

Effective Management of Service Contract Performance:

Working with What You Have

From the Commander's School of Hard Knocks

The following case study outlines the actual circumstances and challenges that faced a first-time squadron commander who was new to managing the large Award Fee service contract providing a majority of the installation mission and support services. These services were critical to the success of the squadron, its mission and the quality of life for all base personnel, and the contract was already in execution. The case study is anonymous, but is an actual instance, not a composite.

Background:

The commanding officer just entered his new office after taking command of the squadron which leads, manages and is responsible for all operational mission requirements, and all infrastructure, mission and community support services for the military, civilian and contractor community on a remote base. Nearly 70% of his work force is provided by a services contract that was just awarded and the transition to the new contractor is on-going during his arrival. The scope of the contract is expansive: the contractor maintains mission systems, power station and radars, runs the billeting, unaccompanied housing, food services, transportation, supply, facility maintenance, and grounds. The commander had a number of exacerbating issues including a power plant that failed, an upcoming project to install a new radar system, a \$1M+ dining hall renovation to deal with and several Non-Appropriated Funds (NAF) functions providing community support services under higher headquarters review. Most importantly, the operational mission systems cannot be down for minutes, much less hours or days and all of these issues rely heavily on the success of the contractor's performance.

Before the commander could even get settled into his new office a union representative asked for time to discuss concerns and complaints. The commander had already been briefed on a shortage of quality assurance evaluators (QAEs) within key mission areas who assess contractor performance, and with the transition to the new contractor on-going, there are challenges with the potential to cause mission degradation and/or a drop in the quality of community (customer) support. The first decision the commander made was to get his arms around these issues and build a cohesive team that will determine the success of the squadron. So where did he start aligning a new and substantial contractor work force into the unit's culture, mission, goals and objectives to get everyone pulling in the same direction?

Actions:

The commander's first action was to avoid looking back at the past by accepting on face value and without contention each and every complaint, concern or issue that was raised those first few days. The commander's response, "I surrender, now what do we need to do to move forward?" This drove the focus to jointly solving the issues instead of driving a wedge into the blended workforce.

The next action was to engage on all aspects of the service contract to understand contract requirements, performance measures, incentives that were driving contractor outcomes, QAE manning and readiness, and how the contractor's efforts aligned with the unit mission, goals and objectives to ensure that issues leadership cared about were also priorities for the contractor leadership. The commander listed "commander engagement, early, often and continuously throughout" his tenure as a key tenant to ensuring successful contractor support of the unit's mission.

To effectively structure the engagement effort, the commander became familiar with key aspects of the services contract. He sought to understand the contract requirements, what services the contractor was actually performing, what the functional areas were, what key processes within those functions were and how the contractor's efforts supported the mission outcomes. He met with his QAEs and Functional Area Chiefs (who are responsible to assess contractor performance) to understand the performance measures, standards, and evaluation process outlined in the Award Fee Plan. This plan provided the basis for the Government's evaluation of the contractor and the specific efforts and outcomes being incentivized. This plan provided the basis for a host of management, process, training and contractor performance criteria and measurement changes to get the team pulling in the same direction.

The commander also felt it important to demonstrate the equal standing of all members of the team. Contractor management staff was integrated into the unit's leadership team everywhere possible. The commander reinforced the importance of the contractor support team by gathering contractor concerns early on, and with the help of the unit staff team and the contracting officer the issues were quickly resolved. To drive the point home further, he greeted all unit personnel at the airport, including new contractor employees.

The commander recognized the need to know not only the numbers of assigned and trained QAEs, but more importantly, the number actually required to effectively oversee and effectively evaluate contractor performance. The commander tasked his leadership to fill the vacancies with highly skilled and capable staff to ensure sufficient oversight and support for contractor functional teams. He also invested in the QAEs by instituting a training program to benchmark effective QAE assessments and Award Fee inputs to improve the documentation of contractor performance.

The commander also re-structured the evaluation standards and measures within the Award Fee areas related to unit support. This effort would align performance criteria, standards and expectations with unit priorities and goals. Each functional area, such as civil engineering, transportation/supply, and services, had an equal share of the rating criteria and an equal share was reserved for leadership “care abouts.” These “care abouts” were not static and could be different from previous “care abouts” when set during the Award Fee Plan development. Every “care about” was communicated early in the planning process so the contractor was aware of the expectations and measures for that rating period. This gave the commander a flexible mechanism to list important events for that rating period, such as higher headquarters inspections. It also contributed to his stated goal of aligning the unit’s mission, goals and objectives with contractor performance and having the contractor “earn every penny.”

In addition to restructuring the performance criteria, the commander examined the effectiveness of the performance measures. If the contractor had the same grade in two successive rating periods, the metric was re-evaluated. This event triggered a meeting to discuss whether the standard was too low or too high, and to examine if it was effective at measuring the outcome. This led to the modification of the metric measures and standards, and in some cases, an examination of inefficient government processes that were hampering improved results by the contractor, which led to functional process changes as well. The final piece of reviewing the performance criteria was to seek ways to measure outcomes more objectively. Where possible, the team drove performance measures from subjective criteria based on opinions, to objective criteria based on data, facts and observable outcomes.

The commander also revised how the QAE evaluation process would work to drive home the importance of accuracy, fairness and transparency of the evaluation findings. The first meeting included both the QAEs and the appropriate contractor functional leader to cooperatively discuss the performance findings. The commander found this invaluable to hear both perspectives, and to understand the issues before moving to a government-only meeting to finalize the contractor performance evaluations.

The overall results led to improved mission execution. Additionally, the Award Fee Evaluation package to support final fee determination was highlighted by the Headquarters as an example to be used for subsequent evaluation boards.

Summary:

In this example the commander was faced with multiple challenges immediately after taking over an installation that derived the vast majority of its mission support services from a services contract. By engaging immediately and bringing together the government and contractor team to

focus on aligning contract requirements, outcomes and measures with the unit's mission, the commander was able to improve:

- Performance measures
- Quality assurance processes
- The Award Fee Plan
- The health and capability of the QAE force
- Contractor performance, and most importantly,
- Mission execution

The commander successfully built one team striving for the same goals by making contractor execution in support of mission goals his top requirement, aka his "Commander's Business." Engagement was central to clearly communicating to unit personnel that contractor support is vital to the unit mission, it reinforced that the QAEs assessing contractors performance are important to continual performance improvement, that leadership understands the performance measures and will hold the contractor accountable, and that contractor performance challenges are the customer's challenges as well. Actions and processes led by the military and civilian staff impact final contractor performance and this commander ensured that all had a clear stake in the contract performance outcomes, because in the end their collective efforts all went to this unit's bottom line—mission success.