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NAVAL POSTGRADUATE SCHOOL

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THESIS

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THE PILOT CONTRACTING ACTIVITIES PROGRAM:
A MANAGEMENT REVIEW

by

Robert John Palmquist

December 1988

Thesis Advisor: E.N. Hart

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The Pilot Contracting Activities
Program :
A Management Review
by

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ABSTRACT

The Pilot Contracting Activities Program (PCAP) is designed to provide a means for selected Department of Defense activities to submit requests for deviation or waiver of Federal and Department of Defense acquisition regulation requirements in order to decrease administrative burden, increase procurement effectiveness and efficiency, and simplify the contracting process. This study examines the implementation and management of the PCAP program by the participating activities, the status of the Program in general, offers recommendations for improvement, and analyzes what effect the Program will have on regulatory reform.

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I. INTRODUCTION

A. OVERVIEW

The Pilot Contracting Activities Program (PCAP) (hereafter, also referred to as the PCAP program, or simply as the Program) was established for the purpose of minimizing the constraints on contracting officer's authority and streamline procedures in order to allow them to function like true professional business managers so that they can get commanders and line managers the quality products and services they need, when they need them, at a reasonable price.

The Program calls for:

- The identification of laws, regulations and procedures that impede contracting officers' abilities to provide quality products/services and exercise good business judgement.
- An emphasis on quality and timeliness as well as price to get the best overall value to the Department of Defense (DOD).
- A test of procurement methods more in line with commercial practices.

A principal aspect of PCAP has been the attempt to utilize the enthusiasm and innovation of field contracting personnel.

Under the Program, six DOD agencies (Army, Air Force, Navy, Defense Logistics Agency (DLA), Defense Communications Agency (DCA), and Defense Intelligence Agency (DIA)) may

request deviations from the Federal Acquisition Regulation (FAR)/ Defense Federal Acquisition Regulation Supplement (DFARS) and waive DOD or agency procurement regulations not required by law or executive order. Deviations/waivers are applied to procurements for a one year period. At the end of six months those activities granted deviations/waivers will evaluate results and provide input on initiatives that may have DOD-wide application and ultimately lead to permanent changes to procurement regulations. The Program, however, does not address changes to statute or executive order.

This research effort is directed primarily towards analyzing the implementation and management of the Program by participating activities and agencies, the status of the Program in general, offering recommendations for improvement, and analyzing what effect the Program will have on regulatory reform.

B. SCOPE OF THE RESEARCH

Of importance in the development of the study was the examination of:

- The procedures used to implement the Program at both the agency level and activity level.
- Management procedures currently being used to administer the PCAP program.
- A review of the Program in general.

The study concentrated on those procedures considered pertinent for the determination of whether or not management can be improved to allow DOD to better realize the potential benefits which are represented by the PCAP program.

In conducting research, the researcher visited the following organizations:

- Assistant Secretary of Defense (Production and Logistics) for Regulatory Reform office (OSD(P&L)(P)DARS-RR).
- Defense Logistics Agency Headquarters (Contracting Directorate).
- Assistant Secretary of the Navy (Shipbuilding and Logistics) (ASN (S&L)).
- Assistant Secretary of the Army (Contracting Support Agency) (ASA (Acquisition)).
- Assistant Secretary of the Air Force (Acquisition) (ASAF (Acquisition)).

In addition, the researcher visited the following PCAP activities:

- Navy Regional Contracting Center, Washington, DC.
- Aviation Supply Office, Philadelphia, PA.
- Defense Industrial Supply Center, Philadelphia, PA.
- Navy Regional Contracting Office, Philadelphia, PA.
- Naval Facilities Engineering Command, Philadelphia, PA.
- Naval Air Development Center, Warminster, PA.

Since the PCAP program is an ongoing program, the examination of the Program and findings presented in chapters III, IV and V are as of August 26, 1988.

C. RESEARCH QUESTIONS

The primary research question was:

How has the Pilot Contracting Activities Program (PCAP) been implemented and managed by Program participants and agencies, how might this implementation/management and the Program in general be improved, and what effects will it have on regulatory reform?

The following secondary research questions were also considered relevant to the research effort:

- What is the Pilot Contracting Activities Program?
- What are the key aspects of the acquisition process which initiated the development of the PCAP program?
- To what extent are contract specialists (1102's) participating in the program?
- What is the nature of feedback to the PCAP participants, both externally and internally?
- What is being done with the recommendations generated by the test activities?
- What incentives are being utilized to generate ideas and recommendations?

It appears to the researcher that the underlying problems which created the need for the PCAP program and which exist today in the DOD acquisition world are considerable and of far reaching magnitude/impact. In consideration of this, it is in DOD's best interest to ensure that the PCAP program is not only managed adequately but to the very best extent possible. More importantly, DOD owes it to all acquisition personnel and their customers, the users, to improve the

procurement process so that quality products and services are provided when they need them at a reasonable price.

D. RESEARCH METHODOLOGY

Five distinct methodologies were utilized during the course of this research effort to examine the questions previously outlined:

- A review of the existing literature was conducted to obtain an understanding of regulatory reform history and issues which led to the PCAP program, as well as to obtain information on the Program itself.
- Direct questioning and discussion during visits to OSD (P&L(P)DARS-RR), ASN (S&L), ASA (Acquisition), ASAF (Acquisition) and DLA Headquarters (Contracting Directorate) concerning DOD and agency implementation and management of the program.
- A survey questionnaire was sent to 34 of the 43 activities participating in the PCAP program on September 6, 1988 to help obtain information concerning the implementation and management of the Program, as well as to obtain information on the Program in general and recommendations for improvement.
- Visit six PCAP activities to observe the implementation and management of the Program and problems being encountered at the field and agency level.
- Review and analyze material forwarded by survey respondents and collected during visits.

E. SCOPE OF STUDY, LIMITATIONS AND ASSUMPTIONS

The scope of this thesis is to identify, analyze, and review the PCAP program implementation process and the management of the Program by participating activities and agencies. While the entire program was reviewed, the

researcher concentrated on the Navy in particular. It is not the intent of the researcher to develop a universal model for program institutionalization, but rather, to study the current process within the PCAP program. The research is intended to develop a list of findings, analyze these findings and any interrelationships and provide recommendations to improve the PCAP program.

The research was designed to:

- Identify potential problems inherent in the implementation and management of the PCAP program.
- Identify barriers that hinder the Program.
- Identify methods to overcome barriers to enhance the PCAP Program.

It is assumed that the reader is familiar with standard DOD acquisition concepts and terminology.

F. SYNOPSIS OF FINDINGS

The researcher has found the Pilot Contracting Activities Program to be well administered and managed at both the agency and activity level given the limitations on resources and the restrictions placed on the Program of not being able to address statutory areas.

There are several areas of the Program which need improvement. These include: improve feedback to participating activities, improve agency response times on PCAP requests, reduce the administrative burden of the Program on

participating activities by modifying procedures, and improving coordination and consistency between agencies. In addition, PCAP activities are discouraged by the lack of permanent changes brought about by the Program and interest in the Program is decreasing.

The original research question of whether or not the PCAP program has had an impact on regulatory reform is unclear and questionable at this time because it is still too early to assess results since the Program recently celebrated its first anniversary. The PCAP program still offers hope of easing burdensome regulations and bettering the procurement process by being a vehicle to initiate change. However, since the procurement process is a dynamic process, the effects of change brought about by PCAP might not be understood for some time.

Those readers interested in the specific conclusions and recommendations offered in this research are directed to the Chapter VI, commencing on page 61.

II. BACKGROUND

A. INTRODUCTION

Regulatory reform, also referred to as acquisition streamlining [Ref. 1:p. 8], procurement reform [Ref. 2:p. 25], and regulatory simplification [Ref. 3:p. 5] is not a new concept or initiative in DOD acquisition management. The idea of improving and making the defense procurement process easier is a long-standing one. Great dissatisfaction has existed for some time concerning DOD's acquisition management or lack of management, as some would refer to it, both internal and external to DOD.

The primary issues of fraud and other ethics problems were the areas that captured the attention of the media and consequently the public in the 1980's. Fortunately, the main culprits that escalated program costs and lengthened weapon system development programs were not related to this "sensationalism" but rather to the overcomplicated organization and rigid procedures which drive the acquisition process [Ref. 4:p. 14].

The inefficiencies that marked DOD's purchasing and production of weapon systems reached a critical stage during the early 1980's and was not just the result of DOD actions,

but of actions of the Office of Management and Budget, the Congress, and others who contributed to these problems over the preceding years. "The efficiency of the procurement system did not decline as a result of one, or even a series of major events, rather the process has been one of gradual erosion." [Ref. 2:p. 21] Numerous regulations, laws, and their interpretation and implementation are all contributing factors that have made the process difficult to manage by DOD.

B. THE 1960'S AND 1970'S

The current emphasis on regulatory reform can be traced back to the early 1960's, which was a time marked by unconstrained bureaucratic growth in the acquisition process. This bureaucratic growth continued on into the 1970's, which was marked by virtually no military growth and a regression in perceived strength and dominance of the United States Armed Forces. [Ref. 2:p. 22]

In a 1972 report to Congress, the Commission on Government Procurement proposed the concept of a government-wide, uniform system of procurement regulations. The Office of Federal Procurement Policy (OFPP) was formed in 1974 and was tasked with developing a single regulatory policy for the Federal Government. Under Public Law 93-400, the Office of Federal Procurement Policy Act, OFPP was to develop the Federal Acquisition Regulation (FAR). At the time, the Defense

Acquisition Regulation (DAR), the National Aeronautics and Space Administration Procurement Regulation (NASA PR) , the Federal Procurement Regulation (FPR), and over 874 other sets of procurement regulations regulated the procurement process. Many of these regulations were repetitious, duplicative, overlapping, and the cause of considerable confusion and unneeded work. [Ref. 5:p. I-2] The FAR was supposed to have eliminated the proliferation of regulations confronting both government and industry contracting personnel.

In 1980, President Reagan entered the White House with the professed goal of rebuilding the Armed Forces. A cornerstone to this goal was to be the process of making the acquisition process more efficient. [Ref. 6:p. 4]

C. AIP/CARLUCCI INITIATIVES

In order to help President Reagan reach that goal his newly appointed Deputy Secretary of Defense, Frank Carlucci, established five working groups on March 2, 1981, to review the entire defense acquisition process and make recommendations for improving its efficiency. This effort involved all service branches and welcomed input from industry as well. Mr. Carlucci requested specific, workable recommendations that would provide immediate improvements, as well as longer term actions where it was considered necessary. The primary objectives of the effort were to reduce

acquisition costs, speed up the time required to procure goods and services, increase program stability, and make the acquisition process more efficient. [Ref. 7:p. 8]

On March 31, 1981 the group's recommendations were presented to Mr. Carlucci. On April 30, 1981 Mr. Carlucci published 31 decisions in a document entitled "The Defense Acquisition Improvement Program" or AIP program. [Ref. 8:p. 1] On July 27, an additional decision was added to the original 31 for a total of 32 "initiatives" as they were now called. [Ref. 9:p. 5] This study eventually came to be known as the "Carlucci Initiatives."

Of the 32 Carlucci initiatives, number 10 entitled, "Reduce the Administrative Cost and Time to Procure Items," number 13 entitled, "Government Legislation Related to Acquisition," and number 14 entitled, "Reduce the number of DOD Directives," all related to the general idea of regulatory reform or acquisition streamlining (in its broadest sense [Ref. 10:p. 2-1]).

Implementation of the various initiatives proceeded as directed by Mr. Carlucci. In January of 1983, Mr. Paul Thayer replaced Mr. Carlucci, and became responsible for the continued progress of the AIP program. In June of 1983 Mr. Thayer outlined progress on the initiatives during the previous two years and changed the emphasis of the program. He consolidated 12 of the original initiatives into six major

areas of concentration which needed additional work and offered both "...the greatest management challenge and highest potential payoff." [Ref. 11:p. 1] [Ref. 12:p. 1] Regulatory reform initiatives numbers 10,13 and 14 were not among the areas of emphasis as they were considered "on track."

In 1984, William Taft IV replaced Mr. Thayer and released a third report on the Carlucci initiatives. Mr. Taft added a seventh area and continued emphasis on Mr. Thayer's original six. [Ref. 13:p. 1]

April of 1984 saw the publication of the FAR which, supposedly, provided a uniform regulation for all Federal agencies and a reduction in redundancy and regulatory proliferation of acquisition guidance. Problems with the FAR were noted at the time of its issuance. Mr. Eldon Crowell's statement at that time expressed many of the feelings of other acquisition professionals:

While the regulation prohibits inconsistent agency supplements, the latitude provided to the agency head in implementing the FAR and adapting it to the particular needs of the Agency may well grant expansion, proliferation, and redundancy at the local level. [Ref. 14:p. 3]

Despite the improvements made through the implementation of the Carlucci initiatives and the publication of the FAR, more action and progress was felt necessary by the President. This was due to a perceived lack of public confidence in the effectiveness of the defense acquisition system as a result of procurement "horror stories" which had reappeared.

D. THE PACKARD COMMISSION

In July of 1985, President Reagan created a blue ribbon commission to study defense management. Areas to be reviewed included: the budget process, the procurement system, legislative oversight and organizational arrangements. Major tasks of the commission were to:

Evaluate the defense acquisition system, to determine how it might be improved, and to recommend changes that can lead to the acquisition of military equipment with equal or greater performance but at lower cost and with less delay. [Ref. 15:p. 41]

The commission became known as the Packard Commission and published its final set of findings and recommendations in a report to the President entitled "A Quest for Excellence" in June of 1986. [Ref. 15:p. 1]

The final report was a far reaching, all encompassing set of recommendations, ranging from defense reorganization to professionalization of the acquisition force. The recommendations presented were not new or of notable significance, but common sense, business type approaches to long-standing problems.

The commission discovered that problems of fraud and dishonesty were only indicative of other basic problems that affected the entire acquisition system. The commissions own words were: "These problems are deeply entrenched and have

developed over several decades from an increasingly bureaucratic and overregulated process." [Ref. 15:p. 44]

Of significant note in the area of regulatory reform was the Commission's recommendation that "Federal laws governing procurement should be recodified into a single, greatly simplified statute applicable government-wide." [Ref. 15:p. 54] While the FAR was to have been a major simplification of the regulations, the Commission identified 394 different regulatory requirements in the FAR and DFARS that were associated with 62 different dollar thresholds to demonstrate that it was far from simple. The bottom line to the Commission's recommendations was:

The sheer weight of such requirements often makes well-conceived reform efforts unavailing at operating levels within DOD, it is now virtually impossible to assimilate new legislation or regulatory refinements promptly or effectively. [Ref. 15:p. 55]

These findings were further validated by a Commission sponsored 1986 Survey of Department of Defense Acquisition Workforce. The survey was done to determine the opinions and perceptions of those who must work with the procedures and policies. One of the key findings from the survey was that "DOD acquisition team members say they operate under inefficient, confusing regulations which often are inconsistent with sound business practices." [Ref. 15:p. 69]

E. REGULATORY REFORM AND THE BEGINNING OF PCAP

The Packard Commission was to lay the foundation for three separate but highly interrelated occurrences which would lead to the creation of the PCAP program. First, on April 1, 1986 the President directed DOD and all other executive agencies to implement virtually all of the recommendations of the Packard Commission [Ref. 16:pp. 183-184]. This called for a number of changes, but most noteworthy (in relation to the PCAP program) was the creation of a "...new high-ranking civilian procurement czar..." with absolute authority over early weapons development and streamlining [Ref. 17:pp. 32-33] [Ref. 18:p. 289]. This new position would become the Under Secretary of Defense for Acquisition. This move has been referred to by many as the heart of the Packard Commission's recommendations. [Ref. 19:p. 41]

The first individual to occupy the Under Secretary of Defense for Acquisition position was Mr. Richard Godwin. Mr. Godwin told the National Security Industrial Association in Washington DC, in February of 1987, that he was committed to eliminating "...the burdensome, unnecessary regulations that have developed over the years...." [Ref. 19:p. 41]

In 1984 DOD began to apply the Packard Commission's "centers-of-excellence" concept to managing installations as potential centers of excellence. This program became known

as the Model Installations Program (MIP) and gave installation commanders much greater freedom to run things their way and to, "...cut through the red tape, and experiment with new ways of accomplishing their missions." [Ref. 15:p. xii] Consequently, activity personnel have found more efficient ways of doing their jobs, identified wasteful regulations, reduced costs and improved quality. As the Packard Commission stated:

The program has shown the increased defense capability that comes by freeing talented people from over-regulation and unlocking their native creativity and enthusiasm. [Ref. 15:p. xii]

Mr. Godwin then initiated a drive of studying what exactly was wrong with DOD procurement with the assistance of Dr. Robert Costello, Assistant Secretary of Defense for Production and Logistics. The results of Dr. Costello's work indicated a major "Reform" was needed, more specifically, a "cultural change" in how DOD does business had to occur and "everything" DOD was doing in the acquisition world had to be looked at [Ref. 20:p. 46]. This reform was to be referred to as "The Acquisition Streamlining Program."

In order to emphasize the importance of their new program, both Mr. Godwin and Dr. Costello attended the third annual Defense Acquisition Streamlining Conference in Washington DC in May of 1987, in addition to many other key DOD acquisition representatives. The cumulative effect of these efforts was to send a message to industry that the top management in DOD

acquisition intended to insist on a "culture change" and press for a "...dramatic shift in attitude and activity..." not only in DOD, but also in industry. [Ref. 20:p. 44]

The major emphasis of Mr. Godwin and Dr. Costello's reform initiative was, "...whether in people or hardware, it's the quality of work that should grade acquisition streamlining, not the quantity of it." [Ref. 20:p. 44] To accomplish reform, Dr. Costello established five objectives to achieve the goal of a "culture change." Those five objectives were:

- Revitalize the industrial base.
- Reduce the cost of quality (do the right thing first).
- Improve the relationship of government and industry.
- Improve the training, work environment and career path of people who work in acquisition.
- Regulatory reform [Ref. 20:p. 46].

The plan for item number five, regulatory reform, was to approach a difficult, if not impossible, task of simplifying the regulations in four different ways. These were:

- Conduct a detailed review of the regulations.
- Work with OFPP and Congress to reduce the 4,000 laws that impact the acquisition process down to a single, uniform procurement code of regulations.
- Develop a data base of acquisition streamlining evidence to support proposals to Congress to change regulations and laws.
- Initiate the Pilot Contracting Activities Program (PCAP) to test regulatory reform/simplification within DOD. [Ref. 20:p. 46]

The PCAP program thus became a reality and an additional step was made toward DOD doing something about eliminating and simplifying many of the unnecessary and complex regulations that have worked their way into its procurement system.

III. THE PILOT CONTRACTING ACTIVITIES PROGRAM

A. PROGRAM INITIATION

On March 11, 1987 Mr. Godwin, in a memorandum to the Service Secretaries and the Director Defense Logistics Agency, initiated the Procurement Regulatory Reform Test in DOD. This program was to become known as the Pilot Contracting Activities Program or PCAP. Mr. Godwin expressed the following reason for initiating the test:

The DOD acquisition process is controlled by too many detailed, complex laws and regulations. Unnecessary details and complexities in regulations inhibit the initiative of acquisition personnel by limiting their ability to make sound business decisions in the best interest of the government. I want to change the system so there are as few constraints as possible on contracting officer's authority, and to encourage contracting officers to take full advantage of their authority. [Ref. 21:p. 1]

Under the test the Services and DLA would issue class deviations to the FAR and DFARS and waive DOD regulations or agency supplements not required by statute or executive order. [Ref. 22:p. 23] Mr. Godwin appointed the Assistant Secretary of Defense (Acquisition and Logistics) Dr. Costello, to oversee the test and requested nominations from representative contracting offices to participate in the Program.

The Program would rely on the ideas and knowledge of those who have to deal with the "...inadequacies and conflicts of

the system on a daily basis...." [Ref. 21:p. 1] In addition, the Program was to be kept as simple as possible and was to have a minimum administrative impact on participating activities.

B. PCAP GOAL

The overall goal of the PCAP program "...is to make it easier and quicker for contracting personnel to get line managers and commanders the quality products and services they need, when they need them." [Ref. 23:p. 1] To achieve this goal, Mr. Godwin delegated his authority for class deviations from the FAR/DFARS to the Service Acquisition Executives (SAE's), with authority to redelegate to the Assistant Secretary level. In addition, any provision of any DOD procurement regulation not specifically required by statute or executive order could also be waived. [Ref. 22:p. 23]

C. PCAP OBJECTIVES

The objectives of the PCAP program were to:

Identify laws, regulations, procedures that impede contracting officer's ability to provide quality products/services and exercise good business judgement.

Emphasize quality and timeliness as well as price to get the best value.

Test procurement methods more in line with commercial practices for both commercial and non-commercial products and services.

Capitalize on the enthusiasm and innovation of field contracting personnel. [Ref. 21]

A fifth and final objective which was implied in Mr. Godwin's memorandum was:

Provide acquisition personnel more individual responsibility and authority to exercise judgement and make sound business decisions in the best interest of the government. [Ref. 24:p. 3]

D. DOD PROGRAM IMPLEMENTATION

In his April 24, 1987 implementation memorandum to the Service Secretaries and the Director of DLA, Dr. Costello identified 31 activities selected to participate in the program. Each of the activities were selected by their particular agency to participate in the Program based on type of activity and prior performance.

The 31 activities selected included ten Navy, seven Army, 12 Air Force and two DLA activities. In keeping with the Program's design, activities ranged from small buying offices, labs, and inventory control points, to major systems Commands. Appendix A is a listing of these activities by agency.

Program implementation and administrative procedures were left to each agency subject to four basic conditions by which each of the agencies was to be guided. These were:

The director for Installation Planning must be provided a copy of any class deviation to the FAR or DFARS or waiver to a DOD regulation, along with the reason for it, when it is issued.

Class deviations and waivers may apply only to activities in the program and normally should be issued for one year.

You should review deviations and waivers periodically (usually within six months of issuance), and give me your

recommendation whether the change should be applied throughout DOD, canceled, or subject to further test for another six months.

The pilot activities need simple methods for proposing ideas, fast evaluation, few disapprovals, and visibility of what other activities are trying. They also need your support demonstrating that trying new ideas is what this program is all about. [Ref. 25:p. 1]

The Director for Installation Planning within the Deputy Assistant Secretary of Defense, Installations was designated to oversee PCAP. The rationale behind this was that the PCAP program was being modeled after the MIP program which was run by Installations and would follow the same basic procedures. This would change fairly quickly. Shortly after it's inception, PCAP moved to the Deputy Assistant Secretary of Defense (Procurement) since the Program was an "acquisition program" and not an installation orientated program. [Ref. 26]

Mr. Godwin authorized the Service Secretaries and Director DLA to redelegate waiver and deviation approval to the:

- Director for Contracting (Army).
- Director, Contracts and Business Management (Navy).
- Director of Contracting and Manufacturing Policy (Air Force).
- Executive Director, Contracting (DLA) [Ref. 27:p. 1].

This was done to ensure deviation and waiver requests received the quickest turnaround times. Within these simple guidelines the agencies were free to implement the Program as they saw fit. It was about this time that Mr. Godwin resigned his

position and Dr. Costello moved into Mr. Godwin's position as Assistant Secretary of Defense for Acquisition.

E. PCAP ORGANIZATION

The PCAP program organization at the DOD level is directed by Mr. Duncan Holaday, Director Defense Acquisition Regulatory System. Mr. Holaday is assisted by Mr. Pete Potochney, Assistant for Regulatory Reform for the PCAP program. In addition to being in charge of regulatory reform, PCAP being a single initiative, Mr. Holaday is the Director of the Defense Acquisition Regulation (DAR) Council, where PCAP initiatives that have been tested and proven worthy of permanent regulatory change, are reviewed and approved.

Figure 1 shows the PCAP program chain of command within DOD and Figure 2 is the actual organization of the Program and key positions.

F. DOD MANAGEMENT/COORDINATION OF PCAP

The PCAP program is administratively organized and managed utilizing an Address Indicating Group (AIG), which allows 68 activities, their headquarters, and DOD to transmit and monitor requests, duplicate requests referred to as "piggybacks," and agency responses for waiver/deviation initiatives. [Ref. 28] The 929 AIG was established as

Secretary of Defense
(Mr. Frank Carlucci)

Deputy Secretary of Defense
(Mr. William Taft)

Under Secretary of Defense for Acquisition
(DR. Robert Costello)

Assistant Secretary of Defense (Production & Logistics)
(MR Jack Katzen)

Deputy Assistant Secretary of Defense (Procurement)
(Ms Eleanor Spector)

Director Defense Acquisition Regulatory System
(Mr. Duncan Holaday)

Assistant for Regulatory Reform
(Mr. Peter Potochney)

Figure 1. DOD PCAP Chain of Command [Ref. 26]

Director Defense Acquisition Regulatory System
(Mr. Duncan Holaday)

Assistant for Regulatory Reform (PCAP)
(Mr. Peter Potochney)

Navy

-

Army

Asst Secretary of the Navy
(Shipbuilding & Logistics)
(Mr. Evertt Pyatt)

Asst Secretary of the Army
(Research, Development
and Acquisition)
(Mr. Jay Sculley)

Director Contracts & Business
Management
(Mr. Ernest Cammack)

Director, US Army Contracting
Support Agency
(Maj Gen Harry Karegeannes)

Acquisition Policy Group
Senior Procurement analyst
(Mr. Dick Moye)

Acting Director, Aquisition
Support Division
(Col Wayne Heard)

Navy activities

Army activities

Air Force

Defense Logistics Agency

Asst Secretary of the Air
Force (Acquisition)
(Mr. J. Welch, Jr.)

Deputy Director, Acquisition
Management
(Brig Gen Charles Henry)

Director Contracting and
Manufacturing Policy
(Brig Gen John Slinkard)

Executive Director,
Contracting
(Mr. Ray Chiesa)

Operational Contracting Div
Contracting & Manufacturing
Staff
(LtCol Dave Scherer)

Procurement Analyst
(Ms. Denise Mutscheller)

Air Force activities

DLA activities

Defense Communications Agency
(Recently added)

Defense Intelligence Agency
(Recently added)

Figure 2. PCAP Organization [Ref. 26]

a quick and simple way to communicate matters dealing with the PCAP program. The AIG concept was formulated at a PCAP organization meeting held in May of 1987 between Mr. Holaday, Director Installation Planning, and other agency representatives.

The DOD PCAP program office utilizes the AIG as a means of tracking, monitoring and coordinating requests and responses with agency coordinators. It is important to emphasize that DOD is not involved in the approval/disapproval process, which is handled exclusively by the agencies at the Assistant Secretary of the Agency for Acquisition level and delegated to some lower headquarters to address their concerns. [Ref. 26]

Approximately every quarter, Program review meetings are held by Mr. Holaday to assess PCAP input to determine if there are any regulatory reform issues generated by PCAP that should be adopted DOD wide. [Ref. 29]

Recommendations from each of the agencies are reviewed and those considered worthy of further review are forwarded to the Defense Acquisition Regulation Council for review and consideration.

Test results are evaluated by participating agencies and forwarded to the PCAP DOD program office to support a potential regulation change. If sufficient data are not currently available an extension of six months to one year

may be granted to the activity to continue research. Those initiatives submitted by the user agencies are then brought up at the next Program meeting. Those determined to be worthy of DAR Council consideration are then assigned to an agency to prepare a DAR case which is then submitted to the DAR Council. [Ref. 26]

In January of 1988, activities participating in the PCAP program were asked to discuss the program with industry. It was felt that many valid and beneficial ideas could be gained from industry and that they should be given a chance to participate and propose ideas. [Ref. 30:p. 1]

In addition, industry was consulted so that DOD procurement methods would be more in line with "commercial practices." It was felt that industry could make significant contributions toward improving procurement methods through PCAP. Each PCAP activity was asked to identify any requests originated from a commercial source, however, no requests have been received yet indicating interest by industry.[Ref. 26] There are indications that some PCAP activities and industry have been communicating, but activities indicate nothing of substance has been produced.

G. NAVY IMPLEMENTATION/PROCEDURES

The Navy was the first service to implement PCAP on May 29, 1987. Mr. Ernest Cammack, Director of Contracts and

Business Management for the Navy, in a memorandum to the ten participating Navy activities, basically reiterated Mr. Godwin's and Dr. Costello's goals and objectives for the Program and established the following seven guidelines for Navy participation [Ref. 23:p. 1]:

All correspondence, including deviation/waiver requests, is to be by Naval message. DOD AIG (Address Indicating Group) 929 has been established and is to be used for all messages. OSD, the Service Secretariats, and all program participants and their headquarters are included on the AIG. This will ensure the maximum exchange of information. All messages should be submitted using ASSTSECNV SL as the "To" addressee and AIG 929 as the "Info" addressee. The subject line must be "PILOT CONTRACTING ACTIVITIES PROGRAM."

Deviation/waiver requests should be signed out by the head of the contracting office.

Deviations/waivers to completely eliminate oversight review/documentation generally will not be considered but deviations/waivers to preparation and approval thresholds, as well as streamlining the review/documentation requirements, are encouraged.

Deviations/waivers will normally be granted for no longer than one year.

Each activity participating in the program should periodically review approved deviations/waivers (usually within six months after approval). Upon your review, you should submit your recommendation as to whether the change should be applied throughout DOD, cancelled, or subject to further test. Recommendations to adopt or cancel the change should be accompanied by sufficient documentation to support the recommendation, although detailed quantitative support is neither required nor desired. However, you should keep records pertaining to the identity of each solicitation/contract participating in the program and any protest activity related to application of the deviation/waiver. Continued testing of the deviation/waiver should continue until its expiration date pending final disposition on the recommendation.

Any activity participating in the program may request, by message, approval to apply any deviation/waiver approved for use by any of the other thirty-one program participants. The message request will apply to the same deviation/waiver.

Solicitations should provide notice to recipients as to areas for which a deviation/waiver is participating in the pilot contracting program. [Ref. 23:p. Encl 2]

As can be seen, the Navy procedures for deviation/waiver submission were simple, straight forward, and effective. Appendix B is the PCAP submission format for Navy activities (and all other agencies) for deviation/waiver requests. Appendix C is an actual request from the Naval Regional Contracting Center, Philadelphia using this format. Appendix D is a typical response from the Assistant Secretary of the Navy (S&L) to a request. Appendix E is an example of a "piggyback" or "me too" request from the Naval Air Development Center, which requests the same waiver consideration as the original request from the Air Logistics Center at Tinker Air Force Base.

Program staffing at the agency level for the Navy consists of one GM-15-1102 who handles PCAP as a collateral duty. [Ref. 31]

Due to the Navy being the first Service to implement PCAP, a copy of the Navy's implementation plan was provided to the other Services as an example by which to structure their programs. [Ref. 26] This achieved a form of standardization throughout the Services and allowed participating activities

a common reference point when communicating with other activities in different services.

H. DLA IMPLEMENTATION/PROCEDURES

PCAP was implemented on May 26, 1987 by DLA and while similar to the Services' implementation, it established specific detailed responsibilities for the participating DLA activities, Defense Electronic Supply Center (DESC) and Defense Industrial Supply Center (DISC). Additional responsibilities include:

Establish primary responsibility for the test development and operation in the Directorate of Contracting and Production.

Make broad dissemination of the test program to activity functional elements and ensure full support for test initiatives where participation/involvement of functional elements, other than Contracting and Production, is required.

Promote involvement of Center personnel in the identification of test initiatives which provide potential to meet one or more of the stated objectives.

Exercise local authority to the maximum practical extent to test alternate internal policies and procedures in support of test objectives.

Maintain a test coordinator focal point responsible for tracking progress and reporting status of test initiatives through development, execution and final reporting of results.

Make maximum use of telephone and telecopier to communicate with DLA-PPR and other test activities on development and implementation of test initiatives. [Ref. 30:pp.2-3]

In addition, DLA does not utilize the Piggyback system but instead consolidates requests and uses the MIP program to implement initiatives within DLA. DLA HQ staffing of the PCAP program is one GM-15-1102, also a collateral duty. [Ref. 32]

DLA implemented PCAP the same way as the Services and stressed that it would be planned and undertaken with existing resources. There would be no increased staffing or investment in capital expenditures not already approved [Ref. 33:p. 3].

I. ARMY/AIR FORCE IMPLEMENTATION/PROCEDURES

The Army implemented PCAP next on June 5, 1987 through a memorandum signed by Brig Gen Harry Karegeannes, Director, US Army Contracting Support Agency [Ref. 34]. The Air Force followed on June 25, 1987 with a memorandum signed by Brig Gen Kenneth Meyer, Director Contracting and Manufacturing Policy [Ref. 35:p. 1]. Both the Army and Air Force procedures were very similar to the Navy with minor exceptions.

The Air Force provided a question and answer brief to participating activities which addressed key aspects of the Program. As a result, four additional guidelines were added.

These included:

Deviation/waiver requests are not restricted to FAR, DFARS and AFFARS requirements but also to headquarters and intermediate level requirements. Requests for deviation/waiver of these requirements should be made to the appropriate headquarters with an information copy of the request to SAF/AQCO.

Only requests for regulatory relief are considered under the PCAP program. Requests for statutory relief should be submitted through normal channels.

Deviation/waiver request will be reviewed by the MAJCOM and the MAJCOM Chief of Contracting will provide a recommendation to SAF/AQC.

Deviation/waiver requests that are illegal or dangerously harmful will be denied. [Ref. 35:p. 2]

Air Force staffing consists of two collateral duty individuals headed by an O-5 [Ref. 36]. Army staffing consists of two colateral duty individuals, one O-6 and one GM-1102-15. [Ref. 37]

J. CURRENT STATUS OF THE PROGRAM

Since its beginning in May of 1987, the PCAP program has experienced a continual change and growth in the makeup and number of activities and agencies participating in the Program. Appendix A lists the initial 31 activities. The first change made to the original list of activities was the addition of two activities by the Army, the US Property and Fiscal Office, St Augustine FL and the Fitzsimmons Army Medical Center, Aurora CO and the deletion of one activity by the Navy, the Naval Construction Battalion Center, Davisville RI. These changes brought the Program to 32 activities.

The next change increased the number of participating activities to 37 and added two agencies, the Defense Communications Agency and the Defense Intelligence Agency. Activities added included:

- Headquarters, Defense Communications Agency, Washington, DC.
- Defense Commercial Communications Office, Scott AFB, IL.
- Directorate for Procurement, Defense Intelligence Agency, Washington, DC.
- Defense Construction Supply Center, Columbus, OH.
- Defense General Supply Center, Richmond VA (note: DLA tried to add all their supply centers, but this was disapproved by DOD [Ref. 36]).

Additional changes to the Program included the deletion of the US Army Support Command, Ft. Shafter, HA, and the addition of five activities including two Marine Corps activities. Those activities added were:

- Naval Ordnance Station, Louisville, KY.
- Naval Reserve Readiness Command Eleven, Dallas, TX.
- Marine Corps Base, Camp Lejeune, NC.
- Construction Battalion Center Port Hueneme, CA.

These changes brought the total number of activities to 41. [Ref. 25:pp. 7-8]

The latest change was a request from the Air Force to add three major activities:

- Air Logistics Center Ogden, UT.
- Air Logistics Center San Antonio, TX.
- Air Logistics Center Sacramento, CA.

This request was approved and brought the total number of participating activities to 44 where it currently is. [Ref. 38]

As of August 26, 1988 the PCAP program had generated 458 deviation/waiver requests. Table 1 is a breakdown of those requests. [Ref. 26]

TABLE 1 PCAP RESULTS AS OF AUGUST 26, 1988

Total number of requests received	458
Total number of responses pending (in staffing)	135
Agency responses issued	323
Number of requests ineligible (outside PCAP scope) ..	12
Total number eligible for approval	311
Total number eligible approved	227
Total number eligible disapproved	84

[Ref. 26]

Figure 3 depicts the cumulative number of requests for regulatory waivers received.

An analysis of the figures in Table 1 excluding the 12 requests which were outside the scope of PCAP because they pertained to Laws or executive orders, reveals that:

- 267 requests pertained to the FAR/DFARS (59.9%).
- 129 requests pertained to Service supplements (28.9%).
- 50 requests pertained to other directives (11.2%).
- 156 or 34% were "me too" or "piggyback" requests.

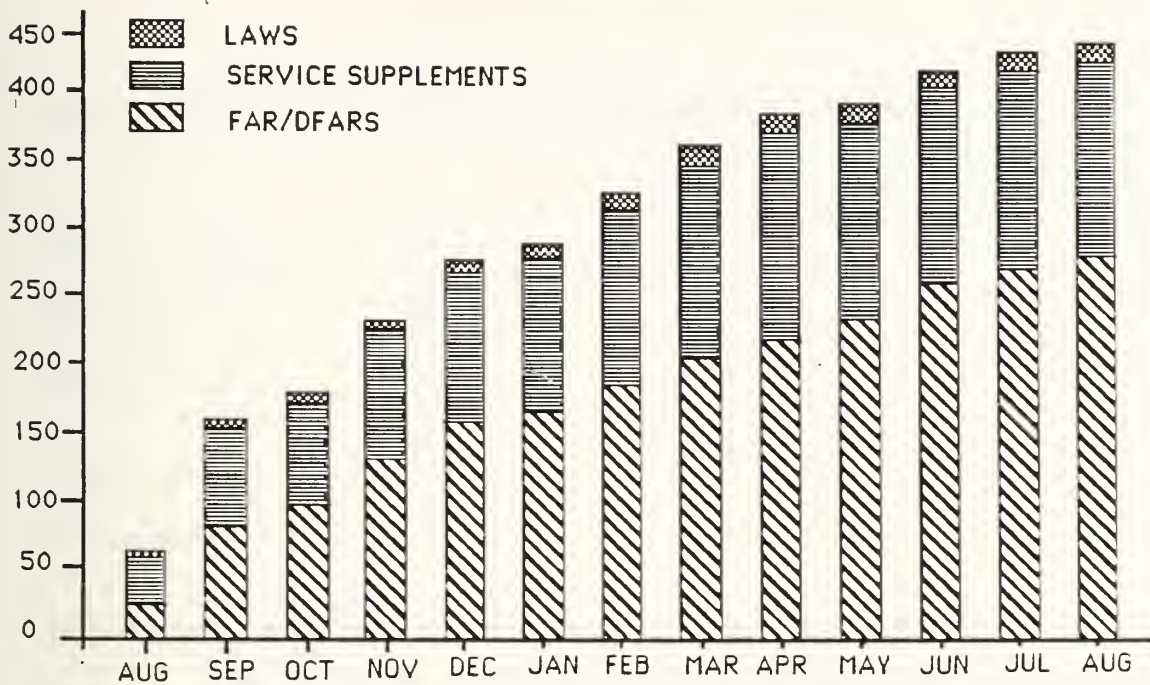


Figure 3. PCAP Cumulative Requests [Ref.26]

Additionally, the following statistical analysis of Table 1 figures indicates that:

Total requests in staffing.....	29%
Service responses	71%
Number requests approved	73%
Number requests disapproved	27%

These figures have held relatively constant since the Program was implemented with a slight variance of 1%-3% . [Ref. 26]

Table 2 is a break-down of Table 1 figures by agency according to the particular regulation concerned.

TABLE 2 SERVICE BREAKDOWN

	DEVIATIONS/WAIVERS TO:			TOTAL
	SERVICE SUPPLEMENTS	FAR/DFARS	LAW	
Requested by:				
Army	55	61	1	117
Navy	45	99	6	150
Air Force	66	95	2	163
DLA	<u>13</u>	<u>12</u>	<u>3</u>	<u>28</u>
Total	179	267	12	458
			[Ref. 26]	

These numbers can be misleading when trying to determine participation by activities or agencies. For instance, DLA appears to have only 28 total requests, but this does not take into account that DLA does not piggyback and recently "cleaned up" their Defense Logistics Agency Regulation (DLAR) Supplement prior to the PCAP program. [Ref.32]

A review of PCAP requests since Program implementation revealed that total cumulative requests have grown steadily as indicated in Figure 4. However, requests received per month have declined as indicated in Figure 5.

While activities are not under a "quota system" for generating PCAP initiatives, there has been pressure to produce and unofficial quotas have been established. Evidence of this type of pressure was a message sent from the Assistant Secretary of the Navy (S&L) to Navy PCAP activities that indicated there was concern over the lack of participation by

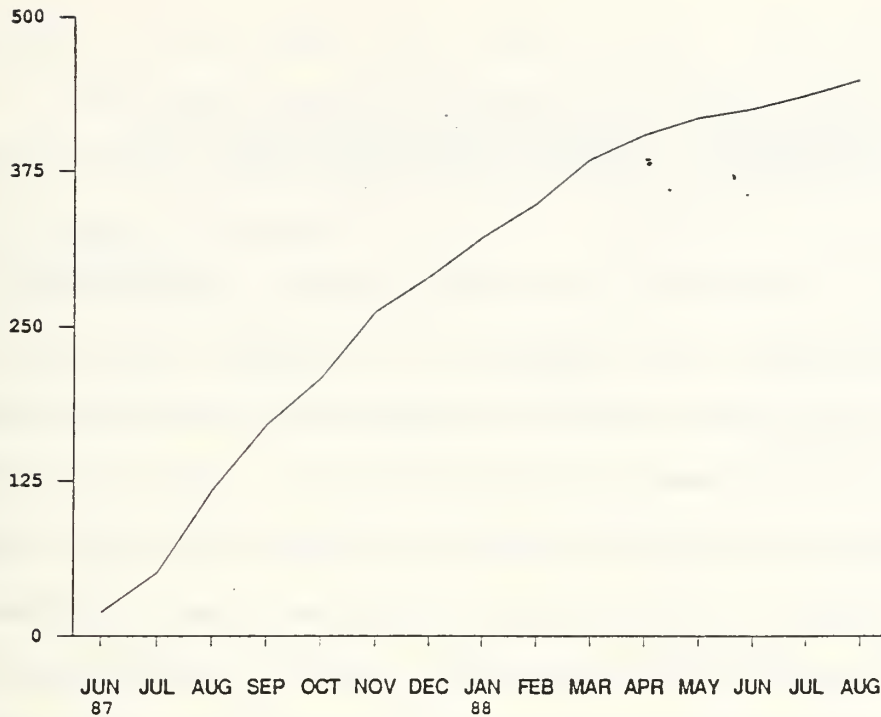


Figure 4. PCAP requests received (cumulative) [Ref. 26]

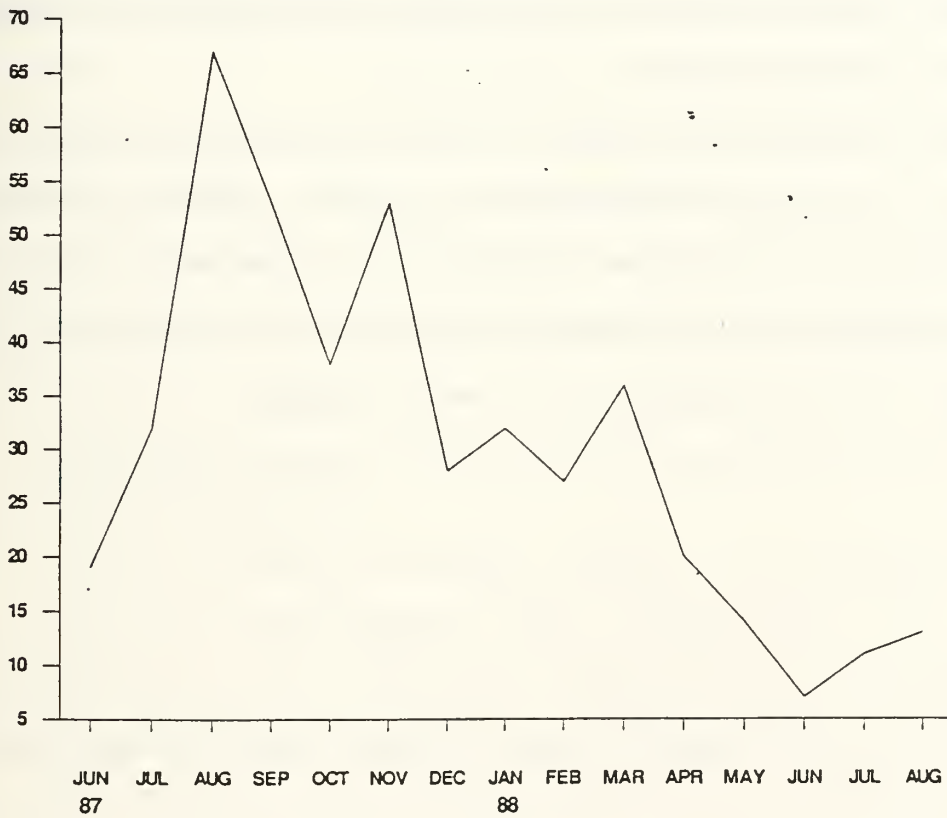


Figure 5. PCAP requests received (per month) [Ref. 26]

Navy activities. Activities were requested to submit a minimum of one initiative within 30 days. [Ref. 37]

The 458 requests received have resulted in 16 recommended changes to the FAR/DFARS. Of the 16 changes proposed to the DAR Council, two were rolled into another initiative, five were implemented, two required no changes since it was determined that the Services already had the authority and seven required further evaluation/testing. These are listed in Appendix J and are the result of the first two Program meetings which were held. The next two meetings were canceled since not enough time had gone by for sufficient data collection and evaluation by the activities. The fourth quarterly meeting took place September 30th and produced three more recommendations. [Ref. 26]

These recommended changes can be basically characterized as having lowered review/approval levels, raised thresholds and eliminated or modified procedures. In addition, PCAP has generated over 33 approved changes to Service supplements with many more under consideration. [Ref. 40:p. 6]

IV. INTERVIEW/SURVEY FINDINGS

A. OVERVIEW

Each PCAP activity is responsible for implementation and administration of the Program following the general guidelines established by Dr. Costello and each agency head. As substantial flexibility was given for PCAP input, each has used their own discretion, implementation procedures, and administration. The differences are not significant administratively, but are drastically different in the management philosophy and degree of emphasis placed on the Program.

The researcher visited six PCAP activities in the course of his research. Those six activities were:

- Naval Regional Contracting Center, Washington, DC.
- Naval Regional Contracting Center, Philadelphia, PA.
- Aviation Supply Office, Philadelphia, PA.
- Northern Division, Naval Facilities Engineering Command, Philadelphia, PA.
- Defense Industrial Supply Center, Philadelphia, PA.
- Naval Air Development Center, Warminster, PA.

In addition, the researcher conducted an extensive phone interview with Naval Supply Center, Puget Sound, Bremerton WA.

The interviews served three primary purposes:

- To visit a PCAP activity and view the implementation, administration, and management of the Program by the activity in order to get a "feel" for the manner in which this was being done at the activity level.
- To note any procedures or ideas which were particularly effective to the PCAP activity and how these procedures or ideas may be utilized by other activities.
- To determine if possible, the positive and negative aspects of the PCAP program and identify areas for improvement.

In addition to the visits to the above activities, a survey was taken with each PCAP coordinator of participating activities. The primary purpose of the survey was to elicit information and obtain views on PCAP implementation, status, administrative procedures, feedback, incentives and problems. As a secondary motive, the survey served to solicit recommendations for improving the Program.

A total of 34 surveys were mailed or hand delivered to participating activities. Activities excluded were those only recently added or deleted. Twenty surveys were returned by October 15, the cutoff date established. The research has a return rate of 58.82%. While the population size of the survey was small, the return rate is far in excess of that considered acceptable to assure survey validity.

B. PCAP ACTIVITY VISIT FINDINGS

Each of the six activities visited had established a system for managing the PCAP program and were knowledgeable

in both Program requirements and objectives. The primary difference which was noted was the level of "command interest" in the Program and the subsequent emphasis or management attention placed on PCAP. Of the six activities, two had an active and ongoing program headed by a relatively enthusiastic Program coordinator with strong management backing. Three activities were participating in the Program but had lost their enthusiasm and lacked the intensity and involvement of the first two. One activity had all but given-up on the Program and any involvement in it.

Findings from the researcher's visits can be categorized into seven areas. The five primary areas were:

- Implementation/Procedures.
- Feedback/Communications.
- Incentive/Innovation.
- Tracking/Staffing.
- Management Attitude/Emphasis.

Additionally, information was obtained in two additional areas:

- Problems/Recommendations for improvement.
- Overall Program impact on regulatory reform.

Comments received and general impressions of the researcher which were of interest or otherwise noteworthy to this research are noted below and will be discussed in Chapter V.

1. Implementation/Procedures

Implementation was accomplished by the six activities in a variety of ways, from a series of initial training sessions by the head of the contracting activity to a simple memo or letter forwarded to negotiators. The key area in the implementation of the Program seemed to be the involvement of top-management and the buyers themselves. Two activities did not push PCAP down to the buyer level, but instead retained the Program at the policy or branch head level.

Procedures for processing PCAP initiatives ranged from personnel submitting ideas on their own, filling out standard forms, to a very impressive committee review technique. The committee method consisted of senior members from each of the buying divisions (approximately ten people) headed by the PCAP coordinator, a senior CM-15-1102. Monthly meetings were held and various ideas and procurement regulations were discussed. As new PCAP requests were approved, ongoing training sessions were held to update buyers and all concerned. In addition, everyone in the Command was involved in the initial training session on PCAP.

Three of the activities did not have an ongoing PCAP program and were not actively seeking new initiatives. All six activities had a PCAP coordinator assigned to organize and manage the Program.

2. Feedback/Communications

In response to questions concerning turnaround times on PCAP deviation/waiver requests at the agency level, comments ranged from "Ok...given the resources at the agency level," to just "Ok," to "Bad, more effort needs to be expended at the ASN level." Activities as a whole did feel that DOD and the agencies needed to keep the participating activities better informed about the Program and status/update reports on PCAP requests needed to be received more often. Three of the six activities had communicated with other PCAP activities concerning the Program and four indicated communications at the agency level.

3. Incentives/Innovation

The six activities as a whole felt that the PCAP program's only incentive was to reduce the administrative burden on acquisition personnel and that there were no other incentives offered to encourage participation in the Program. Incentives offered within the six commands to encourage participation and initiatives were:

- Favorable comments in performance appraisals.
- Praise and acknowledgment.
- Possible award of cash under the beneficial suggestions program.

The area of innovation was divided into two areas, customer involvement and industry involvement. Only one activity had made any attempt to involve customer commands.

This activity mailed out letters to major customer activities describing the Program and requesting input. Nothing of significance had been received. The other five activities stated that customers were not familiar with the regulations and it would only turn into a gripe session.

Attempts to involve industry had been attempted by four activities. Two activities mailed letters to major suppliers and the other two had mentioned the Program at conferences held with industry representatives (one had over 500 attendees). Very few responses were received and those that were, recommended a change that favored their company or it turned into a gripe session.

4. Tracking/Staffing

Tracking efforts ranged from monitoring PCAP message input to a complicated time-consuming cross-reference system which followed all activity traffic. Three activities indicated that they were missing various messages and that obtaining them was sometimes difficult. Three activities stated that they carefully reviewed all messages for items of interest that could be used by their activity.

Staffing for the PCAP program was done on a collateral duty basis by all six activities. One person per activity was responsible for the Program and served as the coordinator. Of the six coordinators, three were GM-14's, two were GS-12's

and one was a GS-11. All were 1102 contract negotiators or procurement analysts.

5. Management Attitude/Emphasis

The differences found in the area of management or command attitude and consequently the emphasis placed on the Program depended on the Commanding Officer. While operational requirements and workload were certainly a factor, all activities had to establish a procedure.

The Commanding Officer and the PCAP coordinator's attitude seemed to have a profound impact on how ongoing and active the Program was. However, this was overshadowed in at least two cases by the feeling that was expressed by one coordinator. He said that "PCAP is a great program, but it's all form and no substance." In other words, activities were disappointed with results of the Program to date and apathy had set in.

While two of the activities kept the Program at the branch/director level, the other three did not and had pushed the Program down to the individual negotiator. Of note here, is the latter activities tended to have more PCAP initiatives submitted.

6. Problems/Recommendations for Improvement

Seven problems were brought up during the interviews as areas requiring improvement. Those problems were:

- There are too many regulatory reform/simplification programs in existence within DOD. Combine the programs into one program. (Two activities mentioned this)
- When an agency denies a PCAP request, they should provide more explanation and should try to give the requesting activity some way of doing it. (Two activities mentioned this)
- Lack of personnel resources at both the activity and agency level are causing problems with Program progress. (All activities mentioned this)
- Two activities were uncertain as to how long the PCAP program was going to last. If it is going to be an ongoing program, they indicated they would develop an automated method to track PCAP message traffic.
- There is too much message traffic and it is almost impossible to keep track of it. Limit the amount of traffic by having messages that only pertain to an agency go to DOD and that agency only. (Two activities mentioned this)
- Include commercial phone numbers on messages. This is due to some activities not having autovon access.
- Emphasis for finding potential PCAP initiatives differed at each activity. Some were only looking for significant impact items while others were reviewing every possible item, not matter how trivial. This area needs to be clarified.

7. Overall Program Impact on Regulatory Reform

In discussions with the various individuals the researcher asked if participants thought the PCAP program was the answer to regulatory reform. Five of the activities believed that the problem of regulatory reform was not as serious a problem for the acquisition process as that caused by the proliferation of procurement laws. There was a general feeling that there should be an effort to review statutory requirements to complement the efforts of the PCAP program.

One activity believed that acquisition problems are not entirely caused by legislative actions, but rather from the duplication of rules and regulations and the frequency of changes made to those regulations by DOD and its agencies.

C. SURVEY FINDINGS

The next step in analyzing the PCAP program and its management/implementation was to analyze the results of the surveys taken.

A copy of the Pilot Contracting Activities Program Survey, as it was titled, and the two accompanying cover letters are included in Appendix H. The researcher utilized the Organizational Universe Survey System computer program in the development of this survey [Ref. 41]. The program has been specifically adapted for use in the Administrative Sciences Department of the Naval Postgraduate School.

The Pilot Contracting Activities Program Survey was designed to solicit feedback from recipients in four areas. These were:

- Degree of feedback and communications within the PCAP program.
- Clarity and ease of Program goals/objectives, procedures and requirements.
- Emphasis on innovation in the PCAP program and Program incentives.
- Overall Program impact on regulatory reform.

• The questions for each of these areas were distributed throughout the survey to assist in validity and consistency of the responses. For each of the questions, except for numbers 21 and 22 which concerned demographic data and questions 23 through 29 which were descriptive type questions, the following format was utilized:

To what degree:

1 = To little or no degree

2 = To a slight degree

3 = To some degree

4 = To a moderate degree

5 = To a considerable degree

6 = To a great degree

7 = To a very great degree

Questions pertaining to each of the areas, as well as demographic items, and the statistical summary of responses are included in Appendix I. Chapter V will discuss the implications of these results.

V. INTERVIEW/SURVEY ANALYSIS

A. OVERVIEW

This chapter is a presentation of the researcher's analysis of findings made during visits to the six PCAP activities, five agency Program offices and survey responses. Implementing procedures and administration and management of the Program at the activity, Agency, or DOD level found to be effective, problematic, or otherwise noteworthy will be discussed. In addition, the usefulness of the PCAP program in regard to regulatory reform will also be discussed.

Each and every response from the PCAP survey will not be analyzed. Instead, analysis will be done in conjunction with interview and narrative findings. An average or mean score per question received on the PCAP survey was 4.07 with a standard deviation of 1.56. This score then is an average rating, and represents an average performance score for the PCAP program and its management. Any means which are higher or lower than 4.07 are indicative of a higher or lower than average performance in that area in the opinion of the activities who responded.

The view and opinions expressed in this independent study and analysis are those of the researcher and by no means reflect official views or the only solution to an issue.

Analysis and discussion will be divided into four main areas for ease of presentation. These areas are:

- Degree of feedback and communications within the program.
- Clarity and ease of achieving Program goals/objectives, procedures and requirements.
- Emphasis on innovation in the PCAP program and Program incentives.
- Overall Program impact on regulatory reform.

B. INTERVIEW/SURVEY ANALYSIS

1. Degree of Feedback and Communications Within the PCAP Program

Feedback and more importantly, open communication, is critical to any program or organization. Without these vitally important attributes, a program will lose direction, understanding and cohesiveness, the very same principles by which the PCAP program was designed. PCAP activities indicated a general feeling of not being properly and completely informed as to the status of the Program, Program achievements to date and most importantly (from the activity's perception) where the Program was going. Activities recognized the burdens placed on the agency level in addition to those placed on them, but felt that the same amount of resources and effort placed into the Program by the activities

should be reciprocated by the agencies. Many activities perceived a large disparity in this area. Survey question 16, "To what degree is your activity satisfied with information received about what is going on with the PCAP program?" tends, tends to confirm this finding. With a mean of 4.20 (standard deviation of 1.42) response to this question was slightly higher than the average score of 4.07. Question 6, "To what degree do you feel adequately informed about where the PCAP program is going?", had a mean of 3.65 (standard deviation of 1.50) which is significantly below the average of 4.07. This is more indicative of a specific lack of information and further validates this finding.

Effective and timely feedback is extremely important in setting the tone for a productive program. As the PCAP program continues to expand in both the number of activities and the number of initiatives being tested, it becomes vitally important that all participants remain thoroughly informed and clear as to the status of the Program, their deviation/waiver requests and most importantly the status of permanent changes to regulations so that they can see their efforts are actually accomplishing something.

Activities indicated that they only communicated with other PCAP activities when needed (usually in connection with a piggyback request). This is further validated by question 4, "To what degree does your activity exchange information

with other PCAP activities?", which had a mean of 3.65 (standard deviation of 1.93).

Another problem is that many PCAP initiatives are agency specific and not applicable to outside agencies. This is particularly true of requests which deal with a Service peculiar supplement or a lower headquarters regulation. By limiting message traffic to only a particular agency it would ease the amount of traffic going to everyone in the AIG and at the same time would lessen the administrative burden on activities.

2. Clarity and Ease of Achieving Program Goals/Objectives, Procedures and Requirements

Overall, this area ranked very high and activities felt that Program goals and objectives were extremely clear, readily understood, and supported. Activities indicated they understood and agreed with the direction of the PCAP program and were generally enthusiastic toward its goals. Question 5, "To what degree does the PCAP program have goals and objectives that are clear?", confirmed this with a mean of 5.05 (standard deviation of .99). Not only was this response significantly above the average of 4.07 but the responses were relatively bunched around the mean and 80% of the respondents answered 5 or 6 on this question.

PCAP deviation/waiver procedures were considered adequate and not overly burdensome as indicated by survey question number 2, "To what degree are the PCAP waiver request

procedures adequate?", which had a mean of 5.05 and a standard deviation of .95. Again this was significantly higher than the 4.07 average.

Conversely, activities indicated in question 7, "To what degree has PCAP caused additional workload?" which had a mean of 3.70 (standard deviation of 1.69) and question number 6, "To what degree do you have to go through a lot of red tape to get things done?", which had a mean of 3.90 (standard deviation of 1.62) indicated the administrative requirements of the Program were not overly burdensome. This was confirmed by narrative responses in both interviews and survey responses. However, activities indicated that administrative requirements such as filing, and tracking of benefits/costs tended to overshadow benefits.

While activities might have a short term focus on cost-benefit relationships, it only reinforces the need for DOD and its agencies to communicate with activities and remind them of two important facts. First, the change process is slow and a necessarily painstaking one. Second, that benefit/cost information is needed to justify changes to Congress and more importantly to build a case for legislative changes. Since activities are more concerned with the here and now, it is up to DOD and the agencies to try to reduce the perception of an administrative burden by not only selling the Program but also by reducing and simplifying

procedures/requirements where possible. Possible areas for simplification are:

- Restricting message traffic for agency specific requirements.
- Granting disapproval/approval to all activities within an agency (as DLA does).

These changes would eliminate redundant piggyback requests and their corresponding responses.

DOD needs to clarify the type of initiatives which are being sought. Emphasis at activities was different. Some were looking for initiatives which would have a significant impact, while others had taken the approach that anything, no matter how small, was a potential initiative as DOD had originally indicated. This difference in perspective may be due to informal guidance from the agency level to limit initiatives which were relatively insignificant.

3. Emphasis on Innovation in the PCAP and Program Incentives

As indicated in Chapter IV, all activities visited and a substantial number of survey respondents indicated the only "incentive" to participate in the PCAP program was the prospect of being able to fix the system and decrease the administrative burden placed on them. While this is surely a primary benefit, activities often became frustrated when agency response times were extremely slow on PCAP requests or approvals had so many caveats/stipulations that they were virtually useless.

Activity motivation and enthusiasm for the Program has dropped significantly over the past few months, an example of this is evident from the following remark made by one activity, "the Program has been a major disappointment." This is especially true since there have been so few permanent changes made to date.

Unfortunately, most activities have not stressed the Program (possibly due to the lack of emphasis at the DOD and agency level). An indication of this was obtained by the answers to survey question 19, "To what degree is the PCAP program stressed at your activity?", which had a mean of 4.05 (standard deviation of 1.64). While the mean is very close to the average of 4.07, 45% of the respondents answered 3 and below indicating little emphasis being placed on the Program. Question 12, "To what degree do you feel your activity has an incentive to find new problems/areas to work on?", further validates these findings with a mean score of 4.10 (standard deviation of 1.52). Activities need to stress PCAP, formalize it by establishing a structured method of generating initiatives, and focus management attention on it. Otherwise, PCAP progress in regulatory reform and increasing the contracting officer's authority will continue to be frustrated. Incentives activities could use to encourage initiatives are:

- Praise/recognition.
- Formal recognition.
- Favorable input on evaluations.
- Publish/advertise successes.
- Monetary awards.
- Cost Savings Share Program.

The Cost Savings Share Program is an idea which originated at the Naval Supply Center, Oakland and basically allows activities to share in cost savings originated within the command, at a rate of 50-50, 50% going to the Navy and 50% to the individuals at the activity. The Cost Savings Share Program while not now operational (being reviewed by the Naval Supply Systems Command) offers a means by which activities could motivate personnel to actively participate in the PCAP program.

Survey question 13 is perhaps the most revealing in this area, "To what degree do you experience a feeling of accomplishment in your work with PCAP?", which had a mean of 3.85 (standard deviation of 1.46). Comments made during interviews and in the narrative section of the survey indicate that activities are frustrated with their efforts and simply do not see anything being done.

The Program is simply not producing as the activities think it should. The following statement made by one of the activities expresses this attitude fairly well:

We undertook a major effort when the Program first started. The response at higher levels was extremely disappointing. This has caused an attitude of general indifference towards the Program.

This type of attitude is primarily due to apathy. A principal aspect of the PCAP program, when it was originally created, was to utilize the enthusiasm and innovation of field contracting personnel. Unfortunately, the Program seems to be having the opposite effect. Figure 5, PCAP Requests received per month, indicates a relatively steady decline in the number of requests submitted monthly since the Program started and tends to confirm this perception. This decline is even more significant when viewed against the fact that the PCAP program has grown from 31 to 44 activities during the same time period. This decline can not be attributed to the Program having found all the problems or areas requiring change, since PCAP has barely scratched the surface as many respondents noted. Again, DOD and the agencies simply need to do a better job of promoting the Program, publicizing results and pushing permanent changes. This is even more important since the most obvious problems have already been identified by the field.

In the area of innovation, which is one of the basic precepts that the PCAP program was built on, activities felt that agencies need to approve more of the substantive requests and reduce the number of restrictions being placed on certain approvals. While the agencies as a whole can point to an

approval rate of slightly more than 73%, there is a perception in the field that superiors are hesitant on extending themselves. PCAP is a test, and as such, activities should be allowed to try an idea. If you never try, you will never know. This is especially true in the area of piggybacks. When one agency approves a request and another agency then disapproves a piggyback on the approved request, frustration and apathy results.

Activities for the most part have not involved their customers and have not actively pursued Mr. Holaday's request, mentioned earlier, to include industry in the PCAP program. Survey question 18, "To what degree has your PCAP program involved private industry?", which had a mean of only 2.05 (standard deviation of 1.51) fully supports this finding.

While activities gave various reasons for not involving industry, they should have made an attempt to gain insight to form a user viewpoint. Appendix I is a copy of a letter sent to the primary customers of Naval Regional Contracting Center, Philadelphia and is an example of how involvement might be attempted at both the customer and industry level.

4. Overall Program Impact on Regulatory Reform

As noted in the previous chapters, the key area in the implementation of the PCAP program was the involvement of top-management and the contract specialist (1102s). It stands

to reason that a program will produce more if it has the interest of management and the involvement of hands-on specialist people where changes will have the biggest impact. Conversely, without this interest, program results will be mediocre. The activity which employed the committee method clearly had top-management support and a sincere interest and desire to make the PCAP program work for their activity. In addition to this support, the Program was pushed down to the lowest level and initiatives were actively pursued through the committee. This activity produced about the same number of PCAP initiative as the other five activities combined and was also the top producer of PCAP requests in the Navy.

While the number of initiatives produced is not a clear measurement of performance, it does indicate what can be achieved when the Program is strongly supported. The key here is not that a committee has to be formed, but that a formal, systematic method was developed to support the Program's goals. Appendix J is a copy of the form used by the U.S. Army Tank Automotive Command that reduced the administrative burden on initiators of PCAP requests. Appendix K is a copy of the Tank Automotive Commands cost/benefit tracking sheet which simplifies the tracking process of deviations requested and waivers granted.

A majority of the activities indicated that while PCAP was making some progress, more could be done within DOD.

Survey question 15, "To what degree is PCAP making a meaningful contribution toward regulatory simplification?", which had a mean of 4.00 (standard deviation of 1.34) which is slightly less than the average of 4.07, tended to reflect this finding. Of the responses received, 50% answered 3 and below on this question. Question 10 is more revealing, "To what degree are you satisfied with the pace of change brought about by PCAP?" which had a mean of only 3.50 (standard deviation of 1.32), with 60% of the respondents answering 3 or 4.

Unquestionably, the PCAP program is still relatively new and has only recently marked its first anniversary. Activities are just now reporting results on many initiatives to agency heads for review. PCAP guidelines established a parameter of "few disapprovals," with disapprovals actually running at a relatively steady 27%. With approximately four to 6 permanent changes made by the DAR Council so far and an additional 30-40 changes to Service supplements and other regulations, this gives an approximate success rate for the Program of only ten percent. At this rate, DOD will never eliminate the burdensome and unnecessary regulations and rules which constrain contracting officer authority.

A "culture change" has to occur within the PCAP program. Three of the Programs original guidelines must be reemphasized: fast evaluation, few disapprovals and support

from the agencies "demonstrating that trying ideas is what this Program is all about." [Ref. 25:p. 21]

The DAR Council operates slowly and this does not facilitate the PCAP process or acquisition reform efforts in general. This observation was echoed by the DOD Inspector General, June Gibbs Brown, who accused the DAR Council of frustrating acquisition reform. [Ref. 42:p. 497]

VI. CONCLUSIONS/RECOMMENDATIONS

A. CONCLUSIONS

The Pilot Contracting Activities Program exists as a means by which the Department of Defense can ease the ever increasing burden of regulations and micro-management of the acquisition process. The power of the PCAP program is its emphasis on field acquisition personnel. It is acquisition personnel submitting reform ideas and it is acquisition personnel approving/disapproving these requests. It is the ability of the PCAP program to deviate from regulations and requirements and ultimately make permanent changes that make it an important vehicle to initiate change.

The general purpose of this research effort has been to assess the implementation, management and administration of the PCAP program and its ultimate impact on regulatory reform.

The activities and agencies have done a good job overall of implementing, administering and managing the PCAP program, considering the limitations on resources and the restrictions placed on the Program. As one PCAP survey respondent stated, "PCAP has been ineffective in overcoming the stifling, process oriented, regulation oriented system that results from the political environment." Despite this major drawback, the PCAP

program, half way through its second year of existence, continues to develop initiatives for regulatory simplification. However, this progress continues at a decreasing rate as a result of no significant changes resulting from input from the field. In visits to participating activities and in reviewing survey responses, the researcher noted a strong belief in the purpose of the Program but little enthusiasm that it would really result in regulatory change. Additionally, activities are also disillusioned with the Program because it was not allowed to address legislative reform as well. One of the long-range goals of the Program is to obtain data to support a DOD effort to approach Congress with quantifiable data to support changes and to encourage an effort of legislative procurement reform. An important observation is that the PCAP program has just now reached a stage where activities are reporting deviation/waiver usage and benefit data to their agency head. Thus, in all actuality, it is still too early to realistically determine PCAP success in promoting regulatory reform.

The DOD acquisition process has, for many years, been the subject of frequent reviews and reforms. Since the PCAP program is in a dynamic world and process, the effects of change brought about by the Program might not be understood for several years to come. Senior DOD management and Congressional policy makers need to start assessing the long

term effects of policy changes and the resulting proliferation of regulations that follow.

The agencies must be prepared to forfeit a greater measure of control over the Program and allow activities to test more deviations and waivers. The key to the PCAP program lies in its ability to implement an initiative DOD-wide if it proves to be successful. This has not happened for a number of reasons. PCAP activities are discouraged. When people can see that they can make a difference in the system they are more willing to put forth the effort needed to support change.

While the efforts of the PCAP program can go far in improving the DOD acquisition process, it is important to remember the words of the Packard Commission who stated:

Excellence in defense management will not and can not emerge by legislation or directive. Excellence requires the opposite--responsibility and authority placed firmly in the hands of those at the working level, who have knowledge and enthusiasm for the tasks at hand [Ref. 15:p. 12]

If the PCAP program is to live up to early expectations and become a viable and productive program, it must be augmented by a similar effort in Congress and it must show results by making permanent changes.

The PCAP program is not just another regulatory reform program. PCAP offers a real time method of making changes to procurement regulations which were initiated by acquisition personnel. The Program has the potential of not only bettering the procurement process but of enhancing Dr.

Costello's "Culture Change" goal if properly handled. The original research question of whether or not the PCAP program has had an impact on regulatory reform is unclear and certainly questionable at this time. Its goal of making it easier and quicker for contracting personnel to get line managers and commanders the quality products and services they need, when they need them is still a possibility and hopefully will become a reality by fully utilizing the opportunities offered by the PCAP program.

B. RECOMMENDATIONS

Through evaluation of findings from visits to the six activities, agency Program offices and the responses received from the PCAP survey the researcher has developed the following recommendations. It is recognized that the implementation of some of the recommendations may not be feasible or for some unknown reason impossible to implement in the immediate time frame, but their eventual inclusion into the Program should result in a stronger more viable program in the future. The first seven recommendations focus on actions for the DOD.

DOD Recommendations

- Recommendation 1: Issue periodic (monthly) updates to agencies and activities on the status of the Program and indicate that PCAP will continue to be the primary vehicle for procurement regulatory change.
- Recommendation 2: Reenergize the PCAP program. Incentivize the activities to participate in the Program

by making quicker changes without caveats attached. Develop a streamlining attitude towards regulations within the DAR Council.

- Recommendation 3: Consider opening the Program to more activities.
- Recommendation 4: Consider undertaking a complete reform and consolidation of all DOD procurement regulations, notices and instructions.
- Recommendation 5: Attempt to develop a program with Congress which would address statutory reform and study regulatory reform and its impact on the procurement process.
- Recommendation 6: Reduce the administrative burden on activities participating in the PCAP program by limiting message traffic dealing with Service supplements and regulations peculiar to only one Service.
- Recommendation 7: Strongly encourage agency heads to approve more initiatives.

Agency Level

- Recommendation 8: Increase feedback and its frequency of status to participating activities.
- Recommendation 9: Improve waiver turnaround time to be more responsive to deviation requests.
- Recommendation 10: Improve coordination between agencies. When one agency approves a request, PCAP activities in other agencies should be allowed to follow suit.
- Recommendation 11: When granting deviations, give approval to all PCAP activities within the agency.
- Recommendation 12: Institute the following administrative changes:
 1. Have commercial telephone numbers included on message traffic.
 2. Develop a consistent method of numbering requests and referring to message traffic, whether it be the original message date time group, request number, or subject matter.

3. If the researchers recommendation number 6 is not implemented, indicate in PCAP requests that the message is of interest to only a particular agency.
4. Include PCAP reference numbers in all message traffic.

Activity Level

- Recommendation 13: Develop incentives to promote greater participation by individuals. Suggested incentives include:
 1. Verbal recognition.
 2. Formal recognition.
 3. Training opportunities.
 4. Favorable comments in performance evaluations.
 5. Awards.
 6. Institute a Productivity Gains Sharing (cost avoidance) program similar to the Naval Supply Center, Oakland program.
- Recommendation 14: Look at all potential areas of change, not just the areas which offer large and easily observable changes.
- Recommendation 15: Develop a systematic, formalized method of pursuing ideas worthy of a PCAP submission.

C. AREAS FOR FURTHER RESEARCH

If the PCAP program proves to be a success, examine the possibility of utilizing a similar program to address statutory areas. This program would require Congressional action to provide freedom from acquisition regulations.

APPENDIX A

31 INITIAL PCAP ACTIVITIES

Army

1. U.S. Army Tank-Automotive Command, Warren, MI
2. U.S. Army Engineer District, Tulsa, OK
3. U.S. Army Infantry Center and Fort Benning, GA
4. U.S. Army Quartermaster Center and Fort Lee, VA
5. U.S. Army Armament, Munitions and Chemical Command, Rock Island, IL
6. XVIII Airborne Corps and Fort Bragg, NC
7. 24th Infantry Division and Fort Stewart, GA

NAVY

8. Naval Air Development Center, Warminster, PA
9. Naval Air Systems Command, Washington, DC
10. Naval Construction Battalion Center, Davisville, RI
11. Northern Division, Naval Facilities Engineering Command, Philadelphia, PA
12. Pacific Division, Naval Facilities Engineering Command, Pearl Harbor, HI
13. Naval Regional Contracting Center, Philadelphia, PA
14. Naval Regional Contracting Center, Washington, DC
15. Naval Supply Center, Puget Sound, Washington, WA
16. Navy Aviation Supply Office, Philadelphia, PA
17. Navy Ships Parts Control Center, Mechanicsburg, PA

AIR FORCE

18. Contracting Division, Norton AFB, CA
19. 3303 Contracting Squadron, Randolph AFB, TX
20. Washington Area Contracting Center, Andrews AFB, MD
21. U.S. Air Forces Europe Contracting Center, Lindsey AS, West Germany
22. Directorate of Contracting, Warner-Robins Air Logistics Center, Robins AFB, GA
23. Directorate of Contracting, Oklahoma City Air Logistics Center, Tinker AFB, OK
24. Research and Development Contracting, Electronic Systems Division, Hanscom AFB, MA
25. Research and Development Contracting, Armament Division, Eglin AFB, FL
26. Rail Mobile Garrison Program, Norton AFB, CA
27. Directorate of Expendable Launch Systems, Los Angeles AFS, CA

28. Mark 15 IFF Avionics Program, Wright-Patterson AFB, OH
29. Air National Guard Operational Support Aircraft,
Aeronautical Systems Division, Wright-Patterson AFB, OH

DEFENSE LOGISTICS AGENCY

30. Defense Electronics Supply Center, Dayton, OH
31. Defense Industrial Supply Center, Philadelphia, PA

APPENDIX B

DEVIATION/WAIVER REQUEST MESSAGE FORMAT

FM: (requesting activity)

TO: ASSTSECNAV SL

INFO: AIG 929

UNCLAS //04200//

SUBJ: PILOT CONTRACTING ACTIVITIES PROGRAM

A. REFERENCE: (Specifically identify citation from the FAR/DFARS/Regulation for which deviation/waiver is requested, e.g. DFARS 17.7003-2. Do not merely refer to the Part, Subpart or regulation number unless deviation/waiver from the entire Part, Subpart or regulation is requested).

1. PASS TO: ASSTSECNAV SL CBM

2. REQUEST NUMBER: (Each request is to be assigned a symbol followed by a serial number. Use the symbol assigned to your activity by NARSUP 1.690-4(b) (1). The initial serial number for each request is 1. Each subsequent request is to be numbered with the next consecutive number. For example, the initial request for NRCC Philadelphia would be PHL-1. The fourth request would be PHL-4, etc.).

3. CURRENT REQUIREMENT: (Give brief description).

4. DEVIATION/WAIVER REQUESTED: (Give brief description).

5. RATIONALE/JUSTIFICATION: (Give brief support for deviation/waiver requested).

6. EXPECTED BENEFITS: (Briefly describe expected benefits to be achieved).

7. CRITERIA FOR DETERMINING SUCCESS: (Briefly describe how application of the deviation/waiver will be measured to determine its success).

8. STATUTORY/ EXECUTIVE ORDER IMPLICATIONS: (Include a statement that approval of the deviation/waiver will not violate any statute or executive order).

9. POINT OF CONTACT: (Identify name and phone number for individual having cognizance over the request. Both commercial and autovon phone numbers should be provided).

APPENDIX C

DEVIATION/WAIVER REQUEST

R 171700Z SEP 87 ZYB

FM: NAVREGCONTEN PHILADELPHIA PA

TO: ASSTSECNAV SL WASHINGTON DC

INFO:AIG NINE TWO NINE

UNCLAS: //04200//

SUBJ:PILOT CONTRACTING ACTIVITIES PROGRAM (PCAP)

A. DFAR 7.103(C) (2) (II)

B. NARSUP 7.103(D) (3)

C. FAR 6.302-3

D. NAVREGCONTEN PHILADELPHIA PA 141715Z AUG 87

1. PASS TO ASSTSECNAV SL CBM

2. REQUEST NUMBER: PHL-10

3. CURRENT REQUIREMENT: SUBMISSION OF A FORMAL AP IAW REFS A AND B FOR SINGLE SOURCE REQUIREMENT ACQUIRED IAW REF C.

4. DEVIATION/WAIVER REQUESTED: REQUEST WAIVER OF AP SUBMISSION.

5. RATIONALE/JUSTIFICATION: THE NEED FOR AP IS EVIDENT WHEN PROCUREMENT STRATEGY IS A MAJOR CONSIDERATION IN THE ACQUISITION PROCESS. A TEAM OF PLANNERS CONSISTING OF TECHNICAL, LEGAL, FISCAL, AND CONTRACTING PERSONNEL ARE NEEDED TO CONSIDER ALL ASPECTS OF A PROPOSED ACQUISITION. aP REQUIREMENT IS NOT NEEDED IN THE CASE WHERE THE CONTRACTING ACTIVITY IS DIRECTED TO A PARTICULAR SOURCE IN ORDER TO ESTABLISH OR MAINTAIN AN ESSENTIAL ENGINEERING, RESEARCH, OR DEVELOPMENT CAPABILITY OR A FEDERALLY FUNDED RESEARCH AND DEVELOPMENT CENTER. OVERSIGHT OF PROGRAM CAN BE ACHIEVED THRU REVIEW OF J AND A.

6. EXPECTED BENEFITS: WAIVER OF AP REQUIREMENT WOULD STREAMLINE THE ACQUISITION PROCESS, REDUCE PALT, AND IMPROVE EFFICIENCY BY REDUCING UNNECESSARY WORK.

7. CRITERIA FOR DETERMINING SUCCESS: PALT AND MANHOUR SAVINGS.

8. STATUTORY/EXECUTIVE ORDER IMPLICATIONS: APPROVAL OF WAIVER WILL NOT VIOLATE ANY STATUTE OR EXECUTIVE ORDER.

9. POC: B.J. MCDEVITT, AV 443-5490.

BT

APPENDIX D

DEVIATION/WAIVER REQUEST REPLY

R 141658Z DEC 87 ZYB

FM: ASSTSECNAV SL WASHINGTON DC

TO: RHWIBWA/NSC PUGET SOUND WA

INFO: AIG NINE TWO NINE

BT

UNCLAS //N04200//

SUBJ: PILOT CONTRACTING ACTIVITIES PROGRAM

A. NSC PUGET SOUND WA 061530Z OCT 87

B. OASN(S&L) MEMO OF 29 MAY 87

1. REQUEST NUMBER: NSCPS-09.

2. IN RESPONSE TO REF A, A CLASS DEVIATION FROM FAR 8.405-1(A) IS APPROVED TO ALLOW THE ORDERING OFFICE TO FULLY JUSTIFY IN THEIR CONTRACT FILE, ANY ORDERS OVER ONE THOUSAND DOLLARS (\$1,000), VICE FIVE HUNDRED DOLLARS (\$500), PER LINE ITEM PLACED AT OTHER THAN THE LOWEST PRICE. THIS DEVIATION IS APPROVED WITH THE UNDERSTANDING THAT (1) ORDERS ARE DISTRIBUTED EQUALLY AMONG SCHEDULE CONTRACTORS TO THE MAXIMUM PRACTICAL EXTENT, AND (2) THE PRICE OF THE PREVIOUS SUPPLIER BE CONSIDERED BEFORE PLACING A REPEAT ORDER. THIS DEVIATION IS GRANTED FOR PERIOD ENDING 30 SEP 88. REQUEST YOU SUBMIT RECOMMENDATIONS FOR ANY CHANGES, CANCELLATION OR CONTINUATION AFTER SIX MONTHS (SEE ENCL (2) TO REF (B)).

3. FAR DEVIATION CONTROL PCAP 87-10 APPLIES.

BT

APPENDIX E

"PIGGYBACK" OR "ME TOO" MESSAGE

FM NAVAIRDEVCON WARMINSTER PA

TO ASSTSECNAV SL WASHINGTON DC

INFO AIG NINE TWO NINE

UNCLAS //N04200//

SUBJ PILOT CONTRACTING ACTIVITIES PROGRAM (PCAP)

A. ALC TINKER AFB OK 191850Z AUG 87

B. NRCC PHILADELPHIA PA PIGGYBACK REQUEST NUMBER PHL-25

1. PASS TO ASSTSECNAV SL CBM.

2. REQUEST NUMBER: NADC-004 (PIGGYBACK)

3. ORIG STRONGLY SUPPORTS REF A, REQUEST TO WAIVE REQ FOR FILE DOCUMENTATION WHEN COMPETITIVE PROPOSALS ARE USED IN LIEU OF SEALED BIDS. REF B ALSO REQUESTED A PIGGYBACK TO REF A.

4. REQUEST THIS SAME WAIVER, IF GRANTED, APPLY TO WARMINSTER.

5. OUR POC IS TOM REITER, CODE 845P, AV 441-1043.

6. J. DRUMMOND, CONTRACTING OFFICER SENDS.

APPENDIX F

PCAP PROPOSALS FOR DOD-WIDE IMPLEMENTATION

1. Allow annual vice semiannual BPA file review. (FAR 13.205)
2. Exclude individual sureties for bid, performance, payment bonds for construction contracts. (FAR 28.201)
3. Eliminate option documentation requirements. (FAR 17.205(a))
4. Delete requirements for ammo safety clauses for marksmanship team buys. (DFARS 23.7002, 52.223-7001)
5. Change threshold for FSS justification (when not using lowest price) from \$1000 (per FAC 84-32) to \$2,500. (FAR 8.405-1)
6. Eliminate clause updates for less than fully priced orders under BOA's and provisioned items. (DFARS 17.7504(b), 52.216-25)
7. Allow for an organizational conflict of interest clause vice HCA approval of conflict of interest situations. (FAR 9.504/507)
8. Eliminate requirements for acquisition plans in sole source-directed FMS procurements. (DFARS 7.103(c)(2)(ii))
9. Eliminate requirements for acquisition plans in unsolicited R&D projects. (DFARS 7.103(c)(2))
10. Let contracting officers set multiple award evaluation factor. (FAR 15.407(h))
11. Eliminate requirement for Limitation of Government Liability Clause in BOA and Provisions Item when use of Ceiling Priced Orders is planned. (FAR 16.603-4(b)(2); 52.216-24)
12. Allow HCA to delegate bidder prequalification authority. (DFAR 36.273)
13. Eliminate file documentation for other than repetitive FFP purchases. (FAR 16.103(10))
14. Exclude Sections K&M of UCF for 8A contracts. (FAR 15.406-5(a) and (c))

15. Eliminate file documentation requirements when using other than sealed bidding. (FAR 6.401)
16. Provide for HCA to delegate approval authority for price increases of 25% or more in centrally managed sole source parts procurements. (DFARS 17.7203(e)(2))

APPENDIX G

PCAP SURVEY AND ACCOMPANYING LETTERS

THE OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, D C. 20301-8000



PRODUCTION AND
LOGISTICS

31 AUG 1988

(P)DARS-RR

TO WHOM IT MAY CONCERN:

Subject: Pilot Contracting Activities Program (PCAP)

The attachment to this letter is a survey regarding the implementation and conduct of the PCAP program at your activity. This survey is being conducted by LCDR (Sel) Robert Palmquist, a student at the Naval Postgraduate School in Monterey, California who is collecting this data for his master's thesis on the program.

This survey is not a "report card" grading your efforts. It is, however, a sincere effort to evaluate the overall program and make improvements to enhance it's usefulness and operation in the field and at higher headquarters. Recommendations contained in LCDR Palmquist's thesis will be expeditiously evaluated for application to the program. I solicit a few minutes of your time and candor in completing the attached questionnaire.

Sincerely,

A handwritten signature in dark ink, appearing to read "Peter Pótochney".

Peter Pótochney
Assistant for Regulatory
Reform

Attachment

September 6, 1988

Major Dale Coburn
Pilot Contracting Activities Program Coordinator
Fitzsimons Army Medical Center
Aurora, CO

Dear Major Coburn,

In May of 1987 Mr. Richard Godwin, the Under Secretary of Defense for Acquisition, established the Pilot Contracting Activities Program (PCAP). The PCAP program's major goal is to make it easier and quicker for Department of Defense acquisition personnel to do their jobs by waving requirements of the FAR, DFARS, service supplements, and any other DOD procurement regulation not specifically required by statute or executive order. Since your activity is a participant in the PCAP program, I'm writing to you to ask for your support in my effort to research and better understand the implementation and administration of this worthy program.

My name is Lieutenant Commander (sel) Rob Palmquist. I'm currently involved in a study at the Naval Postgraduate School in Monterey, California to analyze the PCAP program in general and more specifically the implementation of the program by participating activities. I am working closely with Mr. Pete Potochney (ASD (P&L)P/DARS/RR) who directs the PCAP program at the DOD level in this endeavor.

I request that you take just a few minutes out of your busy schedule to complete the enclosed survey form and return it to me via the enclosed return envelope by September 26, 1988. I must emphasize one important point, that this study is one of your activity's implementation and organization of the PCAP program, and it is not a study of your activity's performance.

My hope is to make recommendations which will be of help to both the PCAP program and allow DOD to better realize potential benefits from similar programs in the future. Your cooperation and assistance is greatly appreciated.

Sincerely,

Robert J. Palmquist
Lieutenant Commander (sel)
Supply Corps
United States Navy

Pilot Contracting Activities Program Survey

Below are 20 questions. Please circle your response on the scale for the item.

- Response scale:
- 1 - To little or no degree
 - 2 - To a slight degree
 - 3 - To some degree
 - 4 - To a moderate degree
 - 5 - To a considerable degree
 - 6 - To a great degree
 - 7 - To a very great degree

- | To what degree: | circle response |
|--|-----------------|
| 1. does your activity solicit the opinions and ideas of employees regarding PCAP? | 1 2 3 4 5 6 7 |
| 2. are the PCAP wavier request procedures adequate? | 1 2 3 4 5 6 7 |
| 3. do you experience a feeling of accomplishment in your work with PCAP? | 1 2 3 4 5 6 7 |
| 4. does your activity exchange information with other PCAP activities? | 1 2 3 4 5 6 7 |
| 5. does the PCAP program have goals and objectives that are clear? | 1 2 3 4 5 6 7 |
| 6. do you feel adequately informed about where the PCAP program is going? | 1 2 3 4 5 6 7 |
| 7. do you have to go through a lot of red tape to get things done? | 1 2 3 4 5 6 7 |
| 8. is there emphasis on innovation in the PCAP program? | 1 2 3 4 5 6 7 |
| 9. are the administrative procedures of PCAP supportive of its goals? | 1 2 3 4 5 6 7 |
| 10. are you satisfied with the pace of change brought about by PCAP? | 1 2 3 4 5 6 7 |
| 11. do you receive adequate feedback on the outcomes of your wavier requests? | 1 2 3 4 5 6 7 |
| 12. do you feel that your activity has an incentive to find new problems/areas to work on? | 1 2 3 4 5 6 7 |

Pilot Contracting Activities Program Survey

- Response scale:
- 1 - To little or no degree
 - 2 - To a slight degree
 - 3 - To some degree
 - 4 - To a moderate degree
 - 5 - To a considerable degree
 - 6 - To a great degree
 - 7 - To a very great degree

- To what degree: circle response
- 13. is the PCAP program able to incorporate changes into your ordinary way of doing business? 1 2 3 4 5 6 7
 - 14. does the PCAP program place value on keeping things simple? 1 2 3 4 5 6 7
 - 15. is PCAP making a meaningful contribution toward regulatory simplification? 1 2 3 4 5 6 7
 - 16. is your activity satisfied with the information received about what is going on with the PCAP program? 1 2 3 4 5 6 7
 - 17. are PCAP wavier requests answered in a reasonable time period? 1 2 3 4 5 6 7
 - 18. has your PCAP program involved private industry? 1 2 3 4 5 6 7
 - 19. is the PCAP program stressed at your activity? 1 2 3 4 5 6 7
 - 20. has PCAP caused additional workload? 1 2 3 4 5 6 7

Circle the appropriate response for the following items.

- 21. What agency is your activity in:
 - 1 - Navy
 - 2 - Army
 - 3 - Air Force
 - 4 - DLA
 - 5 - Other
- 22. What type of activity is your command:
 - 1 - Systems Command
 - 2 - Inventory Control Point
 - 3 - Stock point
 - 4 - Buying office
 - 5 - Lab

- 6 - program office
- 7 - base contracting
- 8 - other

Please indicate in the space provided your response to the following items. (additional sheets may be added if desired)

23. How did your activity implement the Pilot Contracting Activities Program? What specific implementing strategies did your activity utilize? _____

24. What type of organization was developed to run the PCAP program within your activity? How many people (by grade and position) do you have assigned to the PCAP program? Are these full-time or a collateral duty?

25. What process do you utilize in recognizing or identifying potential procurement rules/procedures which could be submitted for consideration under PCAP? _____

26. What type and frequency of feedback do you receive from the PCAP organization at the agency level? the DOD level? your

own organization? private industry? _____

27. What are the main advantages/disadvantages of PCAP?

28. What incentives are being utilized to generate ideas/recommendations externally? Internally?

29. What recommendations would you make for improving the PCAP program?

If your activity has developed local instructions, directives or guidelines would you please enclose a copy with this survey. (any organizational charts, flow charts etc dealing with PCAP would also be useful).

Comments regarding any other area of the PCAP program which you would like to make are welcomed.

Thank you for your assistance

APPENDIX H

SUMMARY OF SURVEY RESPONSES

Degree of Feedback and Communications within the PCAP program

Question 4: To what degree does your activity exchange information with other PCAP activities?

<u>Response</u>	<u>Freq.</u>	<u>Percent of Total Responses</u>
1	4	***** (20.0%)
2	2	***** (10.0%)
3	4	***** (20.0%)
4	2	***** (10.0%)
5	4	***** (20.0%)
6	3	***** (15.0%)
7	1	** (5.0%)
Total=	20	

<u>Mean</u>	<u>Standard Deviation</u>	No responses = 0
Composite = 3.65	Composite = 1.93	
Navy = 4.39	Navy = 1.75	
Air Force = 3.57	Air Force = 2.40	
Army = 3.40	Army = 1.82	
DLA = 3.67	DLA = 2.08	

Question 6: To what degree do you feel adequately informed about where the PCAP program is going?

<u>Response</u>	<u>Freq.</u>	<u>Percent of Total Responses</u>
1	3	***** (15.0%)
2	1	** (5.00%)
3	3	***** (15.0%)
4	8	***** (40.0%)
5	3	***** (15.0%)
6	2	***** (10.0%)
7	0	
Total=	20	

<u>Mean</u>	<u>Standard Deviation</u>	No responses = 0
Composite = 3.65	Composite = 1.50	
Navy = 3.50	Navy = 1.87	
Air Force = 3.17	Air Force = 1.94	
Army = 4.20	Army = .45	
DLA = 4.00	DLA = 1.00	

Question 11: To what degree do you receive adequate feedback on the outcomes of your waiver requests?

<u>Response</u>	<u>Freq.</u>	<u>Percent of Total Responses</u>
1	1	....10...20...30...40...50...60...70...80 ** (5.3%)
2	4	***** (21.1%)
3	2	***** (10.5%)
4	3	***** (15.8%)
5	6	***** (31.6%)
6	2	***** (10.5%)
7	1	** (5.3%)
Total=	19	

<u>Mean</u>	<u>Standard Deviation</u>	No responses = 1
Composite = 4.00	Composite = 1.67	
Navy = 3.50	Navy = 2.07	
Air Force = 4.20	Air Force = 1.92	
Army = 4.00	Army = 1.23	
DLA = 4.67	DLA = 1.53	

Question 16: To what degree is your activity satisfied with the information received about what is going on with the PCAP program?

<u>Response</u>	<u>Freq.</u>	<u>Percent of Total Responses</u>
1	2	....10...20...30...40...50...60...70...80 ***** (10.0%)
2	0	
3	4	***** (20.0%)
4	3	***** (15.0%)
5	8	***** (40.0%)
6	3	***** (15.0%)
7	0	
Total=	20	

<u>Mean</u>	<u>Standard Deviation</u>	No responses = 0
Composite = 4.20	Composite = 1.47	
Navy = 3.83	Navy = 1.72	
Air Force = 4.00	Air Force = 1.79	
Army = 5.00	Army = .71	
DLA = 4.33	DLA = 1.15	

Question 17: To what degree are PCAP waiver requests answered in a reasonable time period?

<u>Response</u>	<u>Freq.</u>	<u>Percent of Total Responses</u>
1	1	** (5.0%)
2	1	** (5.0%)
3	4	***** (20.0%)
4	3	***** (15.0%)
5	9	***** (45.0%)
6	2	***** (10.0%)
7	0	
Total=	20	

<u>Mean</u>	<u>Standard Deviation</u>	No responses = 0
Composite = 4.20	Composite = 1.32	
Navy = 3.50	Navy = 1.64	
Air Force = 4.16	Air Force = .98	
Army = 4.80	Army = 1.10	
DLA = 4.67	DLA = 1.53	

Clarity and Ease of Program Goals, objectives, procedures and requirements

Question 2: To what degree are the PCAP waiver request procedures adequate?

<u>Response</u>	<u>Freq.</u>	<u>Percent of Total Responses</u>
1	0	
2	0	
3	2	***** (10.0%)
4	2	***** (10.0%)
5	9	***** (45.0%)
6	7	***** (35.0%)
7	0	
Total=	20	

<u>Mean</u>	<u>Standard Deviation</u>	No responses = 0
Composite = 5.05	Composite = .95	
Navy = 5.33	Navy = .52	
Air Force = 5.00	Air Force = .89	
Army = 5.00	Army = 1.22	
DLA = 4.67	DLA = 1.53	

Question 5: To what degree does the PCAP program have goals and objectives that are clear?

<u>Response</u>	<u>Freq.</u>	<u>Percent of Total Responses</u>							
		....10	...20	...30	...40	...50	...60	...70	...80
1	0								
2	0								
3	2	*****							
4	2	*****							
5	7	*****							
6	9	*****							
7	0								
Total=	20								

<u>Mean</u>	<u>Standard Deviation</u>	No responses = 0
Composite = 5.15	Composite = .99	
Navy = 5.33	Navy = .82	
Air Force = 5.17	Air Force = 1.17	
Army = 5.41	Army = .55	
DLA = 4.33	DLA = 1.53	

Question 7: To what degree do you have to go through a lot of red tape to get things done?

<u>Response</u>	<u>Freq.</u>	<u>Percent of Total Responses</u>							
		.... 10	...20	...30	...40	...50	...60	...70	...80
1	1	**							
2	3	*****							
3	6	*****							
4	2	*****							
5	3	*****							
6	5	*****							
7	0								
Total=	20								

<u>Mean</u>	<u>Standard Deviation</u>	No responses = 0
Composite = 3.90	Composite = 1.62	
Navy = 3.33	Navy = 1.50	
Air Force = 3.50	Air Force = 1.87	
Army = 4.00	Army = 1.41	
DLA = 5.67	DLA = .58	

Question 9: To what degree are the administrative procedures of PCAP supportive of it's goals?

<u>Response</u>	<u>Freq.</u>	<u>Percent of Total Responses</u>
1	2	***** (10.0%)
2	0	
3	3	***** (15.0%)
4	5	***** (25.0%)
5	7	***** (35.0%)
6	3	***** (15.0%)
7	0	
Total=	20	

<u>Mean</u>	<u>Standard Deviation</u>	No responses = 0
Composite = 4.20	Composite = 1.44	
Navy = 3.67	Navy = 2.16	
Air Force = 4.67	Air Force = 1.03	
Army = 4.40	Army = 1.14	
DLA = 4.00	DLA = 1.00	

Question 14: To what degree does the PCAP program place value on keeping things simple?

<u>Response</u>	<u>Freq.</u>	<u>Percent of Total Responses</u>
1	0	
2	1	** (5.0%)
3	2	***** (10.0%)
4	5	***** (25.0%)
5	9	***** (45.0%)
6	3	***** (15.0%)
7	0	
Total=	20	

<u>Mean</u>	<u>Standard Deviation</u>	No response = 0
Composite = 4.55	Composite = 1.05	
Navy = 4.33	Navy = 1.21	
Air Force = 4.83	Air Force = 1.17	
Army = 4.60	Army = 1.14	
DLA = 4.33	DLA = .58	

Question 20: To what degree has PCAP caused additional workload?

<u>Response</u>	<u>Freq.</u>	<u>Percent of Total Responses</u>
1	3	***** (15.0%)
2	2	***** (10.0%)
3	4	***** (20.0%)
4	3	***** (15.0%)
5	5	***** (25.0%)
6	3	***** (15.0%)
7	0	
Total= 20		

<u>Mean</u>	<u>Standard Deviation</u>	No response = 0
Composite = 3.70	Composite = 1.69	
Navy = 4.17	Navy = 1.47	
Air Force = 3.00	Air Force = 2.10	
Army = 4.00	Army = 1.23	
DLA = 3.67	DLA = 2.31	

Emphasis on Innovation in the Program and Program incentives

Question 1: To what degree does your activity solicit the opinions and ideas of employees regarding PCAP?

<u>Response</u>	<u>Freq.</u>	<u>Percent of Total Responses</u>
1	1	** (5.0%)
2	1	** (5.0%)
3	2	***** (10.0%)
4	4	***** (20.0%)
5	4	***** (20.0%)
6	5	***** (25.0%)
7	3	***** (15.0%)
Total= 20		

<u>Mean</u>	<u>Standard Deviation</u>	No response = 0
Composite = 4.80	Composite = 1.67	
Navy = 5.17	Navy = 1.17	
Air Force = 4.67	Air Force = 1.97	
Army = 5.40	Army = 1.14	
DLA = 3.33	DLA = 2.52	

Question 3: To what degree do you experience a feeling of accomplishment in your work with PCAP?

<u>Response</u>	<u>Freq.</u>	<u>Percent of Total Responses</u>
1	2	***** (10.0%)
2	1	** (5.0%)
3	5	***** (25.0%)
4	4	***** (20.0%)
5	6	***** (30.0%)
6	2	***** (10.0%)
7	0	
Total=	20	

<u>Mean</u>	<u>Standard Deviation</u>	No response = 0
Composite = 3.85	Composite = 1.46	
Navy = 3.67	Navy = .82	
Air Force = 4.17	Air Force = 1.94	
Army = 4.20	Army = 1.31	
DLA = 3.00	DLA = 2.00	

Question 8: To what degree is there emphasis on innovation in the PCAP program?

<u>Response</u>	<u>Freq.</u>	<u>Percent of Total Responses</u>
1	2	***** (10.0%)
2	1	** (5.0%)
3	1	** (5.0%)
4	5	***** (25.0%)
5	7	***** (35.0%)
6	4	***** (20.0%)
7	0	
Total=	20	

<u>Mean</u>	<u>Standard Deviation</u>	No response = 0
Composite = 4.30	Composite = 1.53	
Navy = 4.00	Navy = 1.10	
Air Force = 4.83	Air Force = 1.17	
Army = 4.40	Army = 2.07	
DLA = 3.67	DLA = 2.31	

Question 12: To what degree do you feel your activity has an incentive to find new problems/areas to work on?

<u>Response</u>	<u>Freq.</u>	<u>Percent of Total Responses</u>
1	1	** (5.3%)
2	1	** (5.3%)
3	6	***** (31.6%)
4	2	***** (10.5%)
5	6	***** (31.6%)
6	2	***** (10.5%)
7	1	** (5.3%)
Total= 19		

<u>Mean</u>	<u>Standard Deviation</u>	No responses = 1
Composite = 4.10	Composite = 1.52	
Navy = 3.67	Navy = 1.21	
Air Force = 4.40	Air Force = 1.52	
Army = 3.40	Army = 1.67	
DLA = 5.67	DLA = 1.16	

Question 18: To what degree has your PCAP program involved private industry?

<u>Response</u>	<u>Freq.</u>	<u>Percent of Total Responses</u>
1	12	***** (60.0%)
2	2	***** (10.0%)
3	1	** (5.0%)
4	3	***** (15.0%)
5	2	***** (15.0%)
6	0	
7	0	
Total= 20		

<u>Mean</u>	<u>Standard Deviation</u>	No responses = 0
Composite = 2.05	Composite = 1.51	
Navy = 2.33	Navy = 2.07	
Air Force = 2.00	Air Force = 1.55	
Army = 1.80	Army = 1.30	
DLA = 2.00	DLA = 1.00	

Question 19: To what degree is the PCAP program stressed at your activity?

<u>Response</u>	<u>Freq.</u>	<u>Percent of Total Responses</u>
1	1	....10...20...30...40...50...60...70...80 ** (5.0%)
2	3	***** (15.0%)
3	5	***** (25.0%)
4	1	** (5.0%)
5	5	***** (25.0%)
6	5	***** (25.0%)
7	0	
Total= 20		

<u>Mean</u>	<u>Standard Deviation</u>	No responses = 0
Composite = 4.05	Composite = 1.64	
Navy = 4.33	Navy = 1.51	
Air Force = 3.83	Air Force = 1.84	
Army = 4.40	Army = 1.34	
DLA = 3.33	DLA = 2.52	

Overall Program impact on regulatory reform

Question 10: To what degree are you satisfied with the pace of change brought about by PCAP?

<u>Response</u>	<u>Freq.</u>	<u>Percent of Total Responses</u>
1	3	....10...20...30...40...50...60...70...80 ***** (15.0%)
2	0	
3	6	***** (30.0%)
4	6	***** (30.0%)
5	5	***** (25.0%)
6	0	
7	0	
Total= 20		

<u>Mean</u>	<u>Standard Deviation</u>	No responses = 0
Composite = 3.50	Composite = 1.32	
Navy = 3.00	Navy = 1.00	
Air Force = 3.30	Air Force = 1.37	
Army = 4.20	Army = .84	
DLA = 3.67	DLA = 2.31	

Question 13: To what degree is the PCAP program able to incorporate changes into your ordinary way of doing business?

<u>Response</u>	<u>Freq.</u>	<u>Percent of Total Responses</u>							
		....10	...20	...30	...40	...50	...60	...70	...80
1	0								
2	0								
3	6	***** (30.0%)							
4	4	***** (20.0%)							
5	5	***** (25.0%)							
6	5	***** (25.0%)							
7	0								
Total=		20							

<u>Mean</u>	<u>Standard Deviation</u>	No responses = 0
Composite = 4.45	Composite = 1.19	
Navy = 4.17	Navy = .98	
Air Force = 4.50	Air Force = 1.38	
Army = 5.00	Army = 1.41	
DLA = 4.00	DLA = 1.00	

Question 15: To what degree is PCAP making a meaningful contribution toward regulatory simplification?

<u>Response</u>	<u>Freq.</u>	<u>Percent of Total Responses</u>							
		....10	...20	...30	...40	...50	...60	...70	...80
1	0								
2	2	***** (10.0%)							
3	8	***** (40.0%)							
4	1	** (5.0%)							
5	6	***** (30.0%)							
6	3	***** (15.0%)							
7	0								
Total=		20							

<u>Mean</u>	<u>Standard Deviation</u>	No responses = 0
Composite = 4.00	Composite = 1.34	
Navy = 3.67	Navy = 1.21	
Air Force = 4.33	Air Force = 1.51	
Army = 4.80	Army = 1.30	
DLA = 3.00	DLA = 0.00	

RESULTS OF DEMOGRAPHIC QUESTIONS

Question 21: What agency is your activity in:

<u>Response</u>	<u>Frequency</u>
1 - Navy	6
2 - Army	5
3 - Air Force	6
4 - DLA	3
5 - other	0
Total = 20	

Question 22: What type of activity is your command:

<u>Response</u>	<u>Frequency</u>
1 - Systems Command	3
2 - Inventory Control point	4
3 - Stock Point	0
4 - Buying Office	7
5 - Lab	1
6 - Program Office	0
7 - Base Contracting	4
8 - other	1
Total = 20	

Questions 23 through 29 deal with providing descriptive statements on activity implementation, organization and staffing of the PCAP effort, processes for initiating PCAP initiatives, frequency and type of feedback, advantages and disadvantages of the Program , incentives for generating PCAP initiatives and recommendations for improvement of the PCAP program. Comments received which were of interest or which appeared several times are noted below for each question and will be discussed in Chapter V.

Question 23: How did your activity implement the Pilot Contracting Activities Program? What specific implementing strategies did your activity utilize?

- Program announced to all 1102's and 1105's in organization, letter sent to primary customer activities, developed monthly committee meetings and held conference with over 500 contractors
- Due to existence of other programs (MIP/Say It) used PCAP only in the staff element, program not pushed down, held at procurement analyst level, use MIP primarily
- Established a focal point for Program and sent a letter to people in organization describing the Program
- Publicized in Command newsletter, incorporated into acquisition guide for Command, Command notice issued, internal procedures issued, periodic reports issued
- Briefed Command , established control point/person, solicited input, developed record keeping system, major strategy was to get ideas from other activities as much as possible and utilize piggy back system
- Held staff meetings and training sessions on the Program and Command procedures
- Briefing on Program given to all personnel and solicited initiatives
- Publicized to four subordinate commands and requested initiatives
- Commanding General introduced to all directors and office chiefs at staff meeting, encouraged support, set-up working group of 3 buyers, 2 procurement analysts, 1 industrial specialist, and 1 legal advisor
- Assigned a coordinator to receive, review, track, and file all PCAP requests, all personnel in contracting informed of Program and requested to submit any ideas to coordinator

Question 24: What type of organization was developed to run the PCAP program within your activity? How many people (by grade and position) do you have assigned to the PCAP program? Are these full-time or a collateral duty?

- PCAP committee comprised of 1102's and 1105's on a collateral duty basis, members included 4 branch heads and 3 section heads, membership by grade was 4 GM-14's, 3 GM- 13's, 3 GS-11's and 3 GS-5's
- All organizations indicated that PCAP was developed and run on a collateral duty basis with 1-3 people handling Program responsibilities, all activities indicated that 1102's ran the PCAP program, 3 programs were headed by a GM-14, 4 by GM/GS-13's, 5 by GS-12's and 3 by GS-11's

Question 25: What process do you utilize in recognizing or identifying potential procurement rules/procedures which could be submitted for consideration under PCAP?

- Brainstorming during committee meetings, various regulations are brought to the meetings and systematically reviewed, suggestions by customers and industry are also evaluated
- Hit and miss
- Informal input from contracting officers, buyers, etc., (5 activities mentioned this as their way of doing business)
- Periodic report indicates possible areas for proposing changes
- Incorporated PCAP review in normal order of business by introducing ideas at contract review board meetings
- Periodically survey personnel for suggestions
- Because of time, primarily rely on piggy backs
- Internal office memos are sent to remind personnel of the Program and invite them to submit ideas
- Simple one page forms submitted to PCAP coordinator

- No systematic method, just questions that are generated by doing day-to-day work and asking "Why is this done this way?"

Question 26: What type and frequency of feedback do you receive from the PCAP organization at the agency level? the DOD level? your own organization? private industry?

- Not much feedback of any type (Navy)
- Virtually no feedback on PCAP
- About every three months receive feedback from the agency level (DLA)
- Little feedback from agency level (Air Force)
- Irregular reports received from agency level (Navy)
- None from DOD except regular message traffic (over 10 activities made this comment)
- Must call and call to get status on our requests (Navy)

Question 27: What are the main advantages/disadvantages of PCAP?

ADVANTAGES

- Attempt to remove all unnecessary regulations that impede procurement system
- Primarily a means to cut cumbersome agency regulations, regrading the FAR, PCAP has been ineffectual
- Instills an attitude of innovation and self-reliance
- Direct access to agency level
- Prompt recognition/decisions on innovative change
- Has served to reduce PALT and contract admin workload
- Streamline the process, weed out paper rules and requirements

DISADVANTAGES

- No mountain will be removed under the Program

- Ineffective in overcoming the stifling, process orientated, regulation orientated system that results from the political environment
- Can't help with statutory problems
- Has not generated any substantive large-scale improvement in PALT, etc
- The Program is an administrative burden (5 activities indicated this)
- Response times are not good and agency levels should be adequately manned to improve this
- Resistance to change, special interest groups, laws that override the FAR/DFARS, etc.

Question 28: What incentives are being utilized to generate ideas/recommendations externally? Internally?

- Have inserted in employees performance standards for "Highly Successful" rating
- Public praise and attaboys
- Some suggestion award money is available internally
- Seeing PCAP ideas get approved, try to stress this point, publish our successes in a PCAP report forwarded to all employees which has generated in many new ideas
- A vast majority of the responses received indicated that the only incentive externally was the chance to "fix the system"

Question 29: What recommendations would you make for improving the PCAP program?

- Tighten procedures for approval/disapproval time frame and rationale
- Top management support is essential, PCAP needs to be energized with aggressive implementation
- Like to see some emphasis at the Congressional level since the truly burdensome requirements are mandated by Congress, mostly as an overreaction to onetime problems or are politically advantageous

- Give agencies more resources for processing initiatives
- More coordination between agencies
- Extend test periods
- Monetary awards to those people whose ideas/suggestions were accepted
- Include in employee evaluations
- Answer PCAP requests in a timely fashion
- When a PCAP request is approved for one activity it is approved for all agency activities
- Other services are not interested in changes to other agencies supplements and regulations, limit message traffic in these instances to cut down on admin burden
- Hold conferences every six months for activity coordinators on program status
- Open up Program, more participation
- Expand to include all regulations which impede the acquisition process, not just contracting regulations
- Stipulations put on activities for certain approvals have been almost as complex as the regulations we were trying to change. Army is more conservative than the other services in trying new ideas, for example, we tried to piggyback on a number of other service waivers which had been approved without success
- Send out summary information/status reports periodically on number of requests, approvals, permanent changes etc, this is important to keep interest in the Program (this was mentioned by several activities)
- Provide more feedback at all levels
- Have commercial numbers included on messages
- Include PCAP reference numbers in all message traffic since activities track PCAP requests and replies differently
- Have a consistent method of numbering requests so that

traffic pertaining to a request can be related to the original request, have everything refer to either the original message date time group or request number or subject matter

- Initiatives which have obvious merit with no apparent negative impact should be approved without the necessity of detailed tracking and reporting

Other comments regarding the Program which were received included:

- PCAP has been a major disappointment
- We undertook a major effort when the Program first started, the response at higher levels was extremely disappointing, this has caused a general indifference towards the Program
- Expand PCAP to tackle some of the statutes/legislation which are cumbersome
- MIP and PCAP are a duplication of efforts
- Original instructions for reporting under PCAP stated that "detailed quantitative support is neither required nor desired" but information received later required manhours, dollars and PALT savings
- Due to undermanning PCAP suggestions which offer minimal benefit to the organization must be weighed against the resources required to submit and track the request
- There is an appearance of hesitancy at higher echelons to relinquish control on issues of substance

APPENDIX I

LETTER TO CUSTOMERS
DEPARTMENT OF THE NAVY
NAVAL REGIONAL CONTRACTING CENTER
PHILADELPHIA PA 19112-5082



IN REPLY REFER TO

09A:BMD:krs
Ser. 3310
27 August 1987

From: Commanding Officer, Naval Regional Contracting Center
To: Distribution

Subj: PILOT CONTRACTING ACTIVITIES PROGRAM (PCAP)

Ref: (a) ASN(SL) Memo of 29 May 87

1. The Under Secretary of Defense for Acquisition has recently announced the establishment of the subject program. By reference (a), NRCC Philadelphia was one of ten Navy activities chosen to participate in the program. The program was initiated because the DoD acquisition process is controlled by too many detailed and complex regulations which inhibit the ability of contracting personnel to make sound business decisions in the best interests of the Government.

2. I believe that sharing the knowledge of this program and its objective with you is essential since the overall goal of the program is to make it easier and quicker for contracting personnel to get line managers and commanders the quality products and services they need, when they need them. In this connection, the ASN(SL) has been delegated authority to approve class deviations from the FAR and DFARS and waive the provisions of any DoD procurement regulation not specifically required by statute or executive order. I encourage you to assist us in this program by identifying to us possible changes to procurement regulations and procedures that will improve both the procurement process and our readiness posture.

3. Mr. B. J. Mc Devitt is our point of contact for the program. He is currently formulating a working group whose primary purpose will be to systematically review the FAR, DFAR, FIRMR, NARSUP and SUPARS and prepare deviation/waiver requests for submittal to ASN(SL). The group is scheduled to meet on the first Wednesday of every month. If any of your command personnel wish to participate, please contact Mr. Mc Devitt, who can be reached on telephone 215-897-5490 or autovon 443-5490. Your ideas, deviations/waiver requests and any proposed changes that will improve the acquisition process are welcome. This is a unique opportunity to affect immediate improvements to the system.

[Handwritten signature]

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DARPA Washington DC
PERA Philadelphia PA
NAVAIRTECHSERVFAC Philadelphia PA
NAPC Trenton NJ

APPENDIX J
PCAP IDEA FORM

SUMMARY OF PROPOSED CHANGE

Item: Brief title description.

Restrictive Guidance to be Modified: Identify where the requirement comes from (FAR, AFARS, DFARS, AMC Message, etc.).

Synopsis: Brief summary of current requirement.

Proposed Change: Description of how the requirement should be revised.

Justification: Explain why proposed change is recommended and what benefits would be derived from it.

APPENDIX K

PCAP DEVIATION USE FORM

 *
 * PCAP *
 *
 * PILOT CONTRACTING ACTIVITIES PROGRAM *
 *

HAVE YOU USED A PCAP DEVIATION LATELY

We need your help in determining the benefits and success of the PCAP Program! In order to provide documentation that our test deviations from excessive or unnecessary regulations are beneficial, we need for you to fill out the Deviation Use Record (see below) when using any PCAP deviation. Therefore, the deviations can be submitted for approval as permanent changes.

The PCAP report will inform you of all approvals that TACOM has received that allows us to deviate from a particular regulatory requirement. If you utilize one of these waivers, please contact Susan Lang, AMSTA-IDPB, X48137 or submit the slip below. Additional copies can be obtained from AMSTA-IDPB. Again, it is imperative that you fill out this record **whenever using a PCAP deviation** so that it may be proven beneficial enough to be implemented permanently. The success of this program depends on your cooperation!

PCAP
 DEVIATION USE RECORD

NAME OF CONTRACT SPECIALIST: _____ DATE: _____

ORGANIZATION & PHONE NUMBER: _____

DEVIATION USED: _____

DEVIATION NO: _____

SOLICITATION/CONTRACT NO: _____

ITEM DESCRIPTION: _____

BENEFIT: (Estimate any time saved in ALT, PALT, etc) _____

* * * * *

RETURN THIS RECORD TO AMSTA-IDPB

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APPENDIX L

INDIVIDUALS CONTRIBUTING TO THE RESEARCH

The researcher, through visits and phone conversations, interviewed procurement personnel at various DOD activities. The following is a list of those interviewed and who made this research effort possible.

1. Drummond, Frank, Naval Air Development Center, Warminster, PA.
2. Gaston, Mike, Assistant Secretary of the Air Force (acquisition), Washington, DC.
3. Gettings, Margaret, Northern Division, Naval Facilities Engineering Command, Philadelphia, PA.
4. Heard, Wayne, LTC, USA, Assistant Secretary of the Army (contracting support agency).
5. Massarow, Larry, Defense Industrial Supply Center, Philadelphia, PA.
6. McDevitt, Barney, Naval Regional Contracting Center, Philadelphia, PA.
7. McGinn, Kevin, Naval Regional Contracting Center, Washington, DC.
8. Moye, Dick, Assistant Secretary of the Navy (shipbuilding and logistics) Washinton DC.
9. Mutscheller, Denise, Defense Logistics Agency Headquarters, Alexandria, VA.
10. Potochney, Peter, Assistant Secretary of Defense P&L (P) DARS-RR, Washington, DC.
11. Reiter, Tom, Naval Air Development Center, Warminster, PA.
12. Saimo, Carol, Naval Supply Center Puget Sound, Bremerton, WA.
13. Thorpe, Grant, CDR,SC,USN, Naval Regional Contracting Center, Washington, DC.
14. Vanderslice, Wayne, CDR,SC,USN, Naval Air Development Center, Warminster, PA.

15. Walker, Sharon, Aviation Supply Office, Philadelphia, PA.

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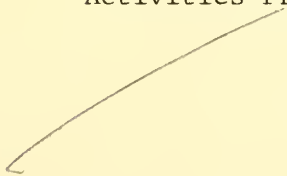
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