Washington Technology

INSIDER REPORT 2015

GRADING GOVERNMENT CONTRACTING AND PROGRAM MANAGEMENT OFFICES

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INTRODUCTION

In recent years, we've heard many stories about how the balance of power between program offices and contracting offices has shifted.

At one time, the program office would tell the contract office what it needed, and the contracting office would develop a procurement to meet that need. But as budgets tightened and collapsed, price became the primary driver.

With that change, the contracting office became the seat of power in getting procurements done. For many, that shift is seen as bad for procurements.

The complaints we have heard often focused on how contracting offices don't understand the mission and how contracting officers are increasingly inexperienced and the experienced ones are overwhelmed. Understanding and communicating requirements proved to be a challenge.

There also are numerous stories about conflicts and poor communications between the contracting office and the program office.

The result of the shift has been delays, increased bid protests and poor decisions, and program offices, who are trying to carry out their agency's mission, suffer as a result.

At the same time, we also heard stories about contracting and program offices that were getting things right. That there are pockets of innovation and efficiency; you just have to find them.

More than 340 people took our survey for this Washington Technology Insider Report. We explore what contracting and program management offices are doing well, where they can improve and how the current state of the relationship between the two is evolving.

Our goal is to help you gain a better understanding of these two critical components of the procurement process. We want to help you know them better and identify better ways to work with them.

Our research looks at critical skills and attributes such as technical knowledge, strategic planning, and managing risk. Our research breaks out the results for overall contracting offices and overall program offices that contractors work with. We also look at what the single best contracting office and program office are doing.

The report also includes several open ended questions, and we analyze those results to bring in more details about the performance of contracting and program offices as well as how they can work better with each other and with government contractors.

As always, we look forward to your feedback and suggestions about how we can improve these reports and make them more useful. Email us at WTInsider@WashingtonTechnology.com.
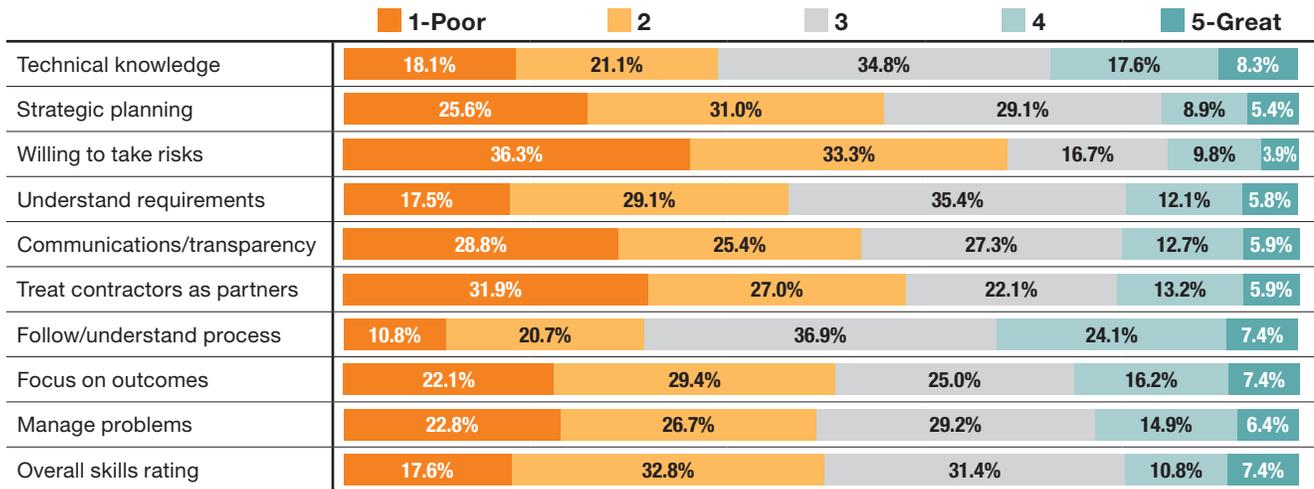
Nick Wakeman, Editor-in-Chief

Contracting Office Grades

We asked respondents to grade their overall group of contracting offices on a scale of 1 to 5, with 1 being poor and 5 being great.

As the chart below shows, very few scored in the highest category, and the results show that the overall group of contracting offices fall solidly in the lower middle scale. The highest score is for the category of how well they understand and follow their processes. That's not exactly a stellar score when you consider how poor the scores are for taking risks, how they treat contractors, the poor focus on outcomes and difficulties with strategic planning.

Grade your contracting office

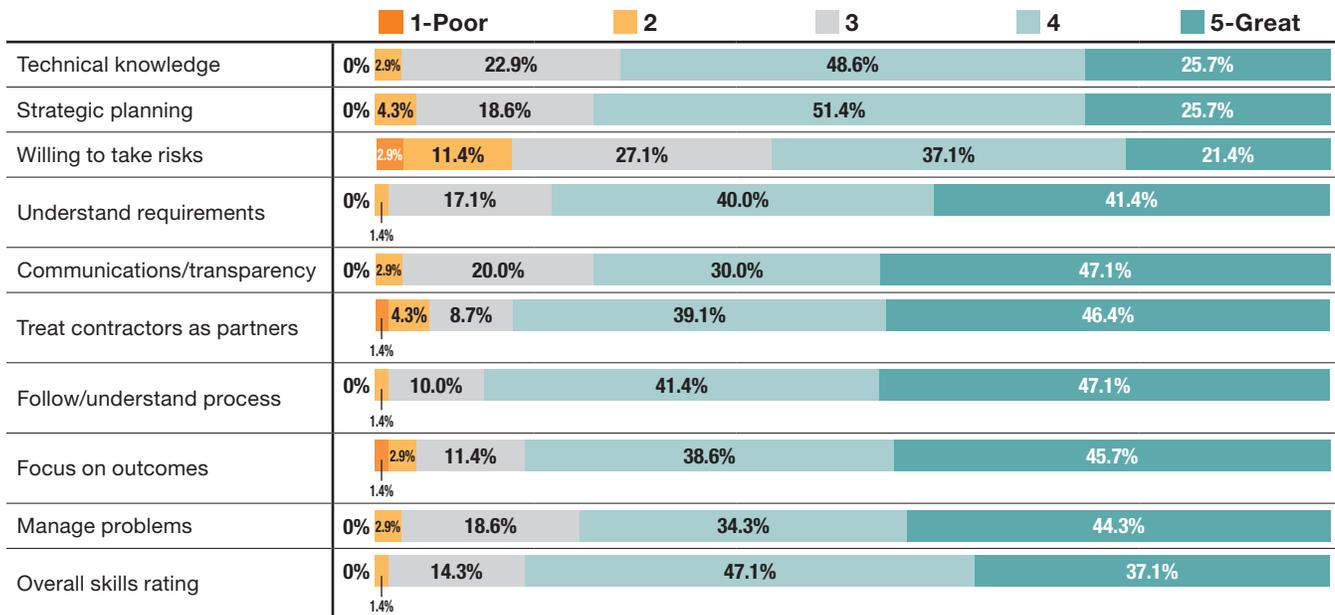|	1-Poor	2	3	4	5-Great
Technical knowledge	18.1%	21.1%	34.8%	17.6%	8.3%
Strategic planning	25.6%	31.0%	29.1%	8.9%	5.4%
Willing to take risks	36.3%	33.3%	16.7%	9.8%	3.9%
Understand requirements	17.5%	29.1%	35.4%	12.1%	5.8%
Communications/transparency	28.8%	25.4%	27.3%	12.7%	5.9%
Treat contractors as partners	31.9%	27.0%	22.1%	13.2%	5.9%
Follow/understand process	10.8%	20.7%	36.9%	24.1%	7.4%
Focus on outcomes	22.1%	29.4%	25.0%	16.2%	7.4%
Manage problems	22.8%	26.7%	29.2%	14.9%	6.4%
Overall skills rating	17.6%	32.8%	31.4%	10.8%	7.4%

Best Contracting Office Grades

The low scores of the overall group of contracting offices stand in stark contrast to the high scores we received when we asked respondents to grade their single best contracting office.

Here, respondents overwhelmingly gave scores in the 4 to 5 range, with skills such as communications, treatment of contractors, understanding the process, a focus on outcomes, understanding requirements and managing problems all receiving the highest marks from more than 40 percent of respondents.

Risk continues to be an issue, though, even for the best contracting offices, but still more than half received scores of 4 or 5.
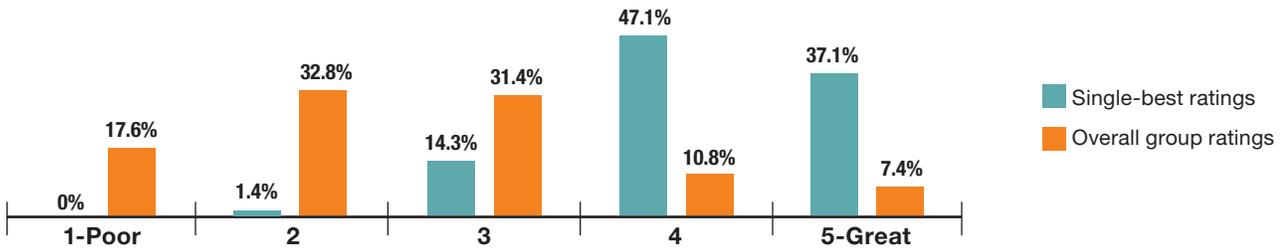
Grade your single best contracting office

	1-Poor	2	3	4	5-Great
Technical knowledge	0% 2.9%		22.9%	48.6%	25.7%
Strategic planning	0% 4.3%		18.6%	51.4%	25.7%
Willing to take risks	2.9%	11.4%	27.1%	37.1%	21.4%
Understand requirements	0% 1.4%		17.1%	40.0%	41.4%
Communications/transparency	0% 2.9%		20.0%	30.0%	47.1%
Treat contractors as partners	4.3% 1.4%	8.7%	39.1%	46.4%	
Follow/understand process	0% 1.4%		10.0%	41.4%	47.1%
Focus on outcomes	2.9% 1.4%	11.4%	38.6%	45.7%	
Manage problems	0% 2.9%		18.6%	34.3%	44.3%
Overall skills rating	0% 1.4%		14.3%	47.1%	37.1%

Best Contracting Office Grades (continued)

The gap in performance between the single best and the overall group is brought home even more profoundly when you compare the aggregate scores of the single best and the overall group.

Best contracting office verus overall contracting offices

Legend:
- Single-best ratings
- Overall group ratings

Chart values:
- 1-Poor: 0% (single-best), 17.6% (overall group)
- 2: 1.4% (single-best), 32.8% (overall group)
- 3: 14.3% (single-best), 31.4% (overall group)
- 4: 47.1% (single-best), 10.8% (overall group)
- 5-Great: 37.1% (single-best), 7.4% (overall group)

While the comparison of the overall group to the single best group points toward where contracting offices need to focus to improve their performance, it also provides a roadmap for government contractors. Our findings quantify the weaknesses in many contracting offices so they can help contractors anticipate where issues may arise and work to mitigate them. The findings also can provide insights into how contractors can help their government customers.

For insights into specific offices our respondents picked as the best contracting office, see Appendix A.
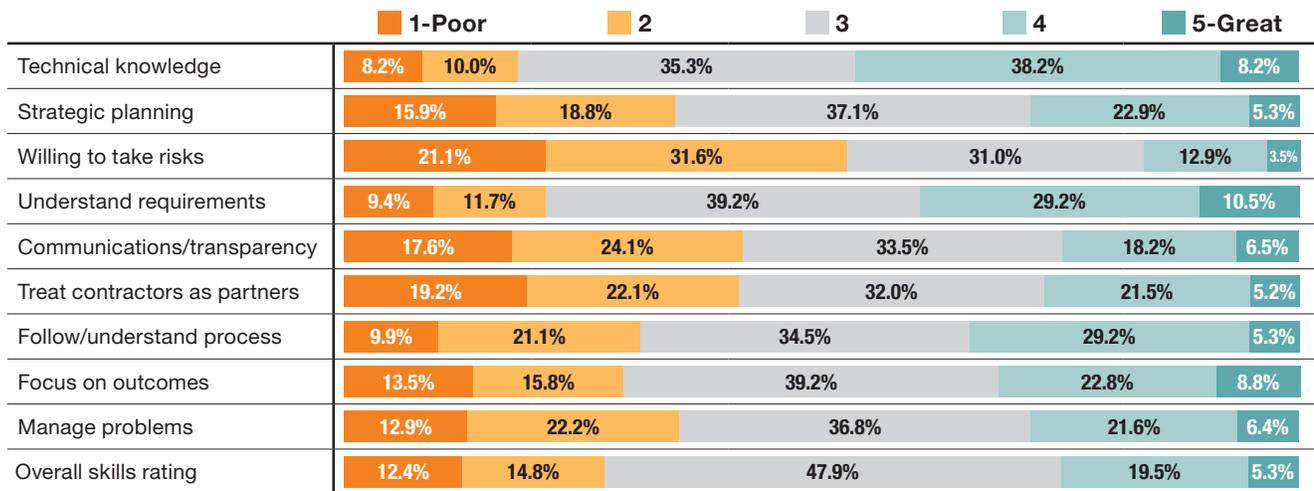
Program Management Office Grades

The results were better for program management offices when we asked respondents to grade them. As with the contracting office, we asked for grading both the overall group of program offices as well as their single best program offices.

The overall program management scores skewed to the high middle range. As the chart below illustrates, they scored their best in the areas of technical knowlege, understanding requirements and treating contractors as partners.

A willingness to take on risks had the most negative scores, which reinforces the perception for many in the industry that the procurement process is too risk averse.

Grade your program management office

	1-Poor	2	3	4	5-Great
Technical knowledge	8.2%	10.0%	35.3%	38.2%	8.2%
Strategic planning	15.9%	18.8%	37.1%	22.9%	5.3%
Willing to take risks	21.1%	31.6%	31.0%	12.9%	3.5%
Understand requirements	9.4%	11.7%	39.2%	29.2%	10.5%
Communications/transparency	17.6%	24.1%	33.5%	18.2%	6.5%
Treat contractors as partners	19.2%	22.1%	32.0%	21.5%	5.2%
Follow/understand process	9.9%	21.1%	34.5%	29.2%	5.3%
Focus on outcomes	13.5%	15.8%	39.2%	22.8%	8.8%
Manage problems	12.9%	22.2%	36.8%	21.6%	6.4%
Overall skills rating	12.4%	14.8%	47.9%	19.5%	5.3%

Best Program Management Office Grades

When we asked respondents to think of their single-best program management office we saw a significant leap in scores.
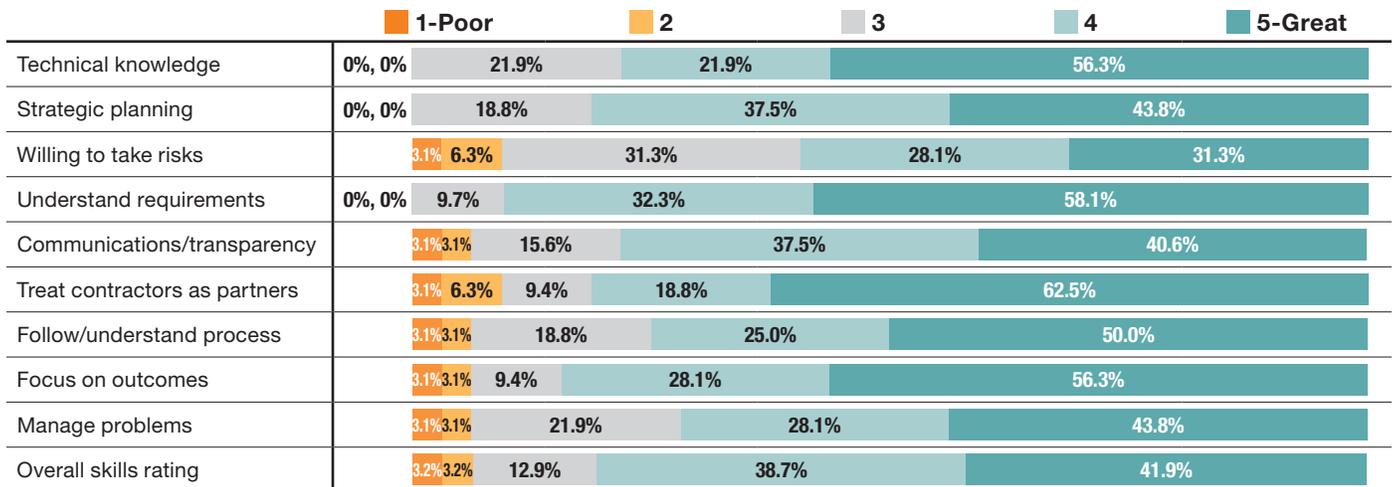
Five of the nine attributes had 50 percent or higher scores of Great. Three others had Great scores of 40 percent or higher.

The lowest score was for risk taking where 31.3 percent of respondents gave a Great score, the same number who scored in the middle at 3. A significant number—28.1 percent—scored risk taking as a 4, which still a high score.

But low scores for risk taking is a pattern that appears across all parts of our survey.

A highpoint for the single best program management office is in how it treats contractors, which received a Great score by 62.5 percent of respondents. Understanding requirements also scored high with a Great rating from 58.1 percent of respondents.
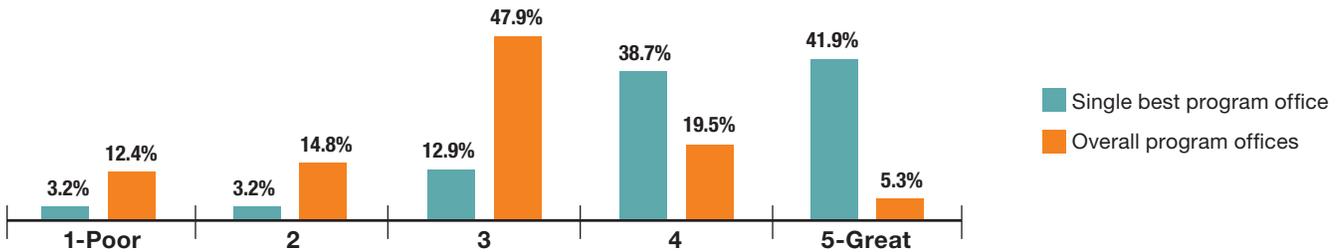
Grade your single best program management office

	1-Poor	2	3	4	5-Great
Technical knowledge	0%, 0%		21.9%	21.9%	56.3%
Strategic planning	0%, 0%		18.8%	37.5%	43.8%
Willing to take risks	3.1%	6.3%	31.3%	28.1%	31.3%
Understand requirements	0%, 0%	9.7%	32.3%		58.1%
Communications/transparency	3.1%	3.1%	15.6%	37.5%	40.6%
Treat contractors as partners	3.1%	6.3%	9.4%	18.8%	62.5%
Follow/understand process	3.1%	3.1%	18.8%	25.0%	50.0%
Focus on outcomes	3.1%	3.1%	9.4%	28.1%	56.3%
Manage problems	3.1%	3.1%	21.9%	28.1%	43.8%
Overall skills rating	3.2%	3.2%	12.9%	38.7%	41.9%

Best Program Management Office Grades (continued)

Comparing the single best program management office scores to the overall group shows significant gaps in performance, with the majority of respondents marking the overall group in the middle and lower half of the scale and the single best office pushing up to the higher end of the scale.

Best program management office versus the rest

Single best program office
Overall program offices

1-Poor: 3.2% / 12.4%
2: 3.2% / 14.8%
3: 12.9% / 47.9%
4: 38.7% / 19.5%
5-Great: 41.9% / 5.3%

While the charts show the specific attributes where program management offices are falling short and where they need to improve, the results also indicate where contractors need to be cautious and where they can step up and find ways to help their program management offices.

For example, communications and managing problems both scored on the lower end of the scale for both the single-best contractor and the overall group. Looking for ways to be proactive might alleviate problems before they impact a contract opportunity.

For insights into specific offices our respondents picked as the best program management office, see Appendix B.

Contracting Offices vs. Program Management Offices

One of the recurring comments we hear is that contracting offices and program management offices do not work well together, and our research respondents emphatically confirmed that observation.

How well do contracting offices and program management offices work together?

5–Very well	4.7%
4	9.4%
3	32.4%
2	32.4%
1—They don't	21.2%
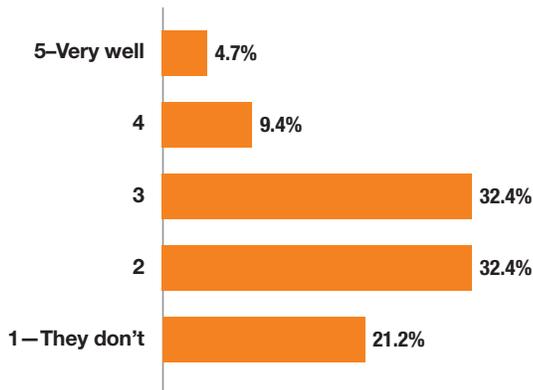
Only 4.7 percent reported that they believe contracting offices and program management offices worked "very well" together, while 21.2 percent said they don't work well together. On a scale of 1 to 5, with 5 being the best and 1 being the worst, 53.6 percent scored them at a 1 or 2 and only 14.1 percent scored them a 4 or 5.

Where is the relationship between contracting offices and program management offices heading?

And the expectation is that the situation isn't going to improve, with 61.8 percent saying they do not see the relationship changing. In fact, 25.9 percent said it will get worse. Only 12.4 percent think it will improve.

In response to our open ended question about why the situation is expected to get worse, respondents mostly blamed the contracting office, often because those offices do not understand mission requirements or how the program functions. Program management offices also feel they can't challenge the contracting office.

It's going to get worse. **25.9%**

It's going to improve. **12.4%**

I don't see much changing. **61.8%**

Others also blamed the retirements of experienced contracting and program management officers. Regulations and compliance requirements also were the subject of complaints.

"Contracting officers are using [Federal Acquisition Regulations] to bite down on the contractors and the program offices can't do anything about it, even if they wanted to and I don't think that they care," wrote one respondent.

Some respondents put the blame on both sides.

"Each side has different priorities and different motivations," one wrote.

"They don't talk to each other," said another.
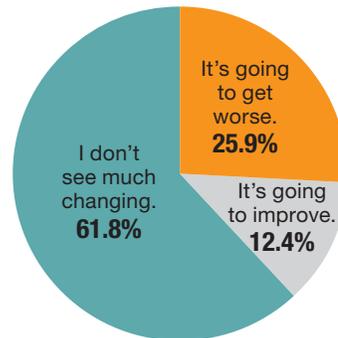
The Road Forward

From a government contractor perspective, many of the issues facing both contracting offices and program management offices could be improved through better communication and more transparency.

We asked how program management offices and contracting offices could improve how they work with government contractors. We also asked for general observations about working with contracting and program management offices.

These open-ended questions drew over 350 responses. Obviously, government contractors feel strongly about this relationship and see it as critical to their success.

"It has to be a collaborative approach. Both have to respect and understand each other's role," wrote one respondent, referring to how government contractors, contracting offices and program management offices need to work together.

More transparency and breaking down barriers will be a big help. "You need to help each other see the respective perspectives so you can solve problems together," another said.

There also were several comments in favor of more outcome-based contracting. "Share the big goals of a program and not as many of the technical details," a respondent wrote.

Another recommended that program management offices meet regularly with the contractors on their contracts. "They should hold meetings with all these contractors to brief them on their mission objectives, strategies and challenges, in order to engage in an open dialog of possible solution long ahead of a solicitation," this person wrote.

Contracting offices in particular need to understand the commercial contracting world, several commented.

"Do not assume contractors are the enemy," one wrote.

"They need to develop a significantly better understanding of what industry is doing," another said.

"CO's should be open to finding new ways to procure. Things like the tech FAR and agile procurement are critical for the government and CO's are critical in that process," a respondent wrote.

There was one commenter who suggested better training for contractors. This person suggested more "here's what we do" information. "I think industry sometimes doesn't understand contracting offices charter and roles and responsibilities," the person wrote.

Other suggestions for improving the relationship included more regular meetings, more training and less reliance on lowest price evaluations.

Conclusions

These are challenging times for contracting offices and program management offices, but it is not hopeless.

Government contractors rely on both of these groups to successfully navigate the market, so they have a vested interest in seeing these two critical components of the procurement cycle operate efficiently and effectively. Contractors want smart customers.

We've identified many of the trouble areas for contracting and program management offices and what government contractors see as important areas in need of improvement.

Two topics returned multiple times in our research. One is the government's aversion to risk, and the second is the need for better communications.

While program management offices scored higher in our survey than contracting offices, both received their lowest scores for an unwillingness to take on risk. Even when grading the single best contracting office or program management office, the attribute of risk received a low score.

In the scores and in the open ended comments, respondents made it clear that they want better communication and transparency from both contracting offices and program management offices.

Contracting offices in particular need a better understanding of the mission and how that should shape requirements. And that information needs to be communicated through solicitation documents and better relationships with contractors.

While our findings are focused on the government side of the procurement process, there is valuable takeaway for contractors. The shortcomings of your customers can be an opportunity for you.

First, you can better prepare for where the problems are and how to mitigate those issues, but the information also can point the way to how you can help your customer.

How you help will vary from customer to customer, but understanding where the pain points are is a step in the right direction.

APPENDICES

APPENDIX A: The Best Contracting Offices

We asked respondents to share their single best contracting offices.

SSA OAG

55th CONS; Air Force contracting squadron

ACC Rock Island

AIMC

Army Contracting Command - Warren

Army, APG - Fort Huachuca Division

BUMED

CBP

Census CIO

CNTPO Contract (under OSD)

Corp of Eng

DCAA

Department of Homeland Security

DHS Science & Technology Directorate

DNDO

DoD JPM-CA

DOD,DISA

FEDSIM

FLC Bremerton

FLETC

GSA

GSA Assisted Acquisition Service

GSA Connections II office

GSA FEDSIM

National Security Agency

DIA VACA

"GSA/FAS/Assisted Acquisition Services"

Hill AFB; AMXG

DSCA

NASA

National Park Service

National Security Guard Elite Force India

Naval Surface Warfare Center Crane - Office of the Comptroller

Navy

NITAAC

NRO/COMM

NYC School Construction Authority

OPM

OSD/AA-K

PMO aviation army

Scott AFB office

Space and Missile Defense Command

SPAWAR Philadelphia

State of Oregon, Enterprise Technology Services

The City of Las Vegas

NAVAIR

The U.S. State Department

TSA - Human capital and Finance Division

"Census Bureau

US Coast Guard, Operations Systems Center (OSC) - Kathy Klein, Contracting Officer"

"U.S. Special Operations Command (SOCOM) - AT&L

SOCOM Information Technology Enterprise Contract - Specialty Services Contractors"

USCIS Contracting - Burlington VT

USGS NGTOC

USMC CPAC Program Office

USPS

VDOT & DMBE

Stennis Space Center

APPENDIX B: The Best Program Management Offices

We asked respondents to share their single best program management office

OSD CADE

NITAAC

DHS S&T Computer Security Division

DSCA PMO

TSA

USGS NGTOC

GSA Assisted Acquisition Service

GSA Alliant

NOAA NOAALINK and ProTech

NRO/COMM/SSG

NASA SEWP

USMC CPAC Program

DHS Science & Technology Directorate

Program Executive Office for Integrated Warfare
Systems, U.S. Navy

DOD/PEO-DHMS/PM-DMIX

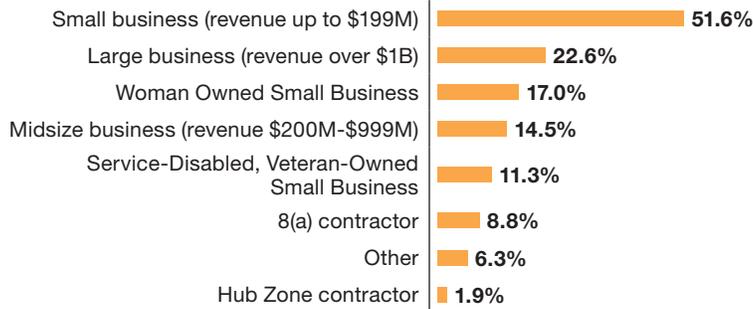PM UAS at AMCOM Redstone Arsenal

USPS
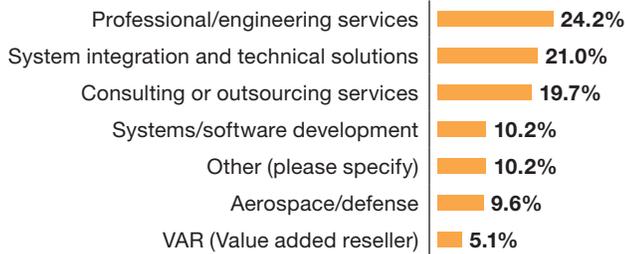
US Marshals Service - ITD

DIA

SECOM

US Bureau of Census, OCIO

Appendix C: Respondent Profiles

Type of Company

Small business (revenue up to $199M)	51.6%
Large business (revenue over $1B)	22.6%
Woman Owned Small Business	17.0%
Midsize business (revenue $200M-$999M)	14.5%
Service-Disabled, Veteran-Owned Small Business	11.3%
8(a) contractor	8.8%
Other	6.3%
Hub Zone contractor	1.9%

Business Services

Professional/engineering services	24.2%
System integration and technical solutions	21.0%
Consulting or outsourcing services	19.7%
Systems/software development	10.2%
Other (please specify)	10.2%
Aerospace/defense	9.6%
VAR (Value added reseller)	5.1%

Business Focus

Federal Government	65.2%
Defense/Military Contracting	63.3%
Homeland Security	31.6%
State/Local Government	27.8%
Commercial Sector	24.7%
Education	13.9%
Other (please specify)	5.1%