



Contracting and the Program Manager

Rick Anzelone, C.P.M., CPCM
DRS Sustainment Systems, Inc.



Presentation Objectives

- Basic overview of contract management process
- Roles and responsibilities of Contracting in relation to Program Management
- Help keep PMs “out of trouble” on contractual matters
- Improve profitability through proper contract management

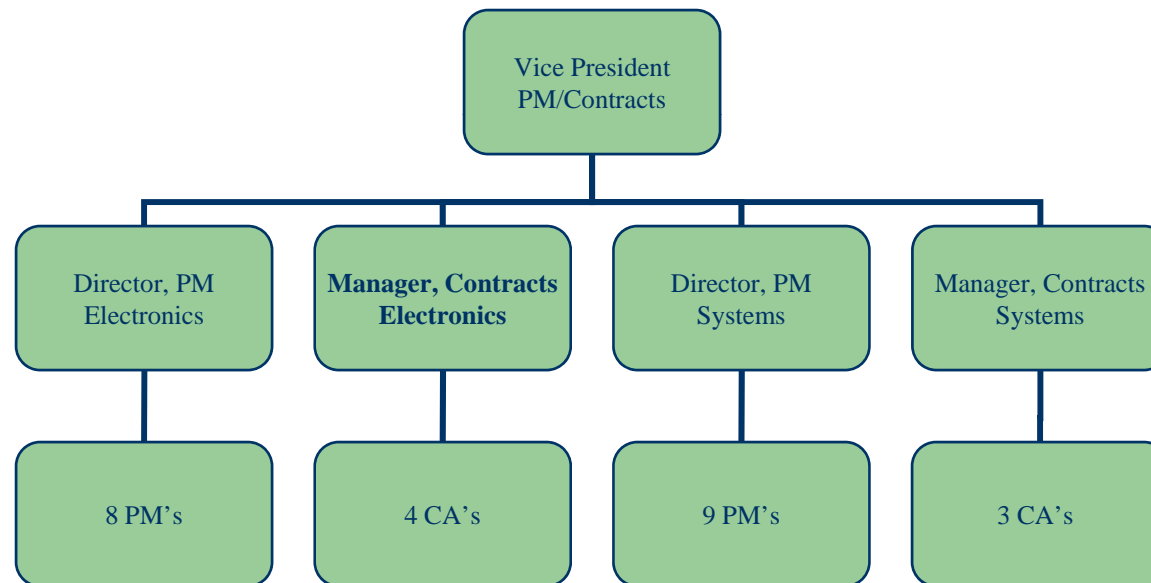


Roles and Responsibilities

- Who's in charge?
- Who does what?
- What is the role of the CM?
- What is the role of the PM?



Organization Chart





Project Manager (PM)

- Overall responsibility for assigned program or project:
 - Cost
 - Schedule
 - Technical / Quality
 - Risk Management



Contracts Administrator (CA)

- Contracting support to PM:
 - Agent of the company
 - Official correspondence and documentation
 - Risk reduction (terms and conditions)
 - Compliance with regulations
 - Customer relationship management
 - Negotiations



Contract Management Process

Three Phases

1. Preaward
2. Award
3. Postaward



Contract Management Process

Phase 1 - Preaward

Buyer: Procurement planning, solicitation planning, solicitation

Seller: Presales activity, bid/no-bid decision, bid or proposal preparation



Categories of Contracts

- A. Fixed Price**
- B. Cost-Reimbursement**
- C. Time and Materials**



Categories and Types of Contracts

A. Fixed Price

- Firm-fixed-price (FFP)
- Fixed-price w/ economic adjustment (FP/EPA)
- Fixed-price incentive (FPI)



Categories and Types of Contracts

B. Cost-Reimbursement

- **Cost-plus-incentive-fee (CPIF)**
- **Cost-plus-fixed-fee (CPFF)**
- **Cost-plus-award-fee (CPAF)**
- **Cost-plus-a-percentage-of-cost (CPPC)**



Categories and Types of Contracts

C. Time and Materials (or Labor Hours)

- Time and Materials (T&M)
- Labor Hours (L/H)



Factors in Selecting Contract Types

- **Capability of seller's accounting system**
- **Uncertainty in the cost estimate**
- **Type and complexity of requirements**
- **Urgency**
- **Marketplace and competition**
- **Seller's technical capability**
- **Administrative costs to both parties**
- **Size and dollar value of contract**



Contract Management Process

Phase 2 - Award

Buyer: Source Selection

Seller: Contract negotiation and formation



Contract Management Process

Phase 3 - Postaward

Buyer: Contract administration, contract closeout or termination

Seller: Contract administration, contract closeout or termination



Contract Administration

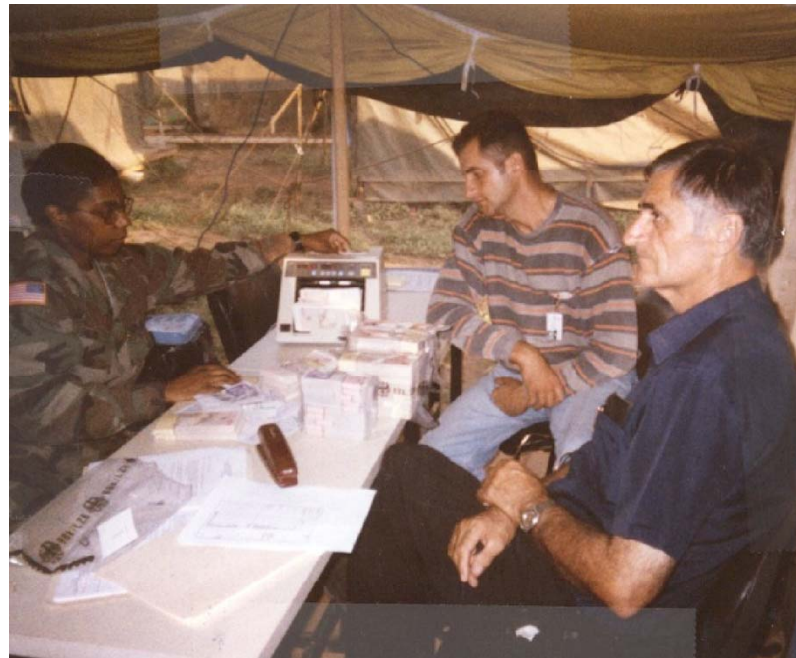
Key factors and processes:

- Change requests
- Invoice and payment procedures
- Contract administration policies
- Communication / Relationships with key personnel
- Dispute resolution
- Compliance with Terms and Conditions
- Delivery performance



Contract Administration

Pay Day





Contract Administration

Change Management:

- Changes modify contract requirements, terms, and conditions
- They add, delete, or both
- Changes can affect cost, schedule and performance
- Confirm oral changes in writing
- Ensure changes are authorized



Contract Administration

Change Management:





Contract Administration

Main Tasks:

- Analyze obligations, assign responsibilities, and set performance goals
- Observe, document decisions and events, and report performance
- Take corrective action and follow-up
- Manage changes and disputes
- Close out contract



Contract Administration

Records and files:

- Official copy of contract and modifications
- Working copy of contract
- Correspondence file, log or index, suspenses
- Record of deliveries, inspections, acceptances
- Progress or status reports
- Property administration records
- Invoice and payment records



PM problems with CAs?

- Obstacles to progress
- Bureaucracy
- Processes are slow



CA problems with PMs?

- Don't include in planning
- Take action without CA involvement, then ask for help with the "clean-up"
- Treat CA like administrative help instead of a team member



How to work together

- Understand the duties and roles
- Organization / matrix support
- Education
- Communication and coordination
- Teamwork / relationship