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A Dictionary of Acquisition and Contracting Terms

by

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Submitted in partial fulfillment of the
requirements for the degree of

MASTER OF SCIENCE IN MANAGEMENT

from the

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ABSTRACT

This thesis is a continuation of research initiated by LCDR Daniel Ryan, SC, USN to establish a basis for defining words and terms used in the field of contracting. The ten terms selected for this thesis were synthesized from collected definitions, Government regulations and contracting literature and reviewed in some cases more than once by National Contract Management Association professionals in previous research efforts. This work differs from previous research in that it takes the terms from those efforts which generated significant diversity and refines them using a modified Delphi Technique. This research is a joint effort conducted by students at the Naval Postgraduate School, Monterey, California, and the Air Force Institute of Technology, Wright-Patterson Air Force Base, Dayton, Ohio.

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I. INTRODUCTION

A. BACKGROUND

This thesis is part of a joint effort conducted by graduate students at the Naval Postgraduate School, Monterey, California, and the Air Force Institute of Technology, Wright-Patterson Air Force Base, Ohio, to derive definitions for words or phrases commonly used in the field of acquisition and contracting. This research is supported by the National Contract Management Association (NCMA), a professional association that will publish the consolidated research effort in the form of a dictionary of acquisition and contracting terminology.

The purpose of the dictionary is twofold. First, to provide an education tool to those unfamiliar with the acquisition and contracting process. Second, to provide a reference document for those who are working in or desire knowledge of the acquisition and contracting process.

A vital link in the ability to effectively communicate is a common language. Several individuals, organizations, commands and schools have attempted, with varying degrees of success, to develop such a language. However, until this ongoing research was established, no consolidated effort had been undertaken in this regard. The lack of a consolidated effort has caused a disparity in the definition of terms. The objective of this thesis is to refine those definitions which generated substantial controversy in previous research with the ultimate goal of establishing a unified acquisition and contracting language.

B. PRIOR RESEARCH

Lieutenant Commander (LCDR) Daniel Ryan, Supply Corps (SC), United States Navy (USN) initiated the consolidation of baseline consensus definitions in 1988. In 1990, Lieutenant (LT) Robert Eric Wilson, SC, USN took terms from LCDR Ryan and three subsequent efforts that generated significant diversity and refined them using the Delphi Technique. Since then several other students have contributed to the effort initiated by LCDR Ryan. Each of these researchers synthesized approximately twenty-five terms which were provided to NCMA professionals for review and comments. The comments were analyzed and consolidated into consensus definitions.

This research effort is similar to the effort conducted by LT Wilson. However, it differs in that a modified Delphi Technique was used with an expanded sample size and 3 rounds of questionnaires. The terms chosen to be refined included some terms which remained controversial after his efforts to refine them.

In effect, the most difficult terms upon which to reach consensus have been worked by three researchers and include at least six solicitations of comments for refinement from NCMA professionals.

C. SCOPE AND ASSUMPTIONS

The scope of this thesis is to refine the definitions of ten contracting terms that were considered to lack sufficient consensus to be included, as developed, in a professional dictionary. The basic assumption of this thesis is that there is insufficient agreement on the specific meaning of terms applied in the acquisition and contracting arena. Additionally, it was assumed that no single source of

authoritative contracting definitions exists. A third assumption was that the consensus procedure used in previous research is the best method of arriving at acceptable baseline definitions. Finally, it was assumed that NCMA professionals had achieved the educational background and on-the-job experience necessary to possess a sufficient level of expertise to assess the definitions.

D. RESEARCH QUESTIONS AND OBJECTIVES

The research question addressed in this thesis is:

To what extent can standard meanings be arrived at in the evolving field of contracting in which words are used with various meanings?

Subsidiary research questions include:

1. What agreement can be reached from professionals in the field?
2. What definition of terms can be concluded from research and feedback?
3. Is the modified Delphi Technique useful for fine tuning controversial acquisition and contracting terms?

E. RESEARCH METHODS

The objective of this thesis was to establish consensus definitions for ten controversial acquisition and contracting terms. To gain consensus for these terms, a modified Delphi technique was used.

A conventional Delphi technique is generally characterized by a small monitor team who designs a questionnaire that is sent to a larger respondent group. After the questionnaire is returned, the monitor team summarizes the results and then develops a new questionnaire for the respondent group. The respondent group is usually given at least one opportunity to reevaluate its original answers based upon examination of

the group response. The technique is a combination of a polling procedure and a conference procedure that attempts to shift a significant portion of the effort needed for individuals to communicate from larger respondent group to a smaller monitor team. [Ref. 5]

This study included a panel of three researchers who examined three rounds of responses from a larger group. The respondent group consisted of 1,000 NCMA Fellows, Certified Professional Contract Managers (CPCMs) and Certified Acquisition Contracting Managers (CACMs); two groups of 500 participants each responded to five terms. The procedures of this study were as follows:

1. Generate a list of candidate controversial terms from the previous theses, including those with less than 90% consensus from LT Wilson's rework of previously designated controversial terms.
2. Select a manageable subset of terms for refinement for this study (a subset of 10 controversial terms were chosen).
3. Mailed an initial questionnaire containing five controversial definitions to 500 NCMA Fellows, CPCMs and CACMs. Mailed another questionnaire containing the other five controversial definitions to another 500 NCMA Fellows, CPCMs and CACMs (see Appendix B). Respondents were asked to provide qualitative comments regarding the definition of the five terms.
4. Examined the qualitative responses from the respondents with the three panel members.
5. Arrived at a revised definition through dialogue with the panel members and references to the literature. References included [Ref. 1] [Ref. 2] [Ref. 3] [Ref. 8].
6. Mailed a second questionnaire containing the revised definitions to the respondents of the initial questionnaire (see Appendix C). The second questionnaire not only requested qualitative comments but also included a five-point Likert scale to establish the degree of agreement/disagreement with the proposed definition.
7. Examined the quantitative responses. Then, repeated steps 4 and 5.

8. Mailed a third (final) questionnaire requesting comments and a response to a Likert scale regarding the proposed definition (see Appendix D).
9. Analyzed the questionnaire responses and arrived at consensus definitions for the 10 terms (see Appendix A).

The literature review and the organization of the study will be provided in the next two sections.

F. LITERATURE REVIEW

The literature review in this thesis was somewhat different than previous theses. Because the objective was to refine the controversial terms contained in previous efforts, the task of searching literature for definitions, glossaries, and usage of terms was limited to the Federal Acquisition Regulation [Ref. 3] and textbooks [Ref. 1] [Ref. 2] [Ref. 8], as well as a review of previous theses conducted in this area of research.

G. ORGANIZATION OF THE STUDY

Chapter I of this thesis provides background information and discusses the methodology and scope of the research effort. Chapter II is the first of two analysis chapters and deals with the results and analysis of the three rounds of questionnaires for the first group of five controversial terms. Chapter III focuses on the results and analysis of the three rounds of questionnaires for the second group of five controversial terms. Chapter IV concludes the research effort by addressing the research and subsidiary questions, and providing general comments, conclusions and recommendations.

II. ANALYSIS OF RESPONSES - PART I

A. INTRODUCTION

This chapter reports the results of the initial and follow on questionnaires for the first group of five controversial acquisition and contracting terms. The five terms defined in this chapter include: acquisition, acquisition strategy, buying-in, contract modification, and contractor. A second group of five terms is analyzed in Chapter III. The researcher with two other panel members analyzed the responses for each term with the mission of improving the definition, either by improving the content or improving the reader's ability to understand the definition.

The next section, Term Analysis, is presented in ten subsections for each of the five terms. Subsection "a" is the original definition of the term and is the product of previous graduate theses. Subsection "b" provides the quantitative results of the initial questionnaire (n=500; 25.8% returned). Included in the "Agreed" category are those respondents who agreed without comment, provided supportive comments that did not call for a change to the definition, or who commented on synonyms or antonyms without negative comments related to the definition. Subsection "c" identifies representative responses and as appropriate any central issues. Subsection "d" proposes a revised definition based on the responses and the researcher's analysis. Subsection "e" is the quantitative results from the second questionnaire (n=129; 68.2% returned). Subsection "f" contains representative responses from the second questionnaire. Subsection "g" is the proposed definition based on the second responses.

Subsection "h" is the quantitative results from the third questionnaire (n=88; 65.9% returned). Subsection "i" is the representative responses from the third questionnaire. Subsection "j" is the proposed definition based on the third and final responses.

B. TERM ANALYSIS

1. Acquisition

a. *Original Definition:*

ACQUISITION

- (1) The process by which one obtains legal possession or ownership.
- (2) The entire spectrum of actions, from the identification of a need through disposition, in obtaining supplies, services, construction, or systems.
- (3) In major systems: The process of obtaining complex systems through phases such as: concept exploration, concept demonstration and validation, full-scale development, production, logistic support, and major upgrade/system replacement.

Synonyms: Procurement.

Antonyms: None.

b. *Results:*

Agree 114 (88%)

Disagree 15 (12%)

c. *Responses:*

This definition generated a variety of responses. The central theme echoed in the negative responses were related to the scope of the definition. Considerable disagreement existed on whether or not acquisition should include disposition. Some of the related comments were:

- Typically acquisition ends with acceptance of the product
- No! No! Acquisition is not disposal
- Acquisition should not include disposition

The researcher agrees with the original definition that states acquisition begins with identification of a need and continues through disposition. Therefore, the scope of the definition will remain the same.

Many comments indicated that the definition was too complex. Several respondents advocated deleting the first paragraph of the definition because it was covered by the other definitions. Other comments included, changing the terminology in definition (3), to reflect current description of phases. Some of these comments included:

- (1) is too simple and is covered by definitions (2) and (3).
- Phases in (3) will change with the whim of the moment and should not be used. If you must, update the phase names to reflect today's terminology.
- Too complex, please keep it simple.
- Combine these into one or two definitions.
- Use FAR 2.101 definition.

The researcher agrees that the definition could be condensed and has deleted (1) from the original definition. Subsequent to the original research the phases were renamed, the researcher has therefore reflected this in the revised definition.

Several comments also supported the addition of two more synonyms to the definition. These were: (1) buying and (2) contracting. Although these terms do not really have the same definition, they are used by professionals to mean the same thing.

d. Proposed Definition Based on First Responses:

ACQUISITION

- (1) The entire spectrum of actions, from identification of a need through disposition, in obtaining supplies, services, construction or systems.
- (2) In major systems: The process of obtaining complex systems through phases such as: concept exploration and definition, demonstration and validation, engineering and manufacturing development, production and deployment, operations and support as well as major upgrade/system replacement and concluding with phase out or disposal.

Synonyms: Buying, contracting, procurement.

Antonyms: None.

e. Results from Second Questionnaire:

Strongly Agree	<u>31</u> (35%)		
Somewhat Agree	<u>23</u> (26%)	Agree	<u>92%</u>
Agree	<u>27</u> (31%)		
Somewhat Disagree	<u>6</u> (07%)	Disagree	<u>08%</u>
Strongly Disagree	<u>1</u> (01%)		

f. Responses from Second Questionnaire:

The responses received indicated that the revised definition improved upon the original. This term, however, remained the most controversial of the 5 terms in this group. As in the initial questionnaire, there is some controversy surrounding the question as to the point at which acquisition is completed. Most of those respondents who fell in the disagree category believe that disposition is not part of

acquisition. The other main exception taken with the definition for this term concerned deleting the section on major systems. Only a few negative comments did not fall under one of these two areas. Some specific comments included:

- Disposition is not part of acquisition.
- If you called this Acquisition Process I would strongly agree.
- This definition is too all encompassing - simplify.
- Delete paragraph (2).
- Why should major systems have its own definition?
- Add another definition called Major System Acquisition.

Although the term's scope remained a major concern of the respondents who disagreed with the definition, the researcher believes the scope to be correct and the Generic Procurement Model [Ref. 7:p. 223] provided by Mr. Stanley Sherman includes both application/utilization and disposal (disposition). It is the researcher's belief that those who disagree with the scope of the definition are confusing contracting with acquisition. As a result the researcher did not revise the definition in this area. In response to those who provided comments regarding the need to separate major systems the researcher has, in an effort to have a single definition, provided an alternative for evaluation. This alternative definition is to be evaluated directly against the revised definition in terms of which is preferred by the respondents. If this single definition revision gets greater than the 92% level of agreement

achieved by the current definition, the researcher will recommend it as the final proposed definition. Lacking greater than 92% preference, the definition as it is now will be submitted as the definition of choice. As a final point, purchasing will be added as a synonym based on the repeated comments requesting its inclusion.

g. Proposed Definition Based on Second Responses:

ACQUISITION

The entire spectrum of actions in obtaining supplies, services, construction or systems to include: requirement determination and identification, solicitation, evaluation/negotiation, selection, contract award, contract administration, application/utilization and disposition.

Synonyms: Buying, contracting, procurement, purchasing.
 Antonyms: None.

h. Results from Third Questionnaire:

Strongly Agree	<u>23</u> (42%)		
Agree	<u>24</u> (44%)	Agree	<u>95%</u>
Somewhat Agree	<u>5</u> (09%)		
Somewhat Disagree	<u>1</u> (02%)	Disagree	<u>05%</u>
Strongly Disagree	<u>2</u> (03%)		

i. Responses from Third Questionnaire:

As mentioned in subsection f, the researcher attempted to provide a single definition for this term. The alternative definition was to be evaluated directly against the definition as revised based on first responses, which had a 92% level of agreement. If the alternative definition outperformed the revised definition, the researcher was to recommend it as the final proposed definition. In fact, the alternative definition reached a 95% level of agreement. A second attempt to determine which definition was preferred culminated in an additional

question, "Do you like the first definition better?" Seventy three (73%) of those who responded to this question selected the negative response. This was further evidence that the alternative definition presented as a result of the second responses was more acceptable.

This term, although reaching a 95% level of agreement, remained the most controversial. The scope of the definition has been the area of disagreement. This has been a point of contention throughout the research effort. Representative comments included:

- Would strongly agree if disposition wasn't in there.
- Utilization and disposition are post acquisition functions.
- Acquisition ends with acceptance.
- Would be a 5 if you eliminate application/utilization.

For reasons discussed in subsection f the researcher still believes the scope to be correct.

j. Proposed Definition Based on Third Responses:

ACQUISITION

The entire spectrum of actions in obtaining supplies, services, construction or systems to include: requirement determination and identification, solicitation, evaluation/negotiation, selection, contract award, contract administration, application/utilization and disposition.

Synonyms: Buying, contracting, procurement, purchasing.

Antonyms: None.

2. Acquisition Strategy

a. *Original Definition:*

ACQUISITION STRATEGY

The conceptual framework for conducting an acquisition. It encompasses the broad concepts and objectives which direct and control the overall development, production, and introduction to use of a product or system through the integration of strategic, technical, resource, and business concerns. It is developed and tailored to the unique circumstances of an individual program.

Synonyms: Acquisition Plan, Acquisition Management Plan, Business Strategy Plan.

Antonyms: None.

b. *Results:*

Agree 121 (94%)

Disagree 8 (06%)

c. *Responses:*

This definition did not generate many comments. The two main thrusts of the comments that were received requested deleting the second sentence for a simpler, more understandable statement and indicated that an acquisition strategy was more than a conceptual framework. Respondents had differing views on the legitimacy of Acquisition Plan as a synonym. The numbers supporting it were approximately equal to those opposing it so, for this revision of the definition it will remain. Some of the comments included:

- Acquisition strategy is not simply a concept.
- Acquisition strategy is a guide to acquisition that can be written down in the form of a procedure.
- The second sentence says a lot but what does it mean?

- The strategy is also effected by funding constraints.
- "Plan" should appear somewhere in the definition.
- Strategy is a plan.
- Acquisition plan is a subset of the strategy and not a synonym.

The definition has been revised to recognize that an acquisition strategy is more than simply a conceptual framework. The researcher has also attempted to simplify the remainder of the definition.

d. Proposed Definition Based on First Responses:

ACQUISITION STRATEGY

The framework and procedure for conducting an acquisition. It is a business and technical management approach designed to achieve program objectives within imposed constraints.

Synonyms: Acquisition Plan, Acquisition Management Plan, Business Strategy Plan.

Antonyms: None.

e. Results from Second Questionnaire:

Strongly Agree	<u>40</u> (45%)		
Somewhat Agree	<u>26</u> (30%)	Agree	<u>97%</u>
Agree	<u>19</u> (22%)		
Somewhat Disagree	<u>3</u> (03%)	Disagree	<u>03%</u>
Strongly Disagree	<u>0</u> (0%)		

f. Responses from Second Questionnaire:

Comments from the respondents indicated that the proposed definition was a significant improvement over the original definition. Very few respondents disagreed with the definition, however, those that

did seem to focus on the need to tailor the strategy to the program.

Specific comments were:

- You have lost the flavor of strategy by eliminating the ability to tailor the strategy to the situation.
- Liked the original one better.
- Add back "it is tailored to the unique . . ."
- Add "planning" after the word framework.

The researcher agrees that the ability to tailor a strategy is both an important aspect of the definition and a critical ingredient to a successful acquisition strategy, therefore, the definition will be revised to include the idea of tailoring a strategy.

g. Proposed Definition Based on Second Responses:

ACQUISITION STRATEGY

The framework and procedure for conducting an acquisition. It is a business and technical management approach designed to achieve program objectives within imposed constraints, frequently developed and tailored to the unique circumstances of a program.

Synonyms: Acquisition Plan, Acquisition Management Plan, Business Strategy Plan.

Antonyms: None.

h. Results from Third Questionnaire:

Strongly Agree	<u> 21 </u> (38%)		
Agree	<u> 28 </u> (51%)	Agree	<u> 96% </u>
Somewhat Agree	<u> 4 </u> (07%)		
Somewhat Disagree	<u> 0 </u> (0%)	Disagree	<u> 04% </u>
Strongly Disagree	<u> 2 </u> (04%)		

i. Responses from Third Questionnaire:

None of the respondents disagreed with the definition as written. Three respondents did not embrace the addition of the last phrase to the definition. There comments were:

- Liked definition #1 better.
- Liked the first definition better - the added statement is inherent in the definition.
- Stick with the first one - second one is only an embellishment. Strategies are always developed and tailored.

As a result of the improved level of agreement on this definition and the larger number of respondents who in the second round of responses supported the addition of this phrase, the researcher believes the definition as written has a stronger consensus.

j. Proposed Definition Based on Third Responses:

ACQUISITION STRATEGY

The framework and procedure for conducting an acquisition. It is a business and technical management approach designed to achieve program objectives within imposed constraints, frequently developed and tailored to the unique circumstances of a program.

Synonyms: Acquisition Plan, Acquisition Management Plan, Business Strategy Plan.

Antonyms: None.

3. Buying - In

a. Original Definition:

BUYING - IN

A management decision to knowingly submit an offer below anticipated costs to obtain a contract award. (Buying-in may be done expecting to gain benefit and recoup losses through contract changes or follow-on contracts; however, this must be precluded by the contracting officer if suspected. It may also be intended to achieve or protect

market share, obtain access to new technology, or retain company viability through the absorption of fixed costs.)

Synonyms: Loss leader, Low-balling.

Antonyms: High-balling.

b. Results:

Agree 114 (88%)

Disagree 15 (12%)

c. Responses:

The majority of the comments generated by this definition were directed at deleting the parenthetical statement dismissing it as descriptive and not pertaining to the definition. Some of these comments included:

- Delete the part in parentheses.
- The portion in parentheses is an attempt to clarify the definition. If it needs to be clarified it might need further review.
- Directing the actions of or stating policy to a contracting officer should not be part of the definition.

Still other comments dealt with revising the parenthetical statement however the researcher considered these as modifications to clarifying statements and agrees that they add nothing to the definition. This is an opposing position taken to CPT Florek and LT Wilson. The portion in parenthesis was added by CPT Florek in an attempt to clarify the meaning although he acknowledged that the clarification is not part of the definition. [Ref. 4:p. 16] LT Wilson agreed with CPT Florek and made only minor changes in an attempt to emphasize positive aspects of buying-in. [Ref. 9:p. 18]

Other comments included statements such as:

- Is offering a zero profit a buy in? Contracting officers can't "preclude" just because he suspects. There is nothing wrong with a contractor buying in to gain market share and/or volume and to make up his losses through additional business.
- Nothing wrong with buying in except if done to later recoup the loss.
- Buying-in should not be illegal plus it is impossible to prove. Definitions are not the place for policy.
- In my experience the practice of buying-in was solely for the purpose of obtaining the contract and beating out any competition with the hope of recouping through changes, ECP's, or obtaining lucrative follow on programs.

This term more than any other generated discussions laced with ethical diversity as much as it did with the definition itself.

The researcher agrees that definitions are not the place for policy or imposing ethical standards. The definition has been refined to a basic form trying to avoid giving direction or passing judgment.

d. Proposed Definition Based on First Responses:

BUYING - IN

A management decision to knowingly submit an offer below anticipated costs to obtain a contract award.

Synonyms: Loss leader, Low-balling.

Antonyms: High-balling, maximum pricing, market pricing.

e. Results from Second Questionnaire:

Strongly Agree	<u>50</u> (57%)		
Somewhat Agree	<u>15</u> (17%)	Agree	<u>98%</u>
Agree	<u>21</u> (24%)		
Somewhat Disagree	<u>2</u> (02%)	Disagree	<u>02%</u>
Strongly Disagree	<u>0</u> (0%)		

f. Responses from Second Questionnaire:

Strong enough consensus on this last survey indicated that further revision is unsupported. The only comments received that prompted any change concerned the antonyms. Those who disagreed and three others who agreed with the definition wanted market pricing deleted from the antonym list. Some specific comments were:

- Delete market pricing as an antonym.
- Antonyms should not include market pricing.
- Does "knowingly" add anything to the definition?

The researcher agrees to delete market pricing from the antonyms and regarding this term, the only action required on the next questionnaire will be to answer a request for comments that would move the degree of agreement to (5) strongly agree.

g. Proposed Definition Based on Second Responses:

BUYING-IN

A management decision to knowingly submit an offer below anticipated costs to obtain a contract award.

Synonyms: Loss leader, Low-balling.
Antonyms: High-balling, maximum pricing.

h. Results from Third Questionnaire:

Strongly Agree	<u>39</u> (71%)		
Agree	<u>12</u> (22%)	Agree	<u>98%</u>
Somewhat Agree	<u>3</u> (05%)		
Somewhat Disagree	<u>0</u> (0%)	Disagree	<u>02%</u>
Strongly Disagree	<u>1</u> (02%)		

i. Responses from Third Questionnaire:

There has been strong consensus on this definition since it was revised following the initial questionnaire. The only change as a result of the second responses was to remove market pricing as an antonym. While the overall consensus remained at 98% the level of agreement strengthened as evidenced by the increased percentages of the respondents who chose 4 (agree) or 5 (strongly agree). One respondent stated:

- Market pricing should be maintained as an antonym.

The researcher for reasons just stated believes that to once again include market pricing as an antonym would weaken the consensus for this definition and therefore will not revise it to include the suggested antonym.

j. Proposed Definition Based on Third Responses:

BUYING-IN

A management decision to knowingly submit an offer below anticipated costs to obtain a contract award.

Synonyms: Loss leader, Low-balling.

Antonyms: High-balling, maximum pricing.

4. Contract Modification

a. *Original Definition:*

CONTRACT MODIFICATION

Any authorized written alteration in the provisions of an existing contract, whether accomplished by unilateral action (change order) in accordance with a contract provision or by mutual action (supplemental agreement) of the parties to a contract. Compare this with an "amendment" which is usually used to alter a solicitation.

Synonyms: Change order, supplemental agreement.

Antonyms: Constructive change.

b. *Results:*

Agree 110 (85%)

Disagree 19 (15%)

c. *Responses:*

One area of the disagreement with this definition focused on the last sentence. Some of the comments were:

- A contract amendment is a change in scope, delivery, price or quantity. This does not only apply to altering solicitations.
- "Amendment" is a contract modification and is the term usually used in industry.
- Last sentence is instructional - delete it.
- The term to alter a solicitation is "Addendum."

These and several similar comments have convinced the researcher to delete the last sentence of the original definition. The other main revision suggested by the responses was to be specific about who was authorized to make contract modifications. Some specific comments were:

- Contract modifications can only be accomplished by the contracting officer. Authorized written alterations can be made by other Government personnel. Courts have upheld this as binding.
- Who can authorize this "written alternation?"

The most controversial aspect of this definition centered around constructive changes. Some stated a constructive change is a contract modification while others took exception to using it as an antonym. Some of the comments included:

- A constructive change is a change order that will be recognized and definitized later, so if change order is a synonym then so is constructive change. It certainly is not an antonym.
- Constructive change is not an antonym. An antonym means opposite. It may not be a synonym, but it is surely not an antonym.
- There are cases where a constructive change is a contract modification.

The researcher believes that a constructive change can manifest into a contract modification, however, a constructive change in and of itself is not a contract modification [Ref. 3:part 43]. Future responses to follow on questionnaires will be monitored for further analysis regarding the use of constructive change as an antonym. It will remain as an antonym for the next questionnaire.

d. Proposed Definition Based on First Responses:

CONTRACT MODIFICATION

A written change to the provisions of an existing contract. Such change may be accomplished by unilateral action (change order) or by mutual action (supplemental agreement). Contract modifications must be authorized by the Contracting Officer or by special authorities extraneous to the contract in the case of extraordinary contractual actions.

Synonyms: Change order, supplemental agreement.
Antonyms: Constructive change.

e. Results from Second Questionnaire:

Strongly Agree	<u>35</u> (40%)		
Somewhat Agree	<u>19</u> (22%)	Agree	<u>94%</u>
Agree	<u>28</u> (32%)		
Somewhat Disagree	<u>3</u> (03%)	Disagree	<u>06%</u>
Strongly Disagree	<u>3</u> (03%)		

f. Responses from Second Questionnaire:

Two issues generated most of the responses. One issue supported by three of the respondents centered on the idea that a constructive change is a modification. The other issue which received the most number of comments focused on the need to amplify the duties of the contracting officer in the definition. Specific comments included:

- Delete the last sentence.
- You don't want to address the duties of the contracting officer in defining contract modification. It also brings into question, what are extraordinary contractual actions.
- A constructive change is still a modification. Your definition is of a formal contract modification.
- Contract mods can't be unilateral.

The researcher, as stated in the previous chapter, believes that a constructive change can manifest into a contract modification but in and of itself is not a contract modification. The researcher does agree, however, that a description of the contracting officer's authority has no bearing on the basic definition and will delete it.

g. Proposed Definition Based on Second Responses:

CONTRACT MODIFICATION

A written change to the provisions of an existing contract. Such change must be made by an authorized agent and may be accomplished by unilateral action (change order) or by mutual action (supplemental agreement).

Synonyms: Change order, supplemental agreement.

Antonyms: Constructive change.

h. Results from Third Questionnaire:

Strongly Agree	<u>30</u> (55%)		
Agree	<u>23</u> (42%)	Agree	<u>100%</u>
Somewhat Agree	<u>2</u> (03%)		
Somewhat Disagree	<u>0</u> (0%)	Disagree	<u>0%</u>
Strongly Disagree	<u>0</u> (0%)		

i. Responses from Third Questionnaire:

The reaction to the revised definition as a result of responses from the second questionnaire were very positive. Some specific comments were:

- Revised is much better.
- Thanks for simplifying it - the contracting officers duties did little to help with the definition.

The feedback from this round of responses supported the change and provided for a strong consensus among respondents. The researcher has previously attempted to include only those comments suggesting change. In this case, however, there were no such comments regarding the definition.

j. Proposed Definition Based on Third Responses:

CONTRACT MODIFICATION

A written change to the provisions of an existing contract. Such change must be made by an authorized agent and may be accomplished by unilateral action (change order) or by mutual action (supplemental agreement).

Synonyms: Change order, supplemental agreement.

Antonyms: Constructive change.

5. Contractor

a. Original Definition:

CONTRACTOR

(1) Any individual, corporation, partnership, association, institution or other legal entity that enters into a legally binding agreement to supply certain materials, products or services for a stipulated consideration.

(2) Any individual or other legal entity that is awarded a contract.

Synonyms: Awardee, supplier, vendor.

Antonyms: Customer, buyer.

b. Results:

Agree 121 (94%)

Disagree 8 (06%)

c. Responses:

The few responses generated by this definition were suggesting only minor changes. There was however a repeated comment (5 of the 8 who disagreed) to delete (2). The researcher agrees and has done so for the revised definition. Other comments that were received are represented by the following:

- Broaden the definition - is willing to or has entered into a legally binding agreement
- Change stipulated consideration to agreed upon consideration. This sounds like both sides were involved.

- Get rid of legally binding agreement and call it a contract. Contractors enter into contracts.

The researcher has also revised the definition to include a change from using the words "stipulated consideration" to "agreed upon consideration." This reinforces a cooperative spirit.

d. Proposed Definition Based on First Responses:

CONTRACTOR

Any individual, corporation, partnership, association, institution or other legal entity that has entered into a contract to supply materials, products or services for an agreed upon consideration.

Synonyms: Awardee, supplier, vendor.

Antonyms: Customer, buyer.

e. Results from Second Questionnaire:

Strongly Agree	<u>44</u> (50%)		
Somewhat Agree	<u>20</u> (23%)	Agree	<u>100%</u>
Agree	<u>24</u> (27%)		
Somewhat Disagree	<u>0</u> (0%)	Disagree	<u>0%</u>
Strongly Disagree	<u>0</u> (0%)		

f. Responses from Second Questionnaire:

Strong enough consensus on this last survey indicated that further revision is unsupported. There were very few comments at all received regarding this term, none of which supported a valid change to the definition. The only action required on the next questionnaire will be to answer a request for comments that would move the degree of an agreement to (5) strongly agree.

g. Proposed Definition Based on Second Responses:

CONTRACTOR

Any individual, corporation, partnership, association, institution or other legal entity that has entered into a contract to supply materials, products or services for an agreed upon consideration.

Synonyms: Awardee, supplier, vendor.

Antonyms: Customer, buyer.

h. Results from Third Questionnaire:

Strongly Agree	<u>42</u> (76%)		
Agree	<u>12</u> (22%)	Agree	<u>100%</u>
Somewhat Agree	<u>1</u> (02%)		
Somewhat Disagree	<u>0</u> (0%)	Disagree	<u>0%</u>
Strongly Disagree	<u>0</u> (0%)		

i. Responses from Third Questionnaire:

The only response to this definition was:

- No need "for an agreed upon consideration." If you have entered into a contract there must be consideration so the phrase is redundant.

The researcher acknowledges that in a strictly legal discussion a contract cannot exist without consideration. This can lead into further discussions on whether or not the consideration is adequate enough to uphold a contract. In this case, however, as the definition has evolved many respondents submitted comments regarding the need for including the concept of consideration. The concept of consideration itself has evolved from describing it as "stipulated" to "agreed upon" taking on a more cooperative connotation.

j. Proposed Definition Based on Third Responses:

CONTRACTOR

Any individual, corporation, partnership, association, institution or other legal entity that has entered into a contract to supply materials, products or services for an agreed upon consideration.

Synonyms: Awardee, supplier, vendor.

Antonyms: Customer, buyer.

C. SUMMARY

This chapter has presented the results and analysis of the first group of five controversial terms. These terms were acquisition, acquisition strategy, buying-in, contract modification, and contractor. Definitions, synonyms, and antonyms were revised based on the feedback received from 500 NCMA professionals in response to each questionnaire. The initial questionnaire, contained in Appendix B, solicited comments that led to revised definitions which were used to create the second questionnaire, contained in Appendix C. Based on the responses to this second questionnaire, some (three) of the definitions were further revised and questionnaire number three, contained in Appendix D, was sent to those respondents who participated through the first two rounds. Ultimately a final proposed definition was produced and will be recommended to be included in the dictionary of contracting and acquisition terms. Quantitative analysis indicates an increase in consensus for these terms as the result of this research effort. The consensus rates were calculated by dividing the total number of respondents into the number of respondents agreeing with the definition. All those who selected a rating category of 3, 4, or 5 were considered in agreement with the definition.

III. ANALYSIS OF RESPONSES - PART II

A. INTRODUCTION

This chapter reports the results of the initial and follow on questionnaires for the second group of five controversial acquisition and contracting terms. The five terms defined in this chapter include: defective pricing, incentive, major system, Qualified Bidders List, and weighted guidelines. The researcher with two other panel members analyzed the responses for each term with the mission of improving the definition, either by improving the content or improving the reader's ability to understand the definition.

The next section, Term Analysis, is presented in ten subsections for each of the five terms. Subsection "a" is the original definition of the term and is the product of previous graduate theses. Subsection "b" provides the quantitative results of the initial questionnaire (n=500; 19.2% returned). Included in the "Agreed" category are those respondents who agreed without comment, provided supportive comments that did not call for a change to the definition, or who commented on synonyms or antonyms without negative comments related to the definition. Subsection "c" identifies representative responses and as appropriate any central issues. Subsection "d" proposes a revised definition based on the responses and the researcher's analysis. Subsection "e" is the quantitative results from the second questionnaire (n=96; 63.5% returned). Subsection "f" contains representative responses from the second questionnaire. Subsection "g" is the proposed definition based on the second responses. Subsection "h" is the quantitative results from the third questionnaire

(n=61; 59% returned). Subsection "i" is the representative responses from the third questionnaire. Subsection "j" is the proposed definition based on the third and final responses.

B. TERM ANALYSIS

1. Defective Pricing

a. *Original Definition:*

DEFECTIVE PRICING

The use of cost or pricing data which were claimed by a contractor or subcontractor to be current, accurate and complete at the time of final price agreement but in fact were not. (It entitles the Government to a downward adjustment of the negotiated price, including profit or fee, to remove any significant sum by which price was increased because of the defective cost or pricing data, less offsets for under-priced items, provided the data were relied upon by the Government.)

Synonyms: Defective cost or pricing data.

Antonyms: None.

b. *Results:*

Agree 75 (78%)

Disagree 21 (22%)

c. *Responses:*

The comments were almost all directed toward the need for "certified" cost or pricing data. Representative responses were:

- In the absence of certification we can rarely if ever make a case. Why not acknowledge this in the definition.
- The cost or pricing data must be submitted and be "certified" by the contractor, not just claimed to be current, accurate, and complete.
- Use certified not claimed.

Although agreement was not very high among respondents, virtually all made the same suggestions for improvement. Strong enough

support was evident to add current, accurate, and complete pricing data as an antonym. The researcher has revised the definition to stress that cost or pricing data, in order to be defective, must be certified by the contractor to be current, accurate, and complete. Only when the contractor has provided certification can he be held responsible for its integrity. [Ref. 3:part 15.804]

d. Proposed Definition Based on First Responses:

DEFECTIVE PRICING

The submission of certified cost or pricing data by a contractor or subcontractor that were not current, accurate and complete at the time of final price agreement. Cost or pricing data which are found defective entitles the Government to a downward adjustment of the negotiated price including profit or fee to remove any significant sum by which the price was overstated, less offsets for underpriced items, provided the data were relied upon by the Government.

Synonyms: Defective cost or pricing data.

Antonyms: Current, accurate and complete pricing data.

e. Results from Second Questionnaire:

Strongly Agree	<u>29</u> (48%)		
Somewhat Agree	<u>11</u> (18%)	Agree	<u>100%</u>
Agree	<u>21</u> (34%)		
Somewhat Disagree	<u>0</u> (0%)	Disagree	<u>0%</u>
Strongly Disagree	<u>0</u> (0%)		

f. Responses from Second Questionnaire:

Strong enough consensus on this last survey indicated that further revision is unsupported. Very few comments were submitted regarding this term, none of which supported a valid change to the definition. Some specific comments were:

- A line of cases make it clear that the last 9 words pertaining to reliance are not totally relevant.

- You are ignoring a necessary element to defective pricing - that the contractor knew the data was wrong.
- In cases when this defective certified cost or pricing data was intentionally submitted with knowledge that it was not current, accurate, and complete a criminal liability is incurred by the contractor in addition to any downward adjustment.

g. Proposed Definition Based on Second Responses:

DEFECTIVE PRICING

The submission of certified cost or pricing data by a contractor or subcontractor that were not current, accurate and complete at the time of final price agreement. Cost or pricing data which are found defective entitle the Government to a downward adjustment of the negotiated price, including profit or fee, to remove any significant sum by which the price was overstated, less offsets for underpriced items, provided the data were relied upon by the Government.

Synonyms: Defective cost or pricing data.

Antonyms: Current, accurate and complete pricing data.

h. Results from Third Questionnaire:

Strongly Agree	<u>25</u> (69%)		
Agree	<u>11</u> (31%)	Agree	<u>100%</u>
Somewhat Agree	<u>0</u> (0%)		
Somewhat Disagree	<u>0</u> (0%)	Disagree	<u>0%</u>
Strongly Disagree	<u>0</u> (0%)		

i. Responses from Third Questionnaire:

There was a stronger degree of agreement this round although there was no change to the definition sent out. This was evident by the increase in the percentage of respondents who chose to strongly agree. No comments suggesting a change to the definition were received.

j. Proposed Definition Based on Third Responses:

DEFECTIVE PRICING

The submission of certified cost or pricing data by a contractor or subcontractor that were not current, accurate and complete

at the time of final price agreement. Cost or pricing data which are found defective entitle the Government to a downward adjustment of the negotiated price, including profit or fee, to remove any significant sum by which the price was overstated, less offsets for underpriced items, provided the data were relied upon by the Government.

Synonyms: Defective cost or pricing data.

Antonyms: Current, accurate and complete pricing data.

2. Incentive

a. *Original Definition:*

INCENTIVE

An inducement for a contractor, generally in calculable monetary terms, (a) to produce a product or service that exceeds definitive performance goals, (b) to improve the contract schedule, (c) to reduce cost, or (d) to complete a project under a combination of measurable objectives.

Synonyms: Inducement, stimulant, cause.

Antonyms: Disincentive.

b. *Results:*

Agree 86 (90%)

Disagree 10 (10%)

c. *Responses:*

The responses were mostly related to the fact, that in order to receive the incentive some set of basic criteria must be exceeded.

Those comments and others are:

- Incentives are only valid if contractor exceeds specific criteria.
- Must exceed basic conditions of the contract.
- Make it clearer that performance over and above is required to receive the incentive.

There were also some comments regarding synonyms that warranted a modification to the original.

- Cause is too general - delete it.
- Add motivation, that's what is in the FAR.
- An incentive is a reward for exceptional performance. Please add reward as a synonym.

The researcher agrees that the definition must support the notion, that simply to complete a project under measurable objectives is not adequate to earn an incentive. The proposed definition will reflect this position.

d. Proposed Definition Based on First Responses:

INCENTIVE

An inducement, usually monetary, for a contractor (a) to exceed performance goals, (b) to deliver in advance of the contract schedule, (c) to minimize costs, or (d) to satisfactorily complete a contract while meeting or exceeding a combination of measurable objectives.

Synonyms: Motivation, reward, stimulant.

Antonyms: Disincentive.

e. Results from Second Questionnaire:

Strongly Agree	<u>25</u> (41%)		
Somewhat Agree	<u>14</u> (23%)	Agree	<u>92%</u>
Agree	<u>17</u> (28%)		
Somewhat Disagree	<u>5</u> (08%)	Disagree	<u>08%</u>
Strongly Disagree	<u>0</u> (0%)		

f. Responses from Second Questionnaire:

Four of the five respondents who did not agree to the definition indicated that meeting objectives was not acceptable, only exceeding them was applicable to incentives. The other disagreement was lodged by a respondent who believed that the definition should include

amplifying remarks about the contract types to which incentives applied (e.g., FPIF and CPIF). Specific comments were:

- Delete "while meeting" from the last sentence.
- Add to the end "which are in excess of contract minimum requirements."
- Should you discuss non-monetary incentives?
- Add "negative incentives (penalty)" to the antonyms.
- Revise to read in part "An inducement, used in either Fixed (FPIF) or Cost (CPIF) type contracts.

The researcher agrees that meeting objectives is not sufficient performance when discussing the relationship between contractor behavior and incentives. [Ref. 3:part 16.4] The next revision of the term definition will clarify this point. Support to include "penalty" as an antonym convinced the researcher to add it when refining the definition.

g. Proposed Definition Based on Second Responses:

INCENTIVE

An inducement, usually monetary, for a contractor (a) to exceed performance goals, (b) to deliver in advance of the contract schedule, (c) to minimize costs, or (d) to satisfactorily complete a contract while exceeding a combination of measurable objectives which are in excess of contract minimum obligations.

Synonyms: Motivation, reward, stimulant.

Antonyms: Disincentive, penalty.

h. Results from Third Questionnaire:

Strongly Agree	<u>21</u> (58%)		
Agree	<u>12</u> (33%)	Agree	<u>97%</u>
Somewhat Agree	<u>2</u> (06%)		
Somewhat Disagree	<u>1</u> (03%)	Disagree	<u>03%</u>
Strongly Disagree	<u>0</u> (0%)		

i. Responses from Third Questionnaire:

The responses to this definition mainly focused on the wording of the definition. Specific comments were:

- It appears to be redundant to say "exceeding measurable objectives" and then say "in excess of contract minimum obligations."
- The last phrase makes it redundant.

The researcher is obliged to clarify the definitions enabling them to be more understandable and will reword the last phrase.

One other comment stated the following:

- Incentive is to meet or exceed.

A discussion of this topic was included in subsection f. In summary, meeting objectives is not sufficient performance when considering contractor behavior and incentives.

j. Proposed Definition Based on Third Responses:

An inducement, usually monetary, for a contractor (a) to exceed performance goals, (b) to deliver in advance of the contract schedule, (c) to minimize costs, or (d) to satisfactorily complete a contract while exceeding a combination of measurable objectives which define the contract minimum obligations.

Synonyms: Motivation, reward, stimulant.
Antonyms: Disincentive, penalty.

3. Major System

a. *Original Definition:*

MAJOR SYSTEM

- (1) An end item which is critically important, complex, expensive, or for any other reason requires special management control.
- (2) One of a limited number of end-items composed of subsystems and/or other components which, for reasons of urgency, criticality, or resource requirements, is determined to be vital to the national or corporate interest.

Synonyms: System subject to OMB Circular A-109, weapons system.

Antonyms: None.

b. *Results:*

Agree 85 (89%)

Disagree 11 (11%)

c. *Responses:*

The majority of the comments voicing disagreement thought that the definition under FAR 34.001 should be used either alone or incorporated into the existing definition. Other related comments wanted to tie mission need into the definition. Still others wanted to avoid words like "expensive" and include current threshold levels in the definition. The researcher thought it best to avoid the Federal or DoD definitions that include dollar limits which will probably change and would then entail a change to the definition. There was a wide variety of responses to this term. Some specific comments were:

- Use thresholds - be more specific.
- Don't use words like expensive include specific dollar values.
- Use definition in FAR 34.001 "Major System" means that combination of elements that will function together to produce the capabilities required to fulfill a mission need. The elements may include

hardware, software or any combination thereof, . . . [Ref. 3:part 34.001]

- Delete "one of a limited number of end items" and replace it with An end item.
- What does critically important mean. Some spares are critically important but they are not a major system.

Comments regarding the restrictive nature of the synonyms has prompted the researcher to modify that aspect of the definition.

Representative comments were:

- Systems subject to OMB Circular A-109 is restricted to DoD applications only.
- I'm not familiar with this circular so I cannot comment but don't think I am alone.
- Better check DoD directives 5000.1 and 5000.2. Circular A-109 is not the only thing that applies.

d. Proposed Definition Based on First Responses:

MAJOR SYSTEM

- (1) An end item which is critically important, complex, expensive, or for any reason requires special management control.
- (2) End-items composed of subsystems and/or other components which, for reasons of urgency, criticality, or resource requirements, is determined to be vital to the national or corporate interest.
- (3) A combination of elements that will function together to produce the capabilities required to fulfill a mission need. This includes hardware, equipment, software or any combination thereof.

Synonyms: Major Systems Acquisition.

Antonyms: None.

e. Results from Second Questionnaire:

Strongly Agree	<u>21</u> (34%)		
Somewhat Agree	<u>17</u> (28%)	Agree	<u>95%</u>
Agree	<u>20</u> (33%)		
Somewhat Disagree	<u>3</u> (05%)	Disagree	<u>05%</u>
Strongly Disagree	<u>0</u> (0%)		

f. Responses from Second Questionnaire:

The respondents that rated the definition unfavorably offered no constructive comments that could be incorporated into the definition. The comments were:

- I like the original definition.
- I think the original definition is better.
- Only the Government has a need to classify "Major System" and has precisely defined it in public law. If you just want a generic version - this definition is probably as good as any.

Some respondents who agreed with the definition asked that the word "expensive" be deleted and the current thresholds be used. The researcher, as stated in subsection c, believes it best to avoid the Federal or DoD definitions that include dollar limits which will probably change and would then require a change to the definition.

Strong enough consensus supporting the definition as revised indicate that further revision is unwarranted.

g. Proposed Definition Based on Second Responses:

MAJOR SYSTEM

- (1) An end item which is critically important, complex, expensive, or requires special management control.

- (2) End-items composed of subsystems and/or other components which, for reasons of urgency, criticality, or resource requirements, are determined to be vital to the national or corporate interest.
- (3) A combination of elements that will function together to produce the capabilities required to fulfill a mission need. This includes hardware, equipment, software or any combination thereof.

Synonyms: Major Systems Acquisition.

Antonyms: None.

h. Results from Third Questionnaire:

Strongly Agree	<u>26</u> (72%)		
Agree	<u>9</u> (25%)	Agree	<u>97%</u>
Somewhat Agree	<u>0</u> (0%)		
Somewhat Disagree	<u>1</u> (03%)	Disagree	<u>03%</u>
Strongly Disagree	<u>0</u> (0%)		

i. Responses from Third Questionnaire:

The one respondent who rated the definition unfavorably offered this comment:

- (1) is too broad, a bullet is critically important but could hardly be called a major system.

Critically important will take on different meanings to different people. In this case, the component Acquisition Executive or higher, depending on the acquisition category, will determine which systems are critically important. It is very expensive to monitor a major system and criticality will be assessed prior to designating a system as such. At any rate, being critically important is sufficient to be designated as a major system.

j. Proposed Definition Based on Third Responses:

MAJOR SYSTEM

- (1) An end item which is critically important, complex, expensive, or requires special management control.

- (2) End-items composed of subsystems and/or other components which, for reasons of urgency, criticality, or resource requirements, are determined to be vital to the national or corporate interest.
- (3) A combination of elements that will function together to produce the capabilities required to fulfill a mission need. This includes hardware, equipment, software or any combination thereof.

Synonyms: Major Systems Acquisition.
Antonyms: None.

4. Qualified Bidders List (QBL)

a. *Original Definition:*

QUALIFIED BIDDERS LIST (QBL)

A list of potential bidders whose products have been determined to meet all applicable qualification requirements prior to and independent of any specific acquisition action.

Synonyms: Pre-qualified bidders list.
Antonyms: None.

b. *Results:*

Agree 88 (92%)

Disagree 8 (08%)

c. *Responses:*

Half of those responding negatively to the definition wanted to delete the words "prior to and" from the original definition. Two others wanted to add "services" to the definition so it would read in part "A list of potential bidders whose products and services have been determined" The remaining two respondents were not satisfied with the definition but offered no constructive comments. The researcher recognized that the first two sentences presented valid points and has revised the definitions to reflect these responses. Representative comments are as follows:

- Delete the words "prior to and" from the definition.
- Should services be included in this definition?
- Add "or services" after products in the definition.
- Did this use to be the Qualified Products List (QPL)?

Other comments were offered but were instructional or informative and had no value for refining the definition.

d. Proposed Definition Based on First Responses:

QUALIFIED BIDDERS LIST (QBL)

A list of potential bidders whose products have been determined to meet all applicable qualification requirements independent of any specific acquisition action.

Synonyms: Pre-qualified bidders list.

Antonyms: None.

e. Results from Second Questionnaire:

Strongly Agree	<u>27</u> (44%)		
Somewhat Agree	<u>17</u> (28%)	Agree	<u>98%</u>
Agree	<u>16</u> (26%)		
Somewhat Disagree	<u>0</u> (0%)	Disagree	<u>02%</u>
Strongly Disagree	<u>1</u> (02%)		

f. Responses from Second Questionnaire:

The respondent who disagreed with this definition offered only that "I liked the original one better." While this is a valued comment, it does not provide the researcher an opportunity to address any specific problem areas. Although this definition was agreeable to 98% of the respondents, there were two very good points highlighted by their comments. These areas were represented by comments like:

- Shouldn't it read "whose products and services"
- I think that you should change the word bidders to suppliers.

These ideas were mentioned by several of the respondents who provided comments. The researcher agrees with the above concepts and will alter the definition to reflect them.

g. Proposed Definition Based on Second Responses:

QUALIFIED BIDDERS LIST (QBL)

A list of potential suppliers whose products and services have been determined to meet all applicable qualification requirements independent of any specific acquisition action.

Synonyms: Pre-qualified bidders list.
 Antonyms: None.

h. Results from Third Questionnaire:

Strongly Agree	<u>23</u> (64%)	Agree	<u>100%</u>
Agree	<u>12</u> (33%)	Disagree	<u>0%</u>
Somewhat Agree	<u>1</u> (03%)	Strongly Disagree	<u>0</u> (0%)
Somewhat Disagree	<u>0</u> (0%)		

i. Responses from Third Questionnaire:

The only comments received on this definition were regarding the structure of the first sentence. These comments were:

- Products and/or services.
- Suggest adding "/or" between "and" and "services."

The researcher will accommodate this alteration in the final consensus definition.

j. Proposed Definition Based on Third Responses:

QUALIFIED BIDDERS LIST (QBL)

A list of potential suppliers whose products and/or services have been determined to meet all applicable qualification requirements independent of any specific acquisition action.

Synonyms: Pre-qualified bidders list.

Antonyms: None.

5. Weighted Guidelines:

a. Original Definition:

WEIGHTED GUIDELINES

A structured approach for developing profit or fee negotiation objectives that provides a format for consideration of the relative value of appropriate cost and risk related factors.

Synonyms: Structured approach.

Antonyms: None.

b. Results:

Agree 83 (86%)

Disagree 13 (14%)

c. Responses:

Most of the negative responses regarding this definition were general comments about weighted guidelines and not disagreements with the definition. Some of the comments included:

- It should be said that weighted guidelines are highly subjective and should be used only as a guide.
- These are guidelines - They are not statutory.
- Because I do not think much of weighted guidelines, I personally would substitute "subjective" for "structured."

- Normally not useful in a Firm Fixed Price situation.

There were some comments related to the definition itself and included the following:

- Use uniform and consistent approach rather than a structured approach.
- Add after cost the word "investment" to include investment related factors in the definition.
- Delete appropriate cost and risk related factors and replace with "performance risk, contract type risk, and facilities capital employed."

The researcher recognizes this last comment as a valuable improvement to the original definition and will include it in the revision. Uniform and consistent sounds very much like structured so the researcher sees no reason to change the wording of that part of the definition.

d. Proposed Definition Based on First Responses:

WEIGHTED GUIDELINES

A structured approach for developing profit or fee negotiation objectives that provides a format for consideration of the relative value of performance risk, contract type risk, and facilities capital employed.

Synonyms: Structured approach.

Antonyms: None.

e. Results from Second Questionnaire:

Strongly Agree	<u>29</u> (47%)		
Somewhat Agree	<u>12</u> (20%)	Agree	<u>98%</u>
Agree	<u>19</u> (31%)		
Somewhat Disagree	<u>1</u> (02%)	Disagree	<u>02%</u>
Strongly Disagree	<u>0</u> (0%)		

f. Responses from Second Questionnaire:

Only a few disagreeing statements were made in response to this definition. These were:

- Recommend you state that it is a DoD structured approach.
- Liked the original definition better.
- Is there any advantage to mentioning that such an approach is mandated by the FAR?

The definition at one point included words to the effect "A Department of Defense (DoD) structured approach." It was an issue that generated significant controversy and it was found that the DoD is not the only agency to use weighted guidelines [Ref. 9:p. 95]. The researcher, therefore, is inclined not to rehash the issue and restrict the definition by incorporating DoD into it. The researcher also does not see any advantage to discussing specifics about the conditions when weighted guidelines are to be used. The discussion would lead outside the parameters of a definition. Strong enough consensus supporting the definition as revised indicates that further revision is unnecessary. The researcher has asked on the next questionnaire for comments that would increase the respondents' degree of agreement to (5) strongly agree.

g. Proposed Definition Based on Second Responses:

WEIGHTED GUIDELINES

A structured approach for developing profit or fee negotiation objectives that provides a format for consideration of the relative value of performance risk, contract type risk, and facilities capital employed.

Synonyms: Structured approach.

Antonyms: None.

h. Results from Third Questionnaire:

Strongly Agree	<u>30</u> (83%)		
Agree	<u>6</u> (17%)	Agree	<u>100%</u>
Somewhat Agree	<u>0</u> (0%)		
Somewhat Disagree	<u>0</u> (0%)	Disagree	<u>0%</u>
Strongly Disagree	<u>0</u> (0%)		

i. Responses from Third Questionnaire:

No comments were received that suggested changes or displeasure with the definition as written. The only comments were positive in nature such as:

- I respect and support what you are doing - the world's greatest scientists couldn't put together definitions to these terms which would satisfy everyone.

The 100% consensus and the high degree of agreement indicated on the scale support leaving this definition as written.

j. Proposed Definition Based on Third Responses:

WEIGHTED GUIDELINES

A structured approach for developing profit or fee negotiation objectives that provides a format for consideration of the relative value of performance risk, contract type risk, and facilities capital employed.

Synonyms: Structured approach.

Antonyms: None.

C. SUMMARY

This chapter has presented the results and analysis of the second group of five controversial terms. These terms were: defective pricing, incentive, major system, Qualified Bidders List, and weighted guidelines. Definitions, synonyms, and antonyms were revised based on the feedback received from 500 NCMA professionals in response to each questionnaire. The initial questionnaire, contained in Appendix B, solicited comments that led to revised definitions which were used to create the second questionnaire, contained in Appendix C. Based on the responses to this second questionnaire, some (four) of the definitions were further revised and questionnaire number three, contained in Appendix D, was sent to those respondents who participated through the first two rounds. Ultimately a final proposed definition was produced and will be recommended to be included in the dictionary of contracting and acquisition terms. Quantitative analysis indicates an increase in consensus for these terms as the result of this research effort. The consensus rates were calculated by dividing the total number of respondents into the number of respondents agreeing with the definition. All those who selected a rating category of 3, 4, or 5 were considered in agreement with the definition.

IV. CONCLUSIONS AND RECOMMENDATIONS

A. OVERVIEW

This chapter presents the conclusions and recommendations drawn from this research effort. It includes observations drawn while conducting research and recommendations for improving subsequent follow on efforts. It concludes with an answer to the primary research question posed at the beginning of this thesis along with a summary of the chapter.

B. CONCLUSIONS

This section will include some general comments about this research, and will then compare the results of this effort with those of LT Robinson, LCDR Roe, and LT Wilson's previous efforts.

The first round of the questionnaires generated 22.5% return; the second round a 66% return; and the third round a 61% return. Interestingly, while the second and third questionnaires generated higher rates of return, fewer comments were received.

This questionnaire has significant face validity because the majority of the respondents are Acquisition and Contracting Professionals who are currently working in the field. Most of those who responded were appreciative that they had an opportunity to help in what they considered valid and worthwhile research. The majority of the respondents felt that a conscious attempt should be made to provide universal definitions to terms and not to concentrate on Government oriented terms and definitions. Although a wide variety of terms are only applicable to Government

contracting, there are numerous other terms which may apply to both Government and commercial contracting. For this reason, definitions to be used by acquisition and contracting professionals should be universal and applicable to the profession in general to the largest extent possible.

Based on this researcher's analysis of the data, results were compared to those of LT Robinson, LCDR Roe, and LT Wilson's efforts. These conclusions follow:

1. The product of this thesis will add to the body of knowledge which makes up the contracting discipline. [Ref. 6:p. 64] [Ref. 7:p. 72] [Ref. 9:p. 111]

The ten terms which were refined in this thesis do not add to the body of knowledge. Rather, some of the knowledge, which is already present in this profession, is more accurately articulated within the framework of the body of knowledge. Research efforts need to continue in order to expand the volume of defined terms and refine the definitions of controversial terms.

2. The observations of questionnaire respondents reflect a concern for the continued development of the contracting discipline. [Ref. 6:p. 65] [Ref. 7:p. 72] [Ref. 9:p. 112]

This researcher agrees with LT Robinson, LCDR Roe, and LT Wilson's observations regarding the concern of the respondents for the development of this discipline/profession. The high response rate to all three questionnaires, and the positive comments received, indicated a sincere desire among the respondents to contribute to the body of acquisition and contracting knowledge. A review of the completed questionnaires indicate that the majority of the respondents were very

articulate. Several of the respondents requested information to obtain a copy of the dictionary when completed.

3. There is not universal agreement concerning the meaning of most contracting terms. [Ref. 6:p. 65] [Ref. 7:p. 72] [Ref. 9:p. 112]

This researcher agrees with this conclusion as expressed by LT Robinson, LCDR Roe, and LT Wilson. This researcher believes that each respondent understood the basic concept of the terms. However, the respondents differed as to which aspects of a specific term should be included in a formal definition. The iterative process of the modified Delphi Technique helped to increase the rate of approval for the controversial definitions. Although the consensus definitions presented in this research received very high approval rates, an element of dissent remained. The problem does not appear to be one in which a term conjures up differing concepts among procurement professionals. Rather, the majority of suggestions to improve upon a definition represent one aspect of the term which specifically applies to their understanding of their own procurement environment. This misunderstanding highlights the need for a comprehensive compilation of contracting terms.

4. The procedure used in this thesis to achieve consensus on term definitions as used in contracting is valid. [Ref. 6:p. 65] [Ref. 7:p. 73] [Ref. 9:p. 112]

The method used in this study was modified from previous studies by increasing the number of participants and including an additional round of questionnaires. This modification has increased the number of participants and is believed to have assisted in reaching a higher level of consensus.

5. The inclusion of synonyms and antonyms contributed very little to the thesis. [Ref. 6:p. 66] [Ref. 9:p. 113]

The researcher disagrees with this conclusion. Although few synonyms and antonyms were suggested for the ten terms, this in itself does not indicate the lack of diligence on the part of the survey respondents. This research demonstrated that including synonyms and antonyms in the questionnaire generated a significant number of comments.

C. RECOMMENDATIONS

Based on this researcher's analysis, this section will compare recommendations made by LT Wilson and the results of this study. Recommendations are as follows:

1. The consensus definitions derived from this research should be added to those from previous research and incorporated into the contracting dictionary. [Ref. 9:p. 113]

The ten terms generated strong consensus among the participants, ranging from 95 to 100 percent agreement. The researcher believes that the refined terms represent a consensus of experts in the acquisition and contracting field and should be incorporated in the contracting dictionary.

2. Continue to refine only the terms deemed controversial in subsequent research with the methodology utilized in this effort. [Ref. 9:p. 113]

The researcher does not agree with this recommendation made by previous researchers. Not all definitions are subject to refinement. The only definitions that should be further refined are those definitions that

generate significant diversity in comments or require extensive revisions in response to comments.

Additionally, subsequent research needs to be conducted regarding the research methods that have been used for this study as well as previous theses. Specific areas of analysis should include:

a. Delphi Technique. The modified Delphi Technique that has been used for this study and other related studies should be closely examined. Is it an appropriate method for this type of study? If so, why? Would a more conventional Delphi method be more appropriate for the purpose of this study? If so, what changes to the procedures would be necessary? What might we learn from similar studies that have been done using the conventional Delphi Technique?

b. Scaling Technique. Is the scaling technique used in this study the most appropriate for a study of this type? If so, why? How might the quantitative data gathered via the scales be used more effectively for these studies?

c. Sample Size. What is the appropriate sample size for these studies? A rationale should be established for the sample size based on the research designed.

3. Standardize the procedure for determining agreement or disagreement with a term's definition. [Ref. 9:p. 115]

The researcher strongly agrees with LT Wilson's recommendation. In order to make a valid comparison of approval rates between research efforts, standard procedures and terminology should be used. As mentioned above, the modified Delphi Technique that has been used in this study as well as previous related studies should be carefully analyzed. A detailed

analysis of the procedures could establish an appropriate strategy for standardization.

4. Continue to follow up questionnaires with a reminder letter.

[Ref. 9:p. 114]

The mailing of a reminder letter about a week after the questionnaire proved to be a valuable tool in generating responses. The first questionnaire was sent to a 1000 participants. A reminder letter was sent to approximately one half of those individuals and an overall return rate of 22.5% was obtained. The second and third round questionnaires were followed up by letters to all of the individuals participating and the response rates were 66.2% and 61% respectively.

5. Allow ample time for data collection and analysis.

It took approximately eight months to gather, analyze, and report the data. Therefore, subsequent researchers should take this into consideration. The development, printing, and mailing of the three research questionnaires takes considerable time. In addition, the researcher must allow time for the participants' responses and the analysis of the responses.

D. RESEARCH QUESTION ANSWERS

The subsidiary research questions were:

1. What agreement can be reached from professionals in the field?
2. What definition of terms can be concluded from research and feedback?
3. Is the modified Delphi Technique useful for fine tuning controversial acquisition and contracting terms?

This research demonstrated that substantial, but not complete, agreement can be reached from professionals in the field. The modified Delphi Technique provided the researcher with valuable feedback that was an integral part of this research effort.

The primary research question was: To what extent can standard meanings be arrived at in the evolving field of contracting in which words are used with various meanings?

Utilizing a base of professionals in the acquisition/contracting field and using the methodology of this effort, the researcher believes the definitions produced are of such consensus that they can be used as the standard definition. While total commitment to these definitions, represented by all respondents selecting the strongly agree category, is very unlikely, the 95% or greater consensus indicates a successful effort to create a standard definition.

E. AREAS FOR FURTHER RESEARCH

The methodology used in this research effort could also be used to refine non-controversial terms from previous or subsequent graduate theses. An analysis would demonstrate whether the refinement process was productive.

Although the researcher believes that an acceptable consensus was achieved after the second questionnaire, a third questionnaire helped to further support the refinement process. The approval rate for each of the terms improved with each questionnaire.

F. SUMMARY

This chapter offered conclusions and recommendations made by the researcher regarding this research effort as well as answering the

research question. Hopefully, this will be of some benefit to those who do subsequent research in this area. A comprehensive dictionary of acquisition and contracting terms will make a lasting contribution to the profession. The opportunity to contribute was rewarding and enlightening.

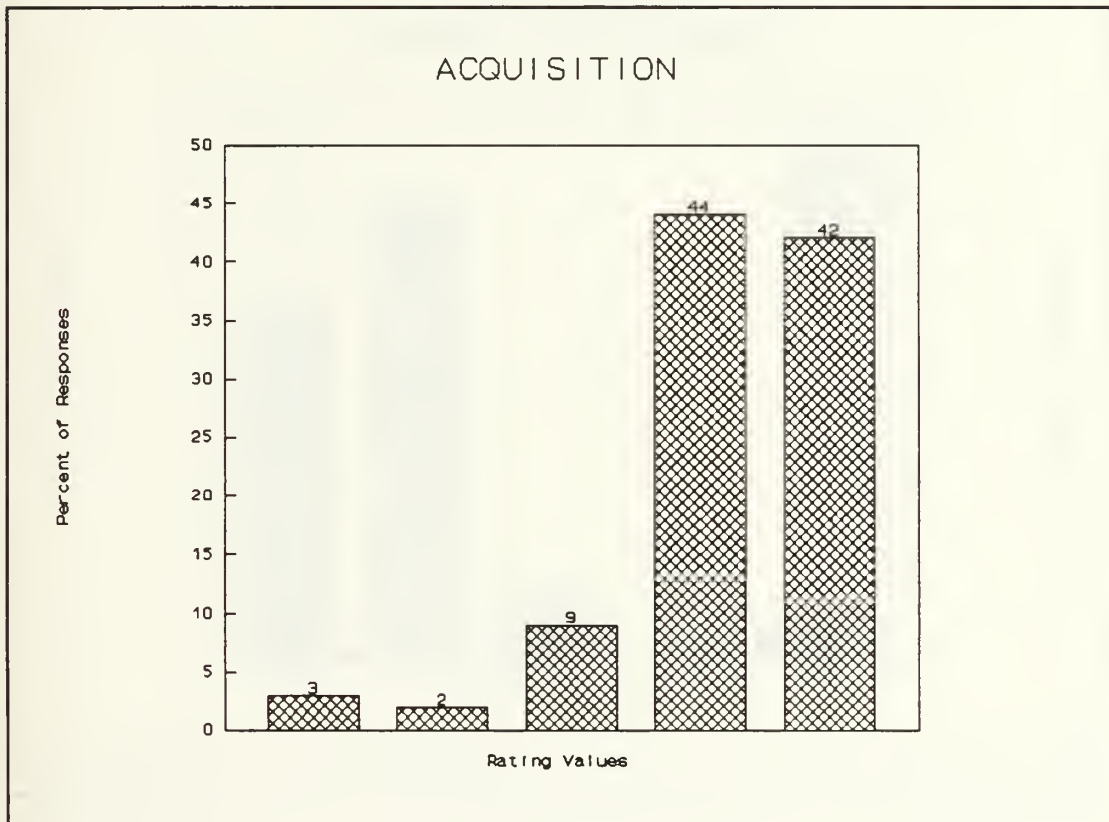
APPENDIX A: PROPOSED CONSENSUS DEFINITIONS

ACQUISITION

The entire spectrum of actions in obtaining supplies, services, construction or systems to include: requirement determination and identification, solicitation, evaluation/negotiation, selection, contract award, contract administration, application/utilization and disposition.

Synonyms: Buying, contracting, procurement, purchasing.

Antonyms: None.

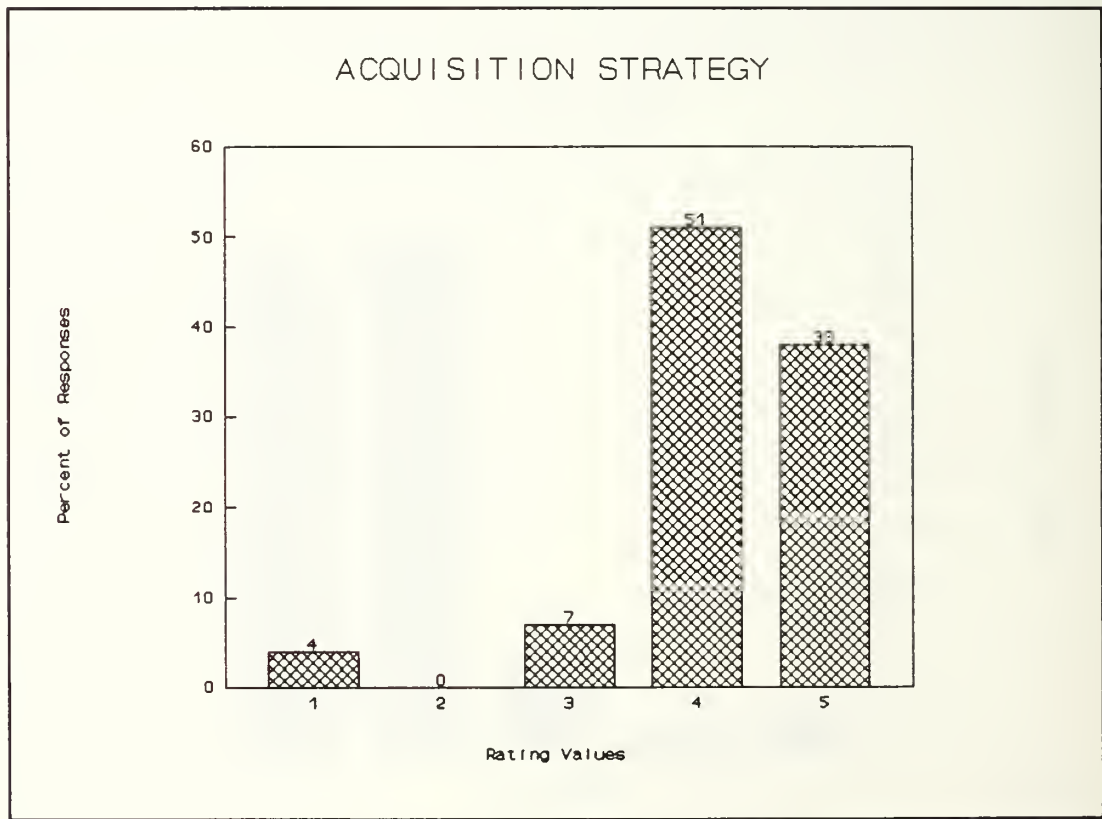


ACQUISITION STRATEGY

The framework and procedure for conducting an acquisition. It is a business and technical management approach designed to achieve program objectives within imposed constraints, frequently developed and tailored to the unique circumstances of a program.

Synonyms: Acquisition Plan, Acquisition Management Plan, Business Strategy Plan.

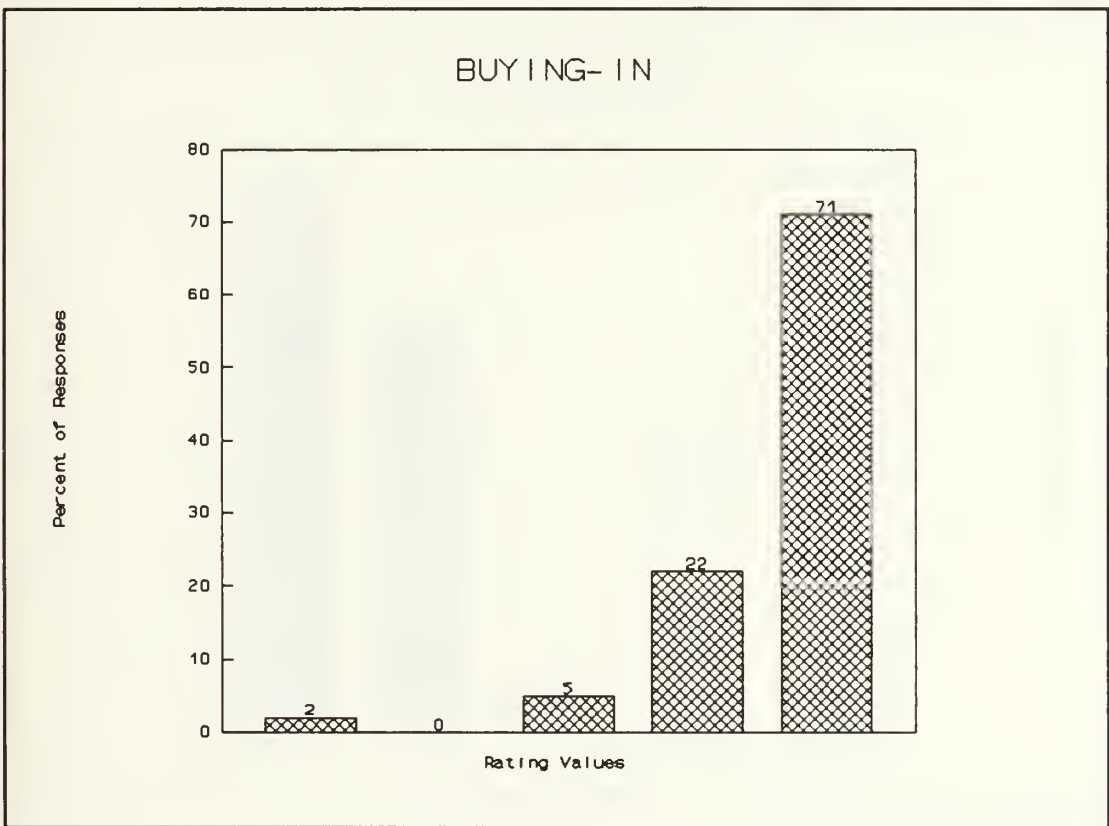
Antonyms: None.



BUYING-IN

A management decision to knowingly submit an offer below anticipated costs to obtain a contract award.

Synonyms: Loss leader, Low-balling.
Antonyms: High-balling, maximum pricing.

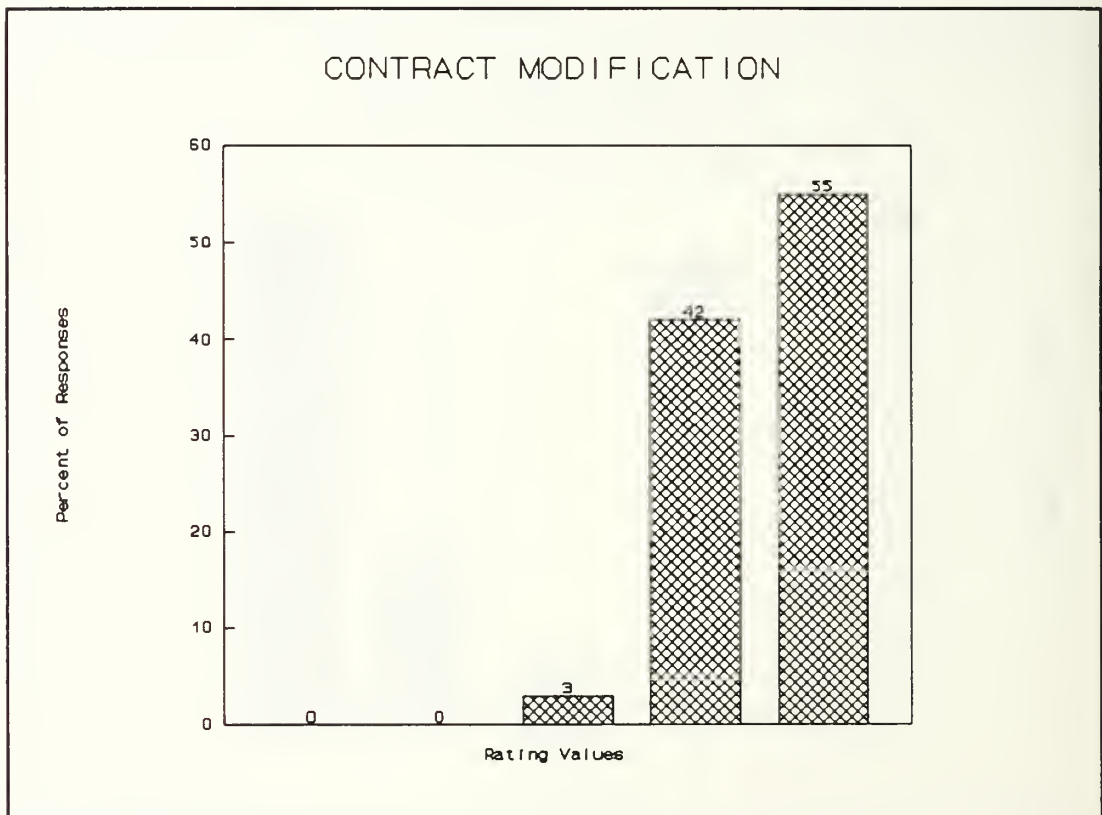


CONTRACT MODIFICATION

A written change to the provisions of an existing contract. Such change must be made by an authorized agent and may be accomplished by unilateral action (change order) or by mutual action (supplemental agreement).

Synonyms: Change order, supplemental agreement.

Antonyms: Constructive change.

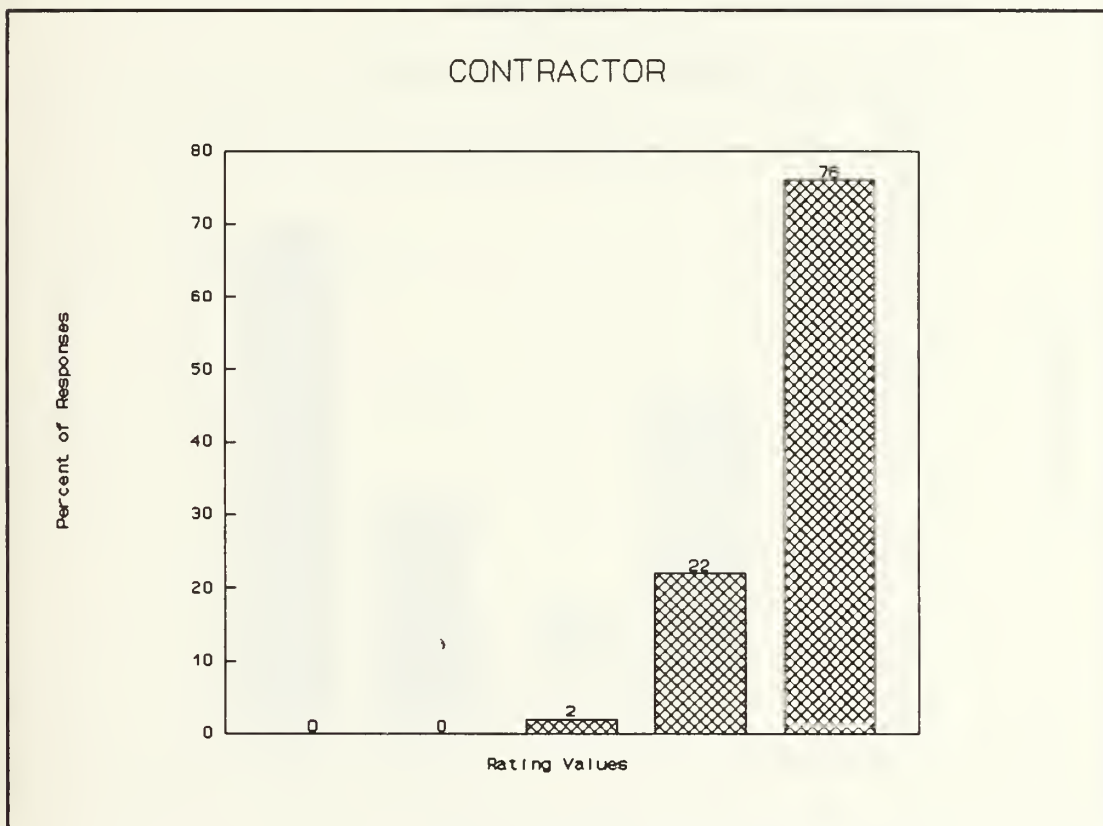


CONTRACTOR

Any individual, corporation, partnership, association, institution or other legal entity that has entered into a contract to supply materials, products or services for an agreed upon consideration.

Synonyms: Awardee, supplier, vendor.

Antonyms: Customer, buyer.

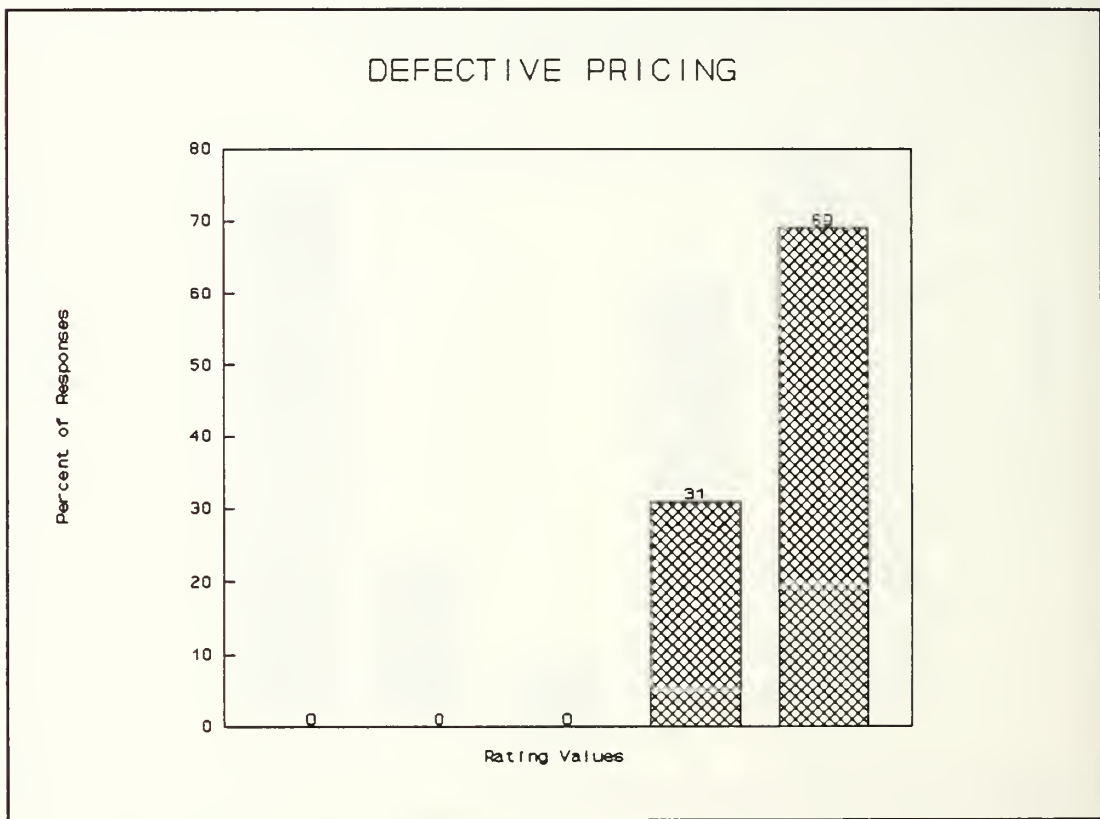


DEFECTIVE PRICING

The submission of certified cost or pricing data by a contractor or subcontractor that were not current, accurate and complete at the time of final price agreement. Cost or pricing data which are found defective entitle the Government to a downward adjustment of the negotiated price, including profit or fee, to remove any significant sum by which the price was overstated, less offsets for underpriced items, provided the data were relied upon by the Government.

Synonyms: Defective cost or pricing data.

Antonyms: Current, accurate and complete pricing data.



INCENTIVE

An inducement, usually monetary, for a contractor (a) to exceed performance goals, (b) to deliver in advance of the contract schedule, (c) to minimize costs, or (d) to satisfactorily complete a contract while exceeding a combination of measurable objectives which define the contract minimum obligations.

Synonyms: Motivation, reward, stimulant.

Antonyms: Disincentive, penalty.

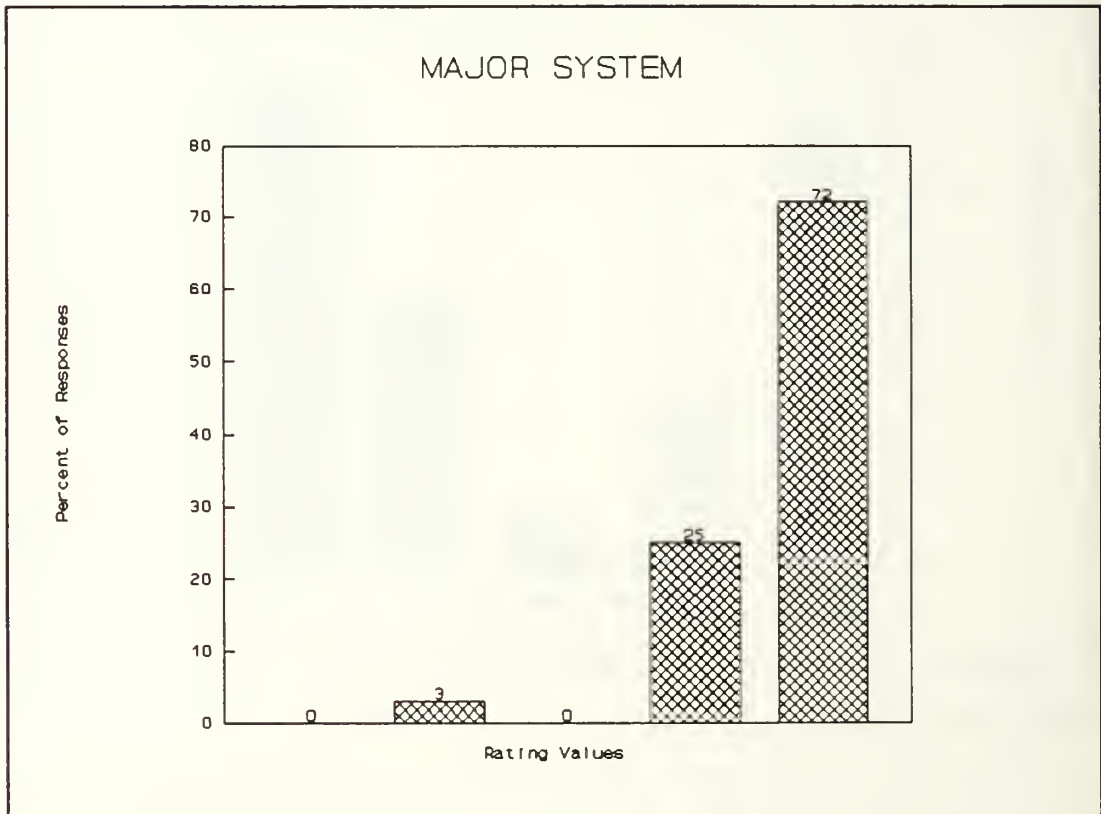


MAJOR SYSTEM

- (1) An end item which is critically important, complex, expensive, or requires special management control.
- (2) End-items composed of subsystems and/or other components which, for reasons of urgency, criticality, or resource requirements, are determined to be vital to the national or corporate interest.
- (3) A combination of elements that will function together to produce the capabilities required to fulfill a mission need. This includes hardware, equipment, software or any combination thereof.

Synonyms: Major Systems Acquisition.

Antonyms: None.

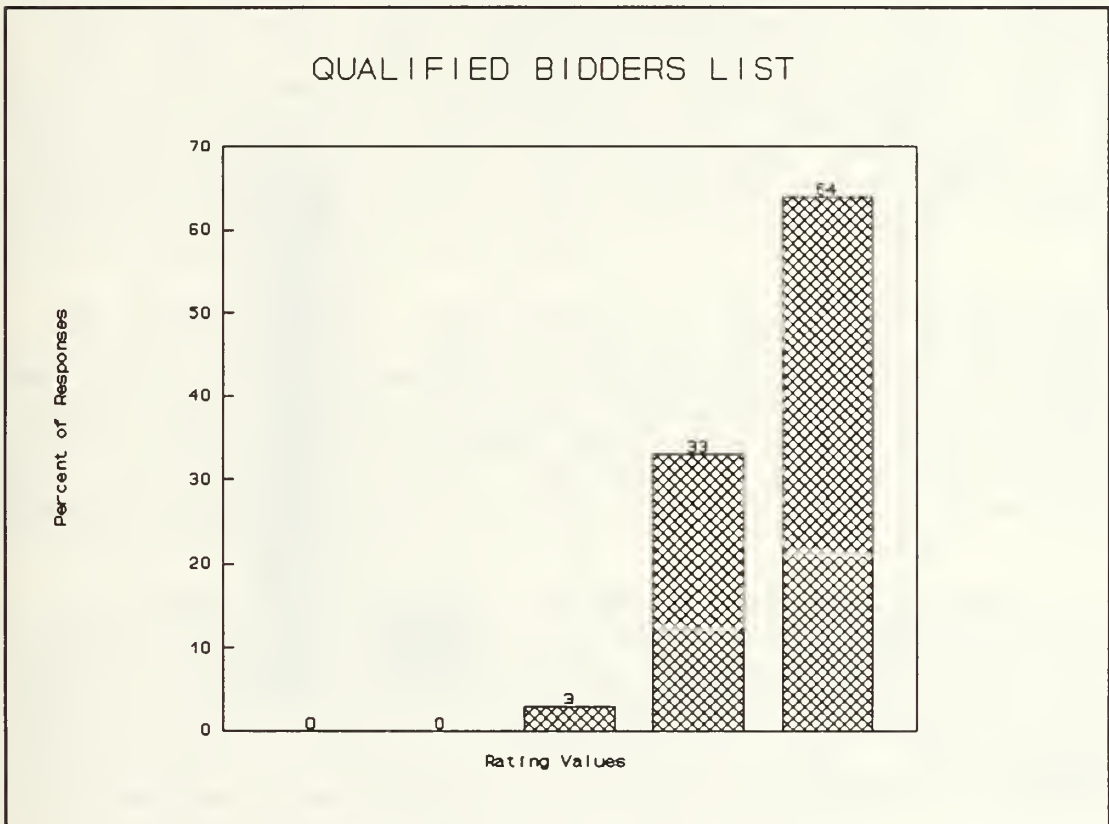


QUALIFIED BIDDERS LIST (QBL)

A list of potential suppliers whose products and/or services have been determined to meet all applicable qualification requirements independent of any specific acquisition action.

Synonyms: Pre-qualified bidders list.

Antonyms: None.

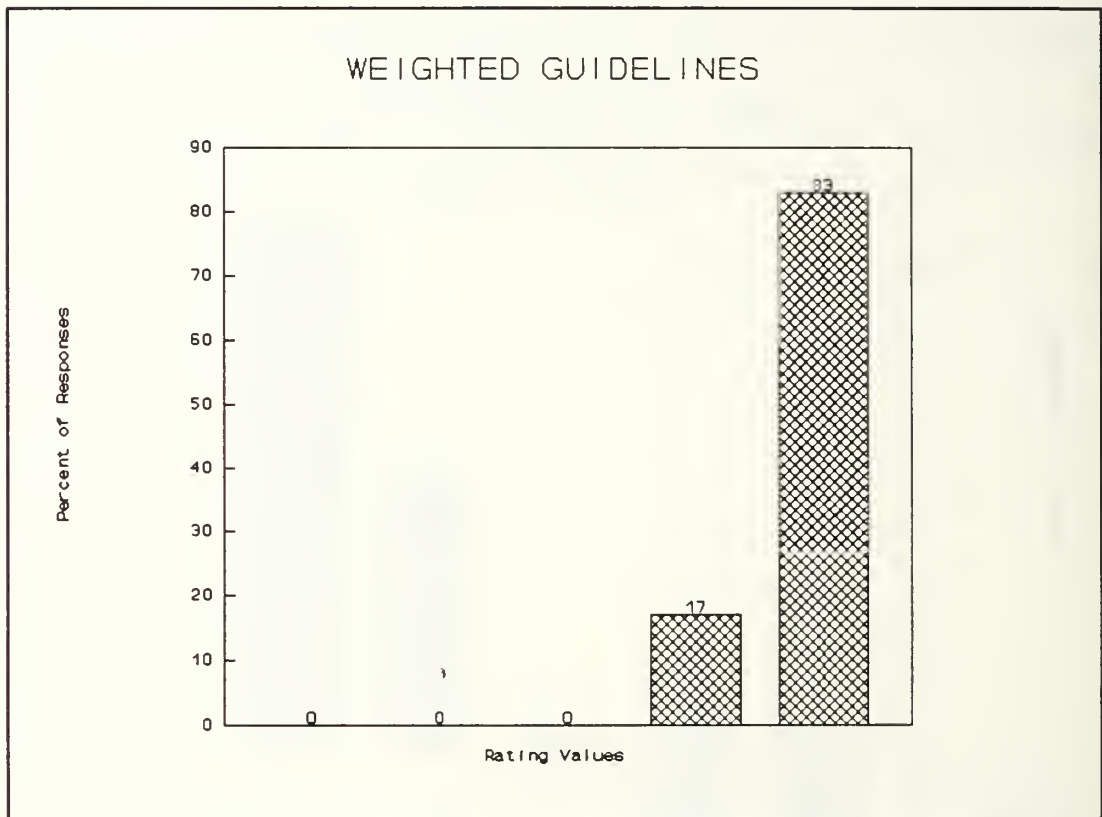


WEIGHTED GUIDELINES

A structured approach for developing profit or fee negotiation objectives that provides a format for consideration of the relative value of performance risk, contract type risk, and facilities capital employed.

Synonyms: Structured approach.

Antonyms: None.



APPENDIX B: INITIAL QUESTIONNAIRE AND REMINDER LETTER

This appendix represents the two initial questionnaires which were mailed to 1000 Professional Contracts managers and Certified Associate Contracts Managers, and the reminder letter which was mailed on week later.

A. INITIAL QUESTIONNAIRE

Graduate students at the Naval Postgraduate School, Monterey, California, and the Air Force Institute of Technology, Wright-Patterson Air Force Base, Ohio, are conducting research to derive baseline definitions for commonly used acquisition words or phrases. When the project is complete, the definitions will be included as part of a professional dictionary of contracting terminology. The purpose of the dictionary is twofold. First, to provide an educational tool to those unfamiliar with the acquisition process. Second, to provide a reference document for those working in the field.

The purpose of this questionnaire is to obtain feedback from contracting professionals regarding proposed definitions of contracting terms. All of the terms have been synthesized from collected definitions, government regulations and contracting literature and have been reviewed once by National Contract Management Association Fellows in an effort to obtain a consensus definition. The terms in this questionnaire were selected for refinement using the Delphi Technique due to the diversity of comments which they generated.

The Delphi Technique is a method of refining a viewpoint by resubmitting successive opinions for review by the same respondents until consensus is reached. This research will entail resubmitting initial opinions to the respondents twice. Therefore, it is requested that you include your name and address with your response to enable the researcher to include you in the subsequent reviews of the terms. Your responses will be considered confidential. Your name and address is requested solely for the purpose of conducting a second review.

Please review the definition provided for each contracting term. When reviewing, please feel free to make changes as you deem necessary. This may be done in any way which will be legible to the researcher, such as lining out words. Also, please include a short explanation for the change in the remarks section; this will aid the researcher in understanding your reasoning when reviewing the proposed definition.

Your participation in this research and response by 30 June 1992 is greatly appreciated. If you need any additional details, LCDR Marco Furforo can be contacted at (408) 372-6731, or by writing to:

LCDR Marco Furforo, SC, USN
SMC #2936
Naval Postgraduate School
Monterey, CA 93943-5000

Name: _____

Address: _____

ACQUISITION

- (1) The process by which one obtains legal possession or ownership.
- (2) The entire spectrum of actions, from the identification of a need through disposition, in obtaining supplies, services, construction, or systems.
- (3) In major systems: The process of obtaining complex systems through phases such as: concept exploration, concept demonstration and validation, full-scale development, production, logistic support, and major upgrade/system replacement.

Synonyms: Procurement.

Antonyms: None.

COMMENT: _____

ACQUISITION STRATEGY

The conceptual framework for conducting an acquisition. It encompasses the broad concepts and objectives which direct and control the overall development, production, and introduction to use of a product or system through the integration of strategic, technical, resource, and business concerns. It is developed and tailored to the unique circumstances of an individual program.

Synonyms: Acquisition plan, acquisition management plan, business strategy plan.

Antonyms: None.

COMMENT: _____

BUYING-IN

A management decision to knowingly submit an offer below anticipated costs to obtain a contract award. (buying-in may be done expecting to gain benefit and recoup losses through contract changes or follow-on contracts; however, this must be precluded by the contracting officer if suspected. It may also be intended to achieve or protect market share, obtain access to new technology, or retain company viability through the absorption of fixed costs.)

Synonyms: Loss leader, low-balling.

Antonyms: High-balling.

COMMENT: _____

CONTRACT MODIFICATION

Any authorized written alteration in the provisions of an existing contract, whether accomplished by unilateral action (change order) in accordance with a contract provision or by mutual action (supplemental agreement) of the parties to a contract. Compare this with an "amendment" which is usually used to alter a solicitation.

Synonyms: Change order, supplemental agreement.

Antonyms: Constructive change.

COMMENT: _____

CONTRACTOR

(1) Any individual, corporation, partnership, association, institution or other legal entity that enters into a legally binding agreement to supply certain materials, products or services for a stipulated consideration.

(2) Any individual or other legal entity that is awarded a contract.

Synonyms: Awardee, supplier, vendor.

Antonyms: Customer, buyer.

COMMENT: _____

DEFECTIVE PRICING

The use of cost or pricing data which were claimed by a contractor or subcontractor to be current, accurate and complete at the time of final price agreement but in fact were not. (It entitles the Government to a downward adjustment of the negotiated price, including profit or fee, to remove any significant sum by which price was increased because of the defective cost or pricing data, less offsets for underpriced items, provided the data were relied upon by the Government.)

Synonyms: Defective cost or pricing data.

Antonyms: None.

COMMENT: _____

INCENTIVE

An inducement for a contractor, generally in calculable monetary terms, (a) to produce a product or service that exceeds definitive performance goals, (b) to improve the contract schedule, (c) to reduce costs, or (d) to complete a project under a combination of measurable objectives.

Synonyms: Inducement, stimulant, cause.

Antonyms: Disincentive.

COMMENT: _____

MAJOR SYSTEM

- (1) An end item which is critically important, complex, expensive, or for any other reason requires special management control.
- (2) One of a limited number of end-items composed of subsystems and/or other components which, for reasons of urgency, criticality, or resource requirements, is determined to be vital to the national or corporate interest.

Synonyms: System subject to OMB Circular A-109, weapon system.

Antonyms: None.

COMMENT: _____

QUALIFIED BIDDERS LIST (QBL)

A list of potential bidders whose products have been determined to meet all applicable qualification requirements prior to and independent of any specific acquisition action.

Synonyms: Pre-qualified bidders list.

Antonyms: None.

COMMENT: _____

WEIGHTED GUIDELINES

A structured approach for developing profit or fee negotiation objectives that provides a format for consideration of the relative value of appropriate cost and risk related factors.

Synonyms: Structured approach.

Antonyms: None.

COMMENT: _____

B. REMINDER LETTER

About a week ago, you should have received a questionnaire regarding research to derive baseline definitions for commonly used acquisition words or phrases. If you have not yet received the questionnaire, please call me at (408) 372-6731, and I will fax you a copy immediately.

If you have already completed and returned the questionnaire, thank you for your cooperation. It is greatly appreciated.

If you have not yet returned the questionnaire, I urge you to do so by 30 June 1992 or as soon as possible thereafter. Your perspective is very important to this research which will be used, in part, to create a professional dictionary of contracting terminology.

If you need any additional details, feel free to contact LCDR Marco Furforo by telephone at (408) 372-6731, or by writing to:

LCDR Marco Furforo
SMC #2936
Naval Postgraduate School
Monterey, California 93943-5000

APPENDIX C: FIRST FOLLOW-UP QUESTIONNAIRE AND REMINDER LETTER

This appendix represents the second follow-on question-naire which was mailed to the respondents from the initial question-naire who provided names and addresses, and the reminder letter which was mailed one week later.

A. FOLLOW-ON QUESTIONNAIRE

Thank you for completing the initial questionnaire and participating in this follow-on research to arrive at consensus definitions of contracting terminology. Your efforts have provided an excellent base for the establishment of a consensus. This questionnaire will only be sent to those who responded to the initial questionnaire, so your continued participation is very important.

As a reminder: Graduate students at the Naval Postgraduate School, Monterey, California, and the Air Force Institute of Technology, Wright-Patterson Air Force Base, Ohio, are conducting research to derive baseline definitions for commonly used acquisition words or phrases. When the project is complete, the definitions will be included as part of a professional dictionary of contracting terminology that will be published by the NCMA. The purpose of the dictionary is two fold. First, to provide a an educational tool to those unfamiliar with the acquisition process. Second to provide a reference document for those working in the field. This research is an ongoing effort in obtaining feedback from contracting professionals regarding proposed definitions of contracting terms. It differs from the previous research in that it is taking terms from previous efforts which generated significant diversity, and is refining them using the Delphi Technique. All terms were synthesized from collected definitions, Government regulations and contracting literature and were reviewed once by NCMA Fellows and Certified professionals prior to your input on the initial questionnaire.

Attached for your review are the revised definitions based on comments received in response to the initial questionnaire. Please review the revised definitions and indicate your agreement level on the scale provided from 1 to 5. If you have any disagreements or comments, please either annotate them where applicable, or write them on the space provided.

Your continued participation in this research and response by 8 September 1992 is greatly appreciated. If you need any additional details, contact LCDR Marco Furforo by telephone at (408) 646-2536 (Administrative Science Curriculum Office), or by writing to:

LCDR Marco Furforo
SMC #2936
Naval Postgraduate School
Monterey, California 93943-5000

Please include your name and address with your response to enable the researcher to include you in the final review of the terms.

NAME: _____
ADDRESS: _____

ACQUISITION

Original Definition:

(1) The process by which one obtains legal possession or ownership.

(2) The entire spectrum of actions, from the identification of a need through disposition, in obtaining supplies, services, construction, or systems.

(3) In major systems: The process of obtaining complex systems through phases such as: concept exploration, concept demonstration and validation, full-scale development, production, logistic support, and major upgrade/system replacement.

Synonyms: Procurement.

Antonyms: None.

Revised Definition:

(1) The entire spectrum of actions, from identification of a need through disposition, in obtaining supplies, services, construction or systems.

(2) In major systems: The process of obtaining complex systems through phases such as: concept exploration and definition, demonstration and validation, engineering and manufacturing development, production and deployment, operations and support as well as major upgrade/system replacement and concluding with phase out or disposal.

Synonyms: Buying, contracting, procurement.

Antonyms: None.

Do you agree with this definition?

-----1-----	-----2-----	-----3-----	-----4-----	-----5-----
STRONGLY DISAGREE	SOMEWHAT DISAGREE	AGREE	SOMEWHAT AGREE	STRONGLY AGREE

COMMENT: _____

Synonyms: _____
Antonyms: _____

ACQUISITION STRATEGY

Original Definition:

The conceptual framework for conducting an acquisition. It encompasses the broad concepts and objectives which direct and control the overall development, production, and introduction to use of a product or system through the integration of strategic, technical, resource, and business concerns. It is developed and tailored to the unique circumstances of an individual program.

Synonyms: Acquisition Plan, Acquisition Management Plan, Business Strategy Plan.

Antonyms: None.

Revised Definition:

The framework and procedure for conducting an acquisition. It is a business and technical management approach designed to achieve program objectives within imposed constraints.

Synonyms: Acquisition Plan, Acquisition Management Plan, Business Strategy Plan.

Antonyms: None.

Do you agree with this definition?

-----1-----	-----2-----	-----3-----	-----4-----	-----5-----
STRONGLY DISAGREE	SOMEWHAT DISAGREE	AGREE	SOMEWHAT AGREE	STRONGLY AGREE

COMMENT: _____

Synonyms: _____

Antonyms: _____

BUYING-IN

Original Definition:

A management decision to knowingly submit an offer below anticipated costs to obtain a contract award. (Buying-in may be done expecting to gain benefit and recoup losses through contract changes or follow-on contracts; however, this must be precluded by the contracting officer if suspected. It may also be intended to achieve or protect market share, obtain access to new technology, or retain company viability through the absorption of fixed costs.)

Synonyms: Loss leader, Low-balling.

Antonyms: High-balling.

Revised Definition:

A management decision to knowingly submit an offer below anticipated costs to obtain a contract award.

Synonyms: Loss leader, Low-balling.

Antonyms: High-balling, maximum pricing, market pricing.

Do you agree with this definition?

-----1-----2-----3-----4-----5-----
STRONGLY SOMEWHAT AGREE SOMEWHAT STRONGLY
DISAGREE DISAGREE AGREE AGREE

COMMENT: _____

Synonyms: _____
Antonyms: _____

CONTRACT MODIFICATION

Original Definition:

Any authorized written alteration in the provisions of an existing contract, whether accomplished by unilateral action (change order) in accordance with a contract provision or by mutual action (supplemental agreement) of the parties to a contract. Compare this with an "amendment" which is usually used to alter a solicitation.

Synonyms: Change order, supplemental agreement.

Antonyms: Constructive change.

Revised Definition:

A written change to the provisions of an existing contract. Such change may be accomplished by unilateral action (change order) or by mutual action (supplemental agreement). Contract modifications must be authorized by the Contracting Officer or by special authorities extraneous to the contract in the case of extraordinary contractual actions.

Synonyms: Change order, supplemental agreement.

Antonyms: Constructive change.

Do you agree with this definition?

-----1-----	-----2-----	-----3-----	-----4-----	-----5-----
STRONGLY DISAGREE	SOMEWHAT DISAGREE	AGREE	SOMEWHAT AGREE	STRONGLY AGREE

COMMENT: _____

Synonyms: _____
Antonyms: _____

CONTRACTOR

Original Definition:

(1) Any individual, corporation, partnership, association, institution or other legal entity that enters into a legally binding agreement to supply certain materials, products or services for a stipulated consideration.

(2) Any individual or other legal entity that is awarded a contract.

Synonyms: Awardee, supplier, vendor.

Antonyms: Customer, buyer.

Revised Definition:

Any individual, corporation, partnership, association, institution or other legal entity that has entered into a contract to supply materials, products or services for an agreed upon consideration.

Synonyms: Awardee, supplier, vendor.

Antonyms: Customer, buyer.

Do you agree with this definition?

-----1-----2-----3-----4-----5-----
STRONGLY SOMEWHAT AGREE SOMEWHAT STRONGLY
DISAGREE DISAGREE AGREE AGREE

COMMENT: _____

Synonyms: _____
Antonyms: _____

DEFECTIVE PRICING

Original Definition:

The use of cost or pricing data which were claimed by a contractor or subcontractor to be current, accurate and complete at the time of final price agreement but in fact were not. (It entitles the Government to a downward adjustment of the negotiated price, including profit or fee, to remove any significant sum by which price was increased because of the defective cost or pricing data, less offsets for underpriced items, provided the data were relied upon by the Government.)

Synonyms: Defective cost or pricing data.
Antonyms: None.

Revised Definition:

The submission of certified cost or pricing data by a contractor or subcontractor that were not current, accurate and complete at the time of final price agreement. Cost or pricing data which are found defective entitles the Government to a downward adjustment of the negotiated price including profit or fee to remove any significant sum by which the price was overstated, less offsets for underpriced items, provided the data were relied upon by the Government.

Synonyms: Defective cost or pricing data.
Antonyms: Current, accurate and complete pricing data.

Do you agree with this definition?

-----1-----	-----2-----	-----3-----	-----4-----	-----5-----
STRONGLY DISAGREE	SOMEWHAT DISAGREE	AGREE	SOMEWHAT AGREE	STRONGLY AGREE

COMMENT: _____

Synonyms: _____
Antonyms: _____

INCENTIVE

Original Definition:

An inducement for a contractor, generally in calculable monetary terms, (a) to produce a product or service that exceeds definitive performance goals, (b) to improve the contract schedule, (c) to reduce cost, or (d) to complete a project under a combination of measurable objectives.

Synonyms: Inducement, stimulant, cause.

Antonyms: Disincentive.

Revised Definition:

An inducement, usually monetary, for a contractor (a) to exceed performance goals, (b) to deliver in advance of the contract schedule, (c) to minimize costs, or (d) to satisfactorily complete a contract while meeting or exceeding a combination of measurable objectives.

Synonyms: Motivation, reward, stimulant.

Antonyms: Disincentive.

Do you agree with this definition?

-----1-----2-----3-----4-----5-----
STRONGLY SOMEWHAT AGREE SOMEWHAT STRONGLY
DISAGREE DISAGREE AGREE AGREE

COMMENT: _____

Synonyms: _____
Antonyms: _____

MAJOR SYSTEM

Original Definition:

- (1) An end item which is critically important, complex, expensive, or for any other reason requires special management control.
- (2) One of a limited number of end-items composed of subsystems and/or other components which, for reasons of urgency, criticality, or resource requirements, is determined to be vital to the national or corporate interest.

Synonyms: System subject to OMB Circular A-109, weapons system.

Antonyms: None.

Revised Definition:

- (1) An end item which is critically important, complex, expensive, or for any reason requires special management control.
- (2) End-items composed of subsystems and/or other components which, for reasons of urgency, criticality, or resource requirements, is determined to be vital to the national or corporate interest.
- (3) A combination of elements that will function together to produce the capabilities required to fulfill a mission need. This includes hardware, equipment, software or any combination thereof.

Synonyms: Major Systems Acquisition.

Antonyms: None.

Do you agree with this definition?

-----1-----2-----3-----4-----5-----
 STRONGLY SOMEWHAT AGREE SOMEWHAT STRONGLY
 DISAGREE DISAGREE AGREE AGREE

COMMENT: _____

Synonyms: _____
 Antonyms: _____

QUALIFIED BIDDERS LIST (QBL)

Original Definition:

A list of potential bidders whose products have been determined to meet all applicable qualification requirements prior to and independent of any specific acquisition action.

Synonyms: Pre-qualified bidders list.

Antonyms: None.

Revised Definition:

A list of potential bidders whose products have been determined to meet all applicable qualification requirements independent of any specific acquisition action.

Synonyms: Pre-qualified bidders list.

Antonyms: None.

Do you agree with this definition?

-----1-----2-----3-----4-----5-----
STRONGLY SOMEWHAT AGREE SOMEWHAT STRONGLY
DISAGREE DISAGREE AGREE AGREE

COMMENT: _____

Synonyms: _____
Antonyms: _____

WEIGHTED GUIDELINES

Original Definition:

A structured approach for developing profit or fee negotiation objectives that provides a format for consideration of the relative value of appropriate cost and risk related factors.

Synonyms: Structured approach.

Antonyms: None.

Revised Definition:

A structured approach for developing profit or fee negotiation objectives that provides a format for consideration of the relative value of performance risk, contract type risk, and facilities capital employed.

Synonyms: Structured approach.

Antonyms: None.

Do you agree with this definition?

-----1-----2-----3-----4-----5-----
STRONGLY SOMEWHAT AGREE SOMEWHAT STRONGLY
DISAGREE DISAGREE AGREE AGREE

COMMENT: _____

Synonyms: _____

Antonyms: _____

B. REMINDER LETTER

About a week ago, you should have received the first follow-on questionnaire regarding research to derive baseline definitions for commonly used acquisition words or phrases. If you have not yet received the questionnaire, please call me at (408) 372-6731, and I will fax you a copy immediately.

If you have already completed and returned the questionnaire, thank you for your cooperation. It is greatly appreciated.

If you have not yet returned the questionnaire. I urge you to do so by 8 September 1992 or as soon as possible thereafter. Your perspective is very important to this research effort.

If you have any additional questions, feel free to contact LCDR Marco Furforo by telephone at (408) 372-6731, or by writing to:

LCDR Marco Furforo
SMC #2936
Naval Postgraduate School
Monterey, California 93943-5000

APPENDIX D: SECOND FOLLOW-UP QUESTIONNAIRE
AND REMINDER LETTER

On behalf of the Naval Postgraduate School, Dr. David Lamm and myself, I would like to extend a grateful "thank you" for your continued involvement with this research effort.

This is the last questionnaire that you will receive and once again your participation in this research and your response by 23 October 1992 is greatly appreciated.

If you need any additional details; contact LCDR Marco Furforo by telephone at (408) 646-2536 (Administrative Sciences Curriculum Office), or by writing:

LCDR Marco Furforo
SMC #2936
Naval Postgraduate School
Monterey, California 93943-5000

Please, complete the following:

Name: _____

Address: _____

ACQUISITION

Definition:

- (1) The entire spectrum of actions, from identification of a need through disposition, in obtaining supplies, services, construction or systems.
- (2) In major systems: The process of obtaining complex systems through phases such as: concept exploration and definition, demonstration and validation, engineering and manufacturing development, production and deployment, operations and support as well as major upgrade/system replacement and concluding with phase out or disposal.

Synonyms: Buying, contracting, procurement.

Antonyms: None.

*** NOTE:** Although we had a high percentage of consensus on the above definition, there were several comments regarding the need to separate Major Systems Acquisition. In an effort to have a single definition, the following is provided for your evaluation:

Revised Definition:

The entire spectrum of actions in obtaining supplies, services, construction or systems to include: requirement determination and identification, solicitation, evaluation/negotiation, selection, contract award, contract administration, application/utilization and disposition.

Synonyms: Buying, contracting, procurement, purchasing.

Antonyms: None.

Do you agree with this definition?

-----1-----	-----2-----	-----3-----	-----4-----	-----5-----
STRONGLY DISAGREE	SOMEWHAT DISAGREE	SOMEWHAT AGREE	AGREE	STRONGLY AGREE

Do you like the first definition better? YES NO

COMMENT: _____

Synonyms: _____

Antonyms: _____

ACQUISITION STRATEGY

Definition:

The framework and procedure for conducting an acquisition. It is a business and technical management approach designed to achieve program objectives within imposed constraints.

Synonyms: Acquisition Plan, Acquisition Management Plan, Business Strategy Plan.

Antonyms: None.

Revised Definition:

The framework and procedure for conducting an acquisition. It is a business and technical management approach designed to achieve program objectives within imposed constraints, frequently developed and tailored to the unique circumstances of a program.

Synonyms: Acquisition Plan, Acquisition Management Plan, Business Strategy Plan.

Antonyms: None.

Do you agree with this definition?

-----1-----	-----2-----	-----3-----	-----4-----	-----5-----
STRONGLY DISAGREE	SOMEWHAT DISAGREE	SOMEWHAT AGREE	AGREE	STRONGLY AGREE

COMMENT: _____

Synonyms: _____
Antonyms: _____

BUYING-IN

Definition:

A management decision to knowingly submit an offer below anticipated costs to obtain a contract award.

Synonyms: Loss leader, Low-balling.

Antonyms: High-balling, maximum pricing, market pricing.

Revised Definition:

There was strong enough consensus on the last survey that further revision is unsupported. Any comments that would move your degree of agreement to (5) STRONGLY AGREE, would be appreciated.

Synonyms: Loss leader, Low-balling.

Antonyms: High-balling, maximum pricing.

Do you agree with this definition?

-----1-----2-----3-----4-----5-----
STRONGLY SOMEWHAT SOMEWHAT AGREE STRONGLY
DISAGREE DISAGREE AGREE

COMMENT: _____

Synonyms: _____
Antonyms: _____

CONTRACT MODIFICATION

Definition:

A written change to the provisions of an existing contract. Such change may be accomplished by unilateral action (change order) or by mutual action (supplemental agreement). Contract modifications must be authorized by the Contracting Officer or by special authorities extraneous to the contract in the case of extraordinary contractual actions.

Synonyms: Change order, supplemental agreement.

Antonyms: Constructive change.

Revised Definition:

A written change to the provisions of an existing contract. Such change must be made by an authorized agent and may be accomplished by unilateral action (change order) or by mutual action (supplemental agreement).

Synonyms: Change order, supplemental agreement.

Antonyms: Constructive change.

Do you agree with this definition?

-----1-----	-----2-----	-----3-----	-----4-----	-----5-----
STRONGLY DISAGREE	SOMEWHAT DISAGREE	SOMEWHAT AGREE	AGREE	STRONGLY AGREE

COMMENT: _____

Synonyms: _____
Antonyms: _____

CONTRACTOR

Definition:

Any individual, corporation, partnership, association, institution or other legal entity that has entered into a contract to supply materials, products or services for an agreed upon consideration.

Synonyms: Awardee, supplier, vendor.

Antonyms: Customer, buyer.

Revised Definition:

There was strong enough consensus on the last survey that further revision is unsupported. Any comments that would move your degree of agreement to (5) STRONGLY AGREE, would be appreciated.

Do you agree with this definition?

-----1-----2-----3-----4-----5-----
STRONGLY SOMEWHAT SOMEWHAT AGREE STRONGLY
DISAGREE DISAGREE AGREE

COMMENT: _____

Synonyms: _____
Antonyms: _____

DEFECTIVE PRICING

Definition:

The submission of certified cost or pricing data by a contractor or subcontractor that were not current, accurate and complete at the time of final price agreement. Cost or pricing data which are found defective entitle the Government to a downward adjustment of the negotiated price, including profit or fee, to remove any significant sum by which the price was overstated, less offsets for underpriced items, provided the data were relied upon by the Government.

Synonyms: Defective cost or pricing data.

Antonyms: Current, accurate and complete pricing data.

Revised Definition:

There was strong enough consensus on the last survey that further revision is unsupported. Any comments that would move your degree of agreement to (5) STRONGLY AGREE, would be appreciated.

Do you agree with this definition?

-----1-----	-----2-----	-----3-----	-----4-----	-----5-----
STRONGLY DISAGREE	SOMEWHAT DISAGREE	SOMEWHAT AGREE	AGREE	STRONGLY AGREE

COMMENT: _____

Synonyms: _____
Antonyms: _____

INCENTIVE

Definition:

An inducement, usually monetary, for a contractor (a) to exceed performance goals, (b) to deliver in advance of the contract schedule, (c) to minimize costs, or (d) to satisfactorily complete a contract while meeting or exceeding a combination of measurable objectives.

Synonyms: Motivation, reward, stimulant.

Antonyms: Disincentive.

Revised Definition:

An inducement, usually monetary, for a contractor (a) to exceed performance goals, (b) to deliver in advance of the contract schedule, (c) to minimize costs, or (d) to satisfactorily complete a contract while exceeding a combination of measurable objectives which are in excess of contract minimum obligations.

Synonyms: Motivation, reward, stimulant.

Antonyms: Disincentive, penalty.

Do you agree with this definition?

-----1-----2-----3-----4-----5-----
STRONGLY SOMEWHAT SOMEWHAT AGREE STRONGLY
DISAGREE DISAGREE AGREE AGREE

COMMENT: _____

Synonyms: _____
Antonyms: _____

MAJOR SYSTEM

Definition:

(1) An end item which is critically important, complex, expensive, or requires special management control.

(2) End-items composed of subsystems and/or other components which, for reasons of urgency, criticality, or resource requirements, are determined to be vital to the national or corporate interest.

(3) A combination of elements that will function together to produce the capabilities required to fulfill a mission need. This includes hardware, equipment, software or any combination thereof.

Synonyms: Major Systems Acquisition.

Antonyms: None.

Revised Definition:

There was strong enough consensus on the last survey that further revision is unsupported. Any comments that would move your degree of agreement to (5) STRONGLY AGREE, would be appreciated.

Do you agree with this definition?

-----1-----2-----3-----4-----5-----
STRONGLY SOMEWHAT SOMEWHAT AGREE STRONGLY
DISAGREE DISAGREE AGREE

COMMENT: _____

Synonyms: _____
Antonyms: _____

QUALIFIED BIDDERS LIST (QBL)

Definition:

A list of potential bidders whose products have been determined to meet all applicable qualification requirements independent of any specific acquisition action.

Synonyms: Pre-qualified bidders list.

Antonyms: None.

Revised Definition:

A list of potential suppliers whose products and services have been determined to meet all applicable qualification requirements independent of any specific acquisition action.

Synonyms: Pre-qualified bidders list.

Antonyms: None.

Do you agree with this definition?

-----1-----2-----3-----4-----5-----
STRONGLY SOMEWHAT SOMEWHAT AGREE STRONGLY
DISAGREE DISAGREE AGREE

COMMENT: _____

Synonyms: _____
Antonyms: _____

WEIGHTED GUIDELINES

Definition:

A structured approach for developing profit or fee negotiation objectives that provides a format for consideration of the relative value of performance risk, contract type risk, and facilities capital employed.

Synonyms: Structured approach.

Antonyms: None.

Revised Definition:

There was strong enough consensus on the last survey that further revision is unsupported. Any comments that would move your degree of agreement to (5) STRONGLY AGREE, would be appreciated.

Do you agree with this definition?

-----1-----2-----3-----4-----5-----
STRONGLY SOMEWHAT SOMEWHAT AGREE STRONGLY
DISAGREE DISAGREE AGREE

COMMENT: _____

Synonyms: _____
Antonyms: _____

B. REMINDER LETTER

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If you have already completed and returned the questionnaire, thank you for your cooperation. It is greatly appreciated.

If you have not yet returned the questionnaire, I urge you to do so by 23 October 1992 or soon thereafter.

If you need any additional details, contact LCDR Marco Furforo at (408) 372-6731 or by writing:

LCDR Marco Furforo
SMC #2936
Naval Postgraduate School
Monterey, California 93943-5000

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