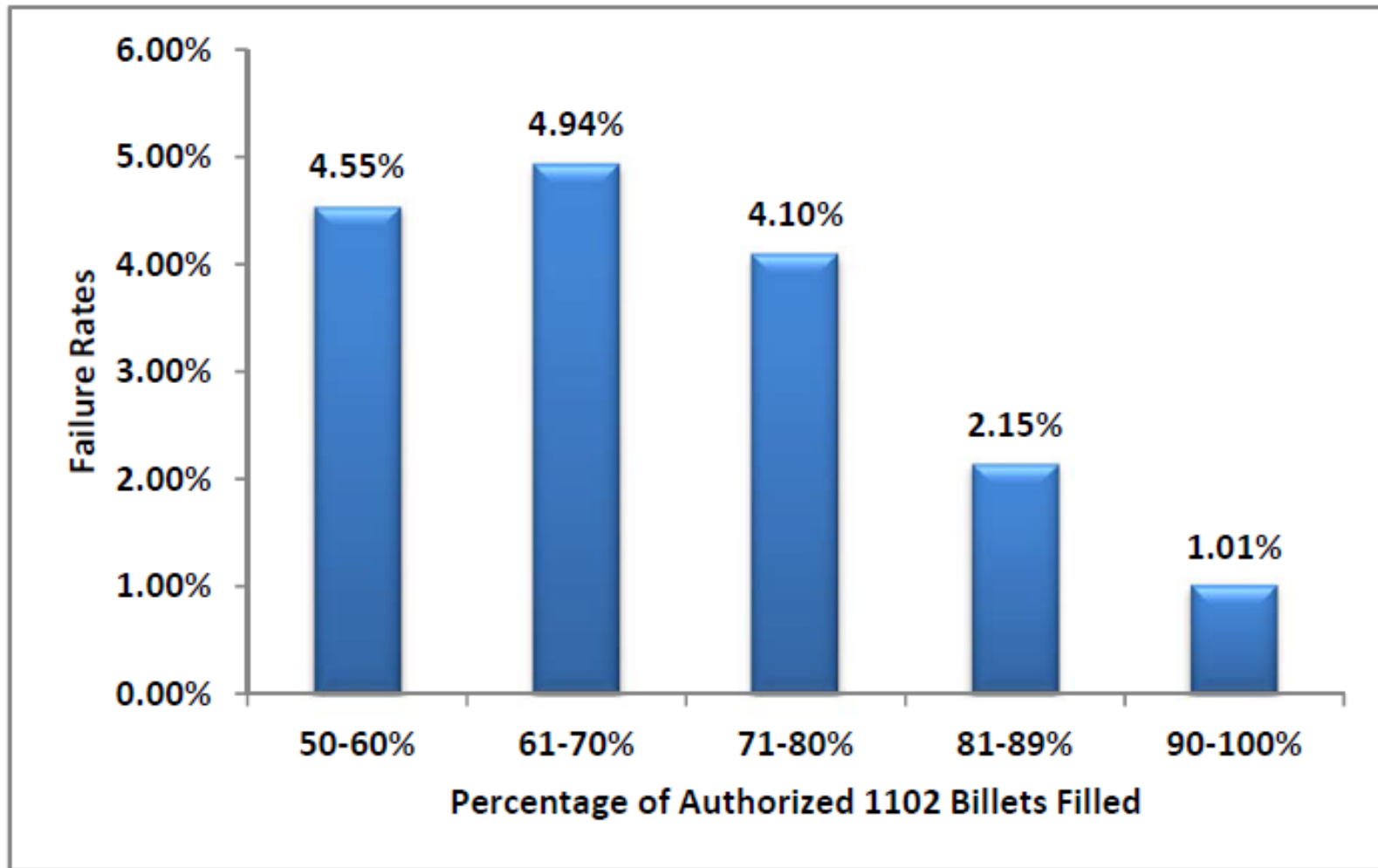


Finding 7: The category with 0 to 50 1102 billets had the highest failure rate.





Finding 8: As the percentage of 1102 filled billets increased, the contract failure rate decreased.





1. Place additional emphasis on procurement planning, source selection, and contract administration of S type services (Utilities and Housekeeping).
2. Provide additional review of higher value contracts in the areas of developing PWSs, cost estimates, budgets, and service delivery schedules.
3. Provide additional training on proposal evaluation, specifically evaluating cost and technical proposals, as well as project schedules.
4. Provide additional emphasis on procurement planning, source selection, and contract administration of combined cost type and fixed price services contracts.
5. Ensure sufficient 1102 billets for each organization and that these billets are filled with trained contracting professionals.