

Post Award Contract Management: Who's Minding the Store?

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Agencies overemphasize getting to contract award at the expense of managing performance.

Departments and agencies today rely extensively on contractors to accomplish their missions. The Energy Department likely tops that list with 80 to 85 percent of its workload generated through contracted actions. Whether it's cleaning up a nuclear waste site in Washington state or designing a new multi-million dollar scientific device at Oak Ridge Tennessee, the prime responsibility for getting the job done rests with contractors.

Agencies have extensive guidelines to regularize the steps that lead to contract award. These include, among other things, developing requirements, creating an acquisition strategy, establishing a team to evaluate proposals and identifying a senior official to select a winner. A well managed process to award provides an important foundation for post award accountability. However, the pressure is always on to make an award sooner rather than later, and then move contracting staff on to the next critical requirement. But awarding a contract is only a first step. If the agency fails to focus on contractor performance, then all the effort spent on the front end of the acquisition process is at risk.

An effective contract management capability is critical to agency mission accomplishment.

A workforce of almost 60,000 contracting officials across the government focuses on the procurement function and supports program requirements along with technical staff. Some of these program staff are formally designated as Contracting Officer Representatives to help assess whether the contractor is living up to the terms of its contract. However, a common complaint, most recently cited in the 2007 White House Acquisition Advisory Panel's report, is that assessing vendor performance often gets short shrift compared to getting to contract award. With agency missions so dependent on contractor performance, what can be done to ensure that this critical element of the acquisition process gets the attention it deserves? And who can make that happen? Where are the guidelines and templates that show how best to monitor whether the contractor is successfully doing its job? What incentives and metrics can best ensure that contractors will achieve the goals set forth in agreements?

Congress established political Chief Acquisition Officers (CAOs) in agencies to oversee and manage the entire acquisition process. Are they engaged?

The Services Acquisition Reform Act of 2003 states that Chief Acquisition Officers shall

- (A) have acquisition management as that official's primary duty; and;*
- (B) advise and assist the head of the executive agency and other agency officials to ensure that the mission of the executive agency is achieved through the management of the agency's acquisition activities.*

The CAO's role includes program management as well as the contracting function. CAO responsibilities include evaluating and monitoring performance of the acquisition function and its associated activities and

ensuring the agency is adequately staffed. The challenge facing CAOs is similar to that facing other senior agency program managers, Chief Financial Officers and Chief Information Officers. How do they overcome the stovepipes that stifle across-the-enterprise collaboration? It's on the shoulders of the agency CAO to ensure that program managers working in these stove-piped organizations have the resources and support they need to manage contractor performance. If Contracting Officer Representatives fail to see their role as an important strategic function, but rather as an "other duty as assigned" then how does that contribute to achieving agency outcomes? Similarly, if Contracting Officer staffing is inadequate to support post award contract management, how can the agency be assured of getting the right results or even the solution it paid for? It is the CAO's job to see that the contract management function is adequately resourced as well as to ensure that effective planning is being done.

CAOs need to persuade agency leadership and other senior agency managers as well as Congress about the critical role of post award contract management and ensure resources are provided.

Recognizing the importance of the function is only the first step to achieving effective performance. An effective governance structure that outlines the responsibilities of key participants in the acquisition process is essential. Agreement among the parties cannot always be expected – the government and contractors often have different goals and interests. However, a successful contract is managed to prompt each party to cooperate in a shared enterprise. Guidelines, metrics and systems facilitate this process of collaboration by providing clear expectations about desired outcomes and promoting effective communication among the various partners to the contract

The Partnership for Public Service's Private Sector Council in its 2006 Report, *Creating Momentum in Project Management*, stresses the need for effective collaboration throughout the acquisition process –both between the government and contractor and between program and contracting staff within the agency. The Report identified three key elements for achieving successful post award contract management.

- A sustainable and accountable partnership
- An infrastructure for success
- A system of measures to monitor and improve performance

Key Recommendations

In summary, agency leadership must take steps to recognize the critical role that contract management plays in accomplishing agency missions. It must:

- Develop a governance structure that facilitates collaboration to manage all aspects of managing contractor performance.
- See that resources are provided to ensure that adequate levels of staff with the appropriate skills are in place to see that contractors are producing the business results sought.
- Require that all new political appointees are informed about and understand the critical role that contract management plays in helping them to be successful.
- See that performance measures are included and assessed in any contracted action.
- Include "effective contract management" as a critical success factor in all program manager and senior career officials' performance evaluations.

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