



ACQUISITION AND  
TECHNOLOGY

THE UNDER SECRETARY OF DEFENSE  
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WASHINGTON, D.C. 20301-3010



AUG 11 1997

MEMORANDUM FOR PAST PERFORMANCE OIPT

SUBJECT: Past Performance Evaluation Rating Scale

I have considered the issue of whether the Department should use a four- or a five-point rating scale for evaluating past performance under government contracts. I understand that the OIPT recommended that the Department adopt a five-point rating system and that Air Force and SOCOM wanted a four-point system. I also understand that all components supported a single rating system as opposed to two separate systems, one for major systems and one for everything else. Having carefully considered this matter, I have decided that the Department should adopt a five-point system for all past performance evaluations of government contract performance.

My decision to adopt a five-point system is predicated upon the following. First, a four-point system relies upon significant narrative in the evaluation of contractor performance. In large systems contracts, the program office is of sufficient size and experience to take the time necessary to record the narrative information. On contracts for smaller systems, non-systems, or for services, the program, or contracting, offices tend to have fewer personnel and less time to provide the kind of narrative evaluation that is necessary to the successful operation of a four-point system. In the absence of the narrative, a four-point system provides little information to distinguish between good and excellent performance.

Second, in Source Selection for major systems, the source selection authority relies upon the narrative to evaluate both performance and proposal risk, and thus it is not as important what numerical evaluation a contractor receives. In non-major system, non-system and service contract source selections, a numerical evaluation may be all that is available to distinguish between gradations of performance, and having only good and excellent will not allow the source selection authority to distinguish between offerors in deciding best value to the government.

Finally, I am informed that as the Standard Procurement System is implemented it will include a module on past performance. This module will prompt the rating official with regard to both the ratings and their meanings as well as providing an opportunity for providing narrative where it is appropriate. I am also informed that work is already under way to provide an interface to existing data and that the overall impact of having a five-point system is relatively low compared to the impact of having a four-point system within the Department.

For these reasons I decided that a five-point system is in the best interest of the Department.

R. Noel Longuemare  
Acting Under Secretary of Defense  
(Acquisition and Technology)