

ACQUISITION RESEARCH SYMPOSIUM | MAY 2026

Buying Flexibility

Converting Cost-Plus to Firm-Fixed-Price to Strengthen Mission Resilience

A FRAMEWORK OF 8 READINESS GATES + 5 CONVERSION PATHWAYS

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The Framework at a Glance

Eight readiness gates gate the decision; five pathways execute it.

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Readiness Gates

Evaluated before initiating any CP-to-FFP conversion

- 1 Requirement Maturity
- 2 Configuration Stability
- 3 Interface Stability
- 4 Technical/Integration Risk
- 5 Process Repeatability
- 6 Cost-Data Transparency
- 7 Supply-Chain Robustness
- 8 Funding Stability

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Conversion Pathways

Calibrated to the program's maturity and risk profile

- 1 Progressive Risk Transfer (CP → FPIF → FFP)
- 2 CP Development with FPEPA Production
- 3 Hybrid CLIN Model
- 4 Direct CP-to-FFP Conversion
- 5 No-Go: Retain CP with Exit Criteria

Readiness Gates 1–4

Program fundamentals: requirements, design, interfaces, technology

1 Requirement Maturity

KPPs and KSAs baselined, validated, and stable for ≥ 12 months or two production cycles. No active requirements churn.

2 Configuration Stability

Formal configuration control in place; engineering change proposal (ECP) rate low and predictable. Technical baseline frozen.

3 Interface Stability

External interfaces formally controlled under ICDs; integration costs predictable. Consider hybrid CLIN if residual risk remains.

4 Technical / Integration Risk

TRL 8–9 with integration demonstrated. Section 808 limits LRIP lots on FFP+Dev contracts to ≤ 1 (SAE waiver required).

Readiness Gates 5–8

Execution environment: process, cost data, supply chain, funding

5 Process Repeatability

Stable bills of material and demonstrated yields. Cost/schedule variance within $\pm 3\%$ over 3 months for production; $\pm 1.5\%$ over 24 months for sustainment.

6 Cost-Data Transparency

Certified cost or pricing data per FAR 15.403-4 (threshold now \$10M under RFO Phase 1). Actual cost history from ≥ 2 lots or periods.

7 Supply-Chain Robustness

Firm supplier quotes, stable lead times, and manageable commodity exposure. FPEPA with published indices if volatility persists.

8 Funding Stability

POM-aligned funding profile. Multi-year procurement or economic-order-quantity authorities where available. No anticipated restructuring.

Go / No-Go Decision Matrix

All critical gates must be satisfied for a Go determination.

| Readiness Gate | GO | CONDITIONAL GO | NO-GO |
|-----------------------------------|--|--|---|
| 1. Requirement Maturity | KPPs/KSAs baselined; stable >12 months | Minor TBDs; isolated in separate CLIN | Active requirements churn; user uncommitted |
| 2. Configuration Stability | Config controlled; ECP rate low | Moderate ECP rate; manageable via CLIN | Frequent design changes; not yet frozen |
| 3. Interface Stability | Interfaces formally controlled and frozen | Most stable; residual risk in one segment | Multiple undefined/evolving interfaces |
| 4. Technical/Integration | TRL 8–9; integration demonstrated | TRL 7; integration underway | TRL 5–6; unresolved known unknowns |
| 5. Process Repeatability | Stable BOMs; variance $\leq \pm 3\%$ | First units complete; learning curve predictable | No production history; first-article pending |
| 6. Cost-Data Transparency | Actuals from ≥ 2 lots or periods | BOEs supported by analogous program data | No credible pricing basis; estimates only |
| 7. Supply-Chain Robustness | Firm quotes; stable lead times | Moderate volatility; manageable via FPEPA | Critical sole-source; commodity shocks likely |
| 8. Funding Stability | Funded through contract period; MYP if applies | CR environment; stable topline expected | Major budget uncertainty; restructure likely |

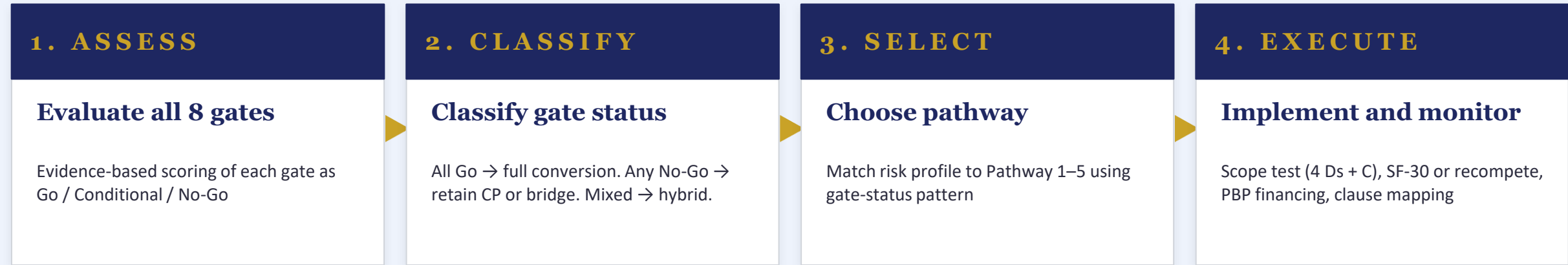
Five Conversion Pathways

Match the pathway to the program's maturity and remaining risk.

| PATHWAY 1 Progressive Risk Transfer | PATHWAY 2 CP Dev with FPEPA Production | PATHWAY 3 Hybrid CLIN Model | PATHWAY 4 Direct CP-to-FFP Conversion | PATHWAY 5 No-Go: Retain CP |
|---|--|---|--|---|
| <p>WHEN Dev → production transition; declining cost uncertainty</p> <p>FLOW CP → FPIF → FFP</p> <p>RATIONALE <i>Bridge instrument absorbs residual risk until pricing basis firms</i></p> | <p>WHEN Stable workload; real commodity or wage volatility</p> <p>FLOW CP → FFP + EPA</p> <p>RATIONALE <i>FAR 16.203; indices tied to published data</i></p> | <p>WHEN Mixed mature work + uncertain engineering/integration</p> <p>FLOW FFP + CP CLINs in one contract</p> <p>RATIONALE <i>Risk segmentation; avoids all-or-nothing framing</i></p> | <p>WHEN Mature recurring sustainment or production; all 8 gates met</p> <p>FLOW CP → FFP</p> <p>RATIONALE <i>SF-30 bilateral mod if in-scope; recompete if material change</i></p> | <p>WHEN Readiness gates not satisfied</p> <p>FLOW Retain CP + exit criteria</p> <p>RATIONALE <i>Disciplined choice; avoids premature-FFP default risk</i></p> |

Pathway Selection Logic

From gate status to contract action: a disciplined decision sequence.



KEY DECISION RULES

All Gates Go

Pathway 4 (Direct) for mature recurring work; Pathway 1 for dev-to-production transitions ending in FFP.

Mixed Status

Pathway 3 (Hybrid CLIN) segregates uncertain work in CP CLINs while converting stable CLINs to FFP.

Any Critical No-Go

Pathway 5 (Retain CP). Set measurable exit criteria; reassess at defined program milestones.