THESIS

A DICTIONARY OF
ACQUISITION AND CONTRACTING TERMS

by

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December, 1992

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# A Dictionary of Acquisition-And Contracting Terms

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**Abstract:**

This thesis is a continuation of research initiated by Lieutenant Commander Daniel F. Ryan, SC, USN to establish a basis for defining words and terms used in the field of contracting. Continued research in this area is being conducted at the Naval Postgraduate School, Monterey, CA. The authors, Colonel John Mahoney, USAF, and John D. Garet, USAF, contributed the original list of terms. The twenty-five terms selected for this investigation were taken from a master list of contracting terms developed by previous researchers. A synthesized definition was developed for each term from various published sources. The synthesized definitions were then scrutinized by a selected group of contracting professionals. Their comments were then used to develop a revised definition based upon conclusions.

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A Dictionary of
Acquisition and Contracting Terms

by

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ABSTRACT

This thesis is a continuation of research initiated by Lieutenant Commander Daniel F. Ryan, SC, USN to establish a basis for defining words and terms used in the field of contracting. Concurrent research in this area is being conducted by students at the Naval Postgraduate School, Monterey, CA and the Air Force Institute of Technology, Wright-Patterson Air Force Base, Dayton, OH. The twenty five terms selected for this investigation were taken from a master list of contracting terms developed by previous researchers. A synthesized definition was developed for each term from various published sources. The synthesized definitions were then scrutinized by a selected group of contracting professionals. Their comments were then used to develop a revised definition based upon consensus.
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I. INTRODUCTION

A. BACKGROUND

This thesis is part of a continuing effort initiated by Lieutenant Commander Daniel F. Ryan, SC, USN in 1988, and subsequently expanded by students at the Naval Postgraduate School (NPS), Monterey, California, and the Air Force Institute of Technology (AFIT), Wright-Patterson Air Force Base, Dayton, Ohio. This research effort focuses on the synthesis and standardization of definitions of terms used in the acquisition and contracting field. The research is endorsed by the National Contract Management Association (NCMA) and upon completion, will be consolidated, published and made available to the contracting community.

In order to communicate effectively, all participants in the procurement process must interpret the language in a consistent manner. As a result, the researcher, as well as previous researchers in this field felt that there is a need to establish a common language for the acquisition and contracting processes. Until this effort began, there has not been a consolidated national effort undertaken in this regard.

LCDR Ryan [Ref. 23] and subsequent researchers recognized that various texts and schools have attempted to assemble working definitions, however the lack of consolidation in the
various texts and schools' efforts created a disparity in the definition of terms. The main objective of this thesis is to research definitions of selected acquisition terms and present the findings to contracting professionals for clarification and validation with the ultimate goal of unifying the acquisition and contracting language.

B. SCOPE AND ASSUMPTIONS

The scope of this thesis is to establish a definition for each of the twenty-five terms that reflects a consensus opinion of a sample of contracting professionals. The terms were selected from a list that has been developed through previous research efforts by students at AFIT and NPS. The basic assumption of this thesis is that there is insufficient agreement on the specific meaning of terms as they apply to contracting. No one source of authoritative contracting definitions exists. As with previous research efforts it was assumed that a consensus was the best method of arriving at acceptable definitions. Any other method would result in an arguably biased product. [Ref. 6: p. 2]

C. RESEARCH QUESTIONS AND BENEFITS

Since this is a continuing research effort, the previous research questions will be used. The primary research question that will be 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? [Ref. 7: p. 8]

The four supporting research questions are:

1. What are the current published definitions?
2. What is the present usage in the current contract text?
3. What agreement can be reached from professionals in the field?
4. What definition of terms can be concluded from the research and feedback? [Ref. 3: p. 3]

Although the benefits of this research are difficult to measure, the most obvious benefits follow:

1. The ultimate goal of developing a comprehensive contracting dictionary.
2. A completed comprehensive dictionary will be a valuable tool to help train new contracting personnel.
3. A completed comprehensive dictionary will serve as a valuable reference for those in the acquisition and contracting field. [Ref. 6: p. 3]

D. RESEARCH METHODOLOGY

As with previous research, the methodology included a literature review and the generation of questionnaires. The methodology utilized follows:
1. Produce a listing of twenty five candidate terms. In this research effort, the terms were selected at random from a listing provided by the academic advisor for the contracting curriculum at the Naval Postgraduate School.

2. Obtain current definitions from existing contracting, law and accounting literature as well as regulations for published definitions and common usage of candidate terms. These definitions are contained in Appendix A.

3. Synthesize the researched published definitions into one single definition. Prepare five separate questionnaires, each containing the initial definitions of five different terms. The questionnaires requested the contracting professionals to indicate agreement or non-agreement with the synthesized definitions. If they did not agree with the synthesized definitions, they were asked to provide an explanation and suggestions/recommendations. Finally, the contracting professionals were asked to provide synonyms and antonyms for each of the terms on the questionnaire. Appendix B contains copies of the questionnaires used in this effort.

4. Mail the questionnaires to 500 Certified
Professional Contracts Managers (CPCM) and Associate Contracts Managers (CACM), using five separate mailings of 100 each. The required response date for the questionnaires was three weeks from the date of the cover letter. This date was arbitrarily chosen by the researcher and was determined to be of sufficient time for the contracting professionals to respond. A follow-up letter was prepared and sent out as a reminder to those that did not meet the response date. The contracting professionals were given two weeks to respond to the follow-up letter.

5. Analyze each of the responses to the questionnaires by reviewing the published definitions in Appendix A. Verify and confirm that the comments and recommendations made by the respondents are applicable and appropriate. Finally, prepare a listing of revised definitions with the recommended synonyms and antonyms for each of the candidate terms based upon the responses.

6. Assemble the definitions from current thesis work for publication and distribution. This listing appears at the end of this thesis as Appendix C.
The following terms were selected for the effort of this thesis:

- Advance Agreement
- Advertised procurement
- Affordability
- Allowability
- Arm's Length Relationship
- Authorized Deviations
- Consent To Subcontract
- Contracting Out (OMB Circular A-76)
- Final Cost Objective
- Full Scale Development
- Government Title
- Just In Time
- Leader/Follower Concept
- Limited Authority
- Materiel
- Off-The-Shelf
- Producibility
- Profitability
- Publicized Procurement
- Reasonableness
- Restricted Competition
- Retroactive Pricing
- Source
- Total Quality Management
- Underrun

The literature review was conducted in order to identify currently published definitions. All of the literature cited are listed in the reference section of this thesis. The central theme of each definition were combined in an effort to arrive at a working definition. Once the definitions of the terms were synthesized, they were included in a questionnaire to solicit input from contracting professionals. The survey method employed in this thesis consisted of five surveys (A-E), each containing five terms. Each survey was then sent to 100 contracting professionals for a total sample of 500 surveys.

E. "CONTROVERSIAL" VS. "NON-CONTROVERSIAL"

The criterion used to determine whether a term was controversial or "non-controversial" was as follows:

If the number of respondents that agreed with the synthesized definition exceeded eighty percent, then the term was deemed to be "non-controversial." If greater than twenty percent of responses indicated changes in the overall meaning or the intended gist of the definition, the term was then deemed "controversial." The researcher evaluated every comment provided by the respondents and was the sole judge on whether a term was deemed controversial or not. As a result, six out of the twenty five terms received less than eighty percent agreement and were considered "controversial." The other nineteen terms received over eighty percent agreement on
the synthesized definitions and were considered "non-controversial."

F. ORGANIZATION OF THE STUDY

Chapter I furnished an introduction to the thesis. It also delineated the need for a comprehensive dictionary of acquisition and contracting terms and highlighted the previous research done in this area. Additionally, chapter I identified the terms included in the research and described the methodology employed. Chapter II addresses those terms that generated substantial comments and were deemed "controversial." Chapter III addresses the analysis of the "non-controversial" terms. Chapter IV contains the conclusions, recommendations, answers to the research questions and suggests areas for further research.

Three appendices were deemed necessary. Appendix A is a listing of the twenty five terms with the published definitions. Appendix B contains copies of the questionnaires sent out to the 500 contracting professionals. Finally, appendix C contains the proposed definitions with the proposed synonyms and antonyms for each of the twenty five terms.
II. ANALYSIS OF "CONTROVERSIAL" TERMS

A. INTRODUCTION

This chapter is the first of two chapters that deal with the results of the questionnaires. In particular, this chapter deals with the six terms that received a substantial amount of comments from the respondents and were deemed "controversial." The "non-controversial" terms are addressed in chapter III.

Questionnaire responses varied from 21 to 26 percent with an overall average of 24 percent. Although this is a lower response rate than previous researchers have attained, it is considered to be sufficient to continue this research effort. In addition, there were two (1.65%) responses that did not offer any constructive comments or recommendations and were thus not used and considered outliers. As a result of the follow-up letter, only five responses (1.3%) were received. This was deemed to be a fruitless effort. However, the majority of the 121 responses received were classified quality responses. Finally, the frequency of synonyms and antonyms that were provided by the respondents varied from zero for some terms to as many as seven for other terms.

Each subsection of the following two chapters has the same format. Subsection "a" examines the definition of each term
derived from the published literature as indicated in Appendix A. Subsection "b" analyzes the results of the questionnaire including respondent comments. Subsection "c" provides the proposed definition for each term based on the comments and recommendations made by the respondents. In addition, synonyms and antonyms are included in subsection "c" which were derived from the respondents, the researcher and the thesis advisor. The proposed definitions along with the synonyms and antonyms are consolidated in Appendix C.

B. TERM ANALYSIS for "CONTROVERSIAL" TERMS

1. Authorized Deviation

   a. Definition synthesis:

   The definition of the term "authorized deviation" was not very difficult to synthesize. The majority of the references reviewed contained a common theme of the definition and in many cases used the same wording. The major thrust of the published definitions was that an "authorized deviation" is a written authorization by an authorized official, to deviate from a requirement. The synthesis was mainly a matter of incorporating common elements and unique words and phrases into the definition.

   The definition as synthesized was:

   **AUTHORIZED DEVIATION:** A departure from contractual requirements specifically permitted by a contracting authority.

   b. Results:
This term generated several comments. Sixty one percent of the respondents agreed with the synthesized definition. The remaining thirty nine percent recommended some changes to the definition. The following comments were provided:

- A deviation is a waiver to contractual requirements (rights) and must be supported by appropriate consideration. A contracting authority's waiver is developed from contractual requirements for consideration or other benefit to the Government.
- A contractual authorization permitting a change or changes to requirements or specification.
- The definition is not clear. It refers to a specific contract or to a regulation. It might be interpreted to give a contracting officer authority to grant a contractor the right to deviate from a standard required contract clause, unilaterally.
- Insert the words "in writing" after the word "permitted" and replace the word "authority" with "officer."
- A bilateral agreement which departs from the contractual requirements approved by a contracting officer.
- Insert the following phrase at the end "and set forth in writing by means of a contract modification."
- It fails to note the contractor's right to make
financial claim and or schedule change.

- Add the word "pre-approved" before the word "departure" and "in writing" at the end.

- Suggest the definition state that the deviation must not only be permitted by contracting authority but must be in writing.

Since a deviation does not necessarily involve a contract, but can be a deviation from the Federal Acquisition Regulation for example, and it must be in writing, the researcher was convinced that the synthesized definition must be modified to reflect these recommendations. Therefore, the proposed working definition was slightly altered as follows:

c. Proposed definition based upon responses:

AUTHORIZED DEVIATION: A departure from requirements specifically permitted by a contracting authority and set forth in writing.

- Synonyms: Approved change.

- Antonyms: Unauthorized deviation.

2. Final Cost Objective

a. Definition synthesis:

The definition of the term "final cost objective" was not very difficult to synthesize. There were numerous references for this term all had a common theme for the definition. The published definitions centered around the idea that a "final cost objective" is an objective in the contractor's accounting system, which is one of the final
accumulation points to which both direct and indirect costs are allocated. The synthesis was a matter of incorporating key terms and unique phrases from the various references and creating one working definition.

The definition as synthesized was:

**FINAL COST OBJECTIVE:** A method of accounting which has allocated to it both direct and indirect costs and, in the contractor's system, is one of the final accumulation points.

b. Results:

This term generated several comments. Only forty eight percent of the respondents agreed with the synthesized definition. Thirty nine percent disagreed and provided some of the comments listed below. The remaining thirteen percent agreed and provided minor changes. The following changes and comments were provided:

- Replace the words "method of accounting" with "cost element."

- Replace the words" method of accounting" with "project or contract" and add the word "accounting" before the word "system."

- Additional clarification should be provided on "final accumulation points."

- Add "in obtaining a contract price or cost ceiling" at the end of the definition.

- "A method of accounting" is not an objective. It should be "results of a method of accounting..."
- The definition implies that one contract (one program) might have several Final Cost Objectives, while a single should be the goal.

- A method of accounting which includes allocated direct and indirect costs and in the contractor's accounting system, provides the measurement of total cost.

- An accounting work unit, in the contractor's system, recording and measuring direct and indirect costs for the determination of the eventual cost outcome within projection.

The researcher accepted the idea that a "final cost objective" is not an accounting method but rather, a project, a contract or a cost element as was indicated by some of the comments provided by the respondents. As a result, the proposed definition was modified to reflect these recommendations. The remaining comments do not, however, affect the meaning of the term and thus did not result in a modification of the definition.

c. Proposed definition based upon responses:

**FINAL COST OBJECTIVE:** A project, in a contractor's accounting system, which is one of the final accumulation points for the allocation of both direct and indirect costs.

- **Synonyms:** None.

- **Antonyms:** None.

3. **Off-The-Shelf**

   a. Definition synthesis:
The definition of the term "off-the-shelf" was not difficult to synthesize. All references for this term contained a common theme that an "off-the-shelf" item is one that is produced without a research, development, testing and evaluation (RDT&E) program or with only minor development. Additionally, one of the references indicated that an "off-the-shelf" item may be produced to military or Federal specifications.

The definition as synthesized was:

OFF-THE-SHELF: An item produced to commercial specification or description and placed in stock by a contractor, or stocked by a distributor, before receiving orders or contracts for its sale.

b. Results:

This term generated several comments. Sixty nine percent of the respondents agreed with the synthesized definition. Nineteen percent disagreed and provided some of the comments below. The remaining twelve percent agreed and provided minor changes. The following comments were provided:

- Add "currently sells in substantial quantities in the commercial market place."

- A standard off-the-shelf product, does not mean in stock at a manufacturer or distributor.

- Add the following phrase before the word "or", "in anticipation of receiving"

- An acceptable item manufactured to specifications which is in stock for immediate delivery upon receipt
of an order.
- An item, generally commercial in nature, that would readily be available from a contractor's current inventory.
- An item does not have to be commercial to be off-the-shelf.
- The FAR definition includes: "the item may be commercial or produced to military or federal specifications or description."
- An item available from a contractor for which the price is based on a catalog or market price and sold to the general public in large quantities. The item involved must not be for Government end use.

The researcher accepted the notion that an item does not have to be produced to commercial specifications only, but can also be produced to Federal and military specifications and still qualify as an "off-the-shelf" item. Therefore, the researcher concurs with five of the above comments and incorporated these comments in the proposed definition. The remaining three comments did not fall in line with the published definitions or the rest of the respondent's comments and did not result in a modification of the definition.

c. Proposed definition based upon responses:

**OFF-THE-SHELF:** An item produced to commercial, Federal or military specification or descriptions and which is stocked by a contractor or distributor and made available for immediate delivery in anticipation of receipt of an order.
- **Synonyms:** Built-to-Stock, Inventory Item, Commercial Item, As is Configuration.

- **Antonyms:** Built-to-Order, Job Shop.

4. **Profitability**

   a. **Definition synthesis:**

   The definition of the term "profitability" was not very difficult to synthesize. The few references available generally indicated that the definition should include the notion of a firm's ability to earn a profit and its potential for future earnings. The synthesized definition was based mainly on the cited reference [Ref. 8: p. 351], the researcher's own knowledge and assistance from the thesis advisor.

   The definition as synthesized was:

   **PROFITABILITY:** A firm's ability to earn a profit and its potential for future earnings.

   b. **Results:**

   This term generated several comments from the respondents. Sixty six percent of the respondents agreed with the synthesized definition. Twenty three percent disagreed and provided some of the comments below, while eleven percent agreed and provided minor comments:

   - Change the word "profit" to "return-on-investment."
   - It could also include the positive potential for a specific contract, or a given product line, to earn a profit.
   - Add "based on past earnings and market share" at the
end of the definition.

- A firm's ability to generate money capital in addition to covering the direct and indirect cost and/or expenses associated with their operation.

- A firm's ability to realize a gain from business or investment over and above its expenditure.

- A firm's determination that a profit potential exists.

- The ability to earn a profit for items and services.

The researcher was persuaded that the definition should include the phrase "return-on-investment" instead of the word "profit" and that the direct and indirect costs and expenses of an operation must be covered prior to attaining a profit. As a result, the researcher agreed with six of the seven comments provided by the respondents. The remaining comment does not affect the definition and did not result in a major modification. The proposed definition was thus modified accordingly.

c. Proposed definition based upon responses:

**PROFITABILITY:** A firm's ability to generate a return-on-investment and have the potential for future earnings in addition to covering the direct and indirect costs and expenses associated with its operation.

- **Synonyms:** Monetary Gain, Advantageous Financial Results.

- **Antonyms:** Loss, In-The-Red, Loss Position.

5. Publicized Procurement

   a. Definition synthesis:
The definition of "publicized procurement" was difficult to synthesize because there were no references available for this term. The definition was based on the researcher's experience and assistance from the thesis advisor. The main concept of the term surrounded the idea that a "publicized procurement" was one in which a solicitation for bids or offers is made through a public forum.

The definition as synthesized was:

**PUBLICIZED PROCUREMENT:** A Government solicitation for bids or offers in association with a requirement or need made through a public forum.

b. Results:

This term generated a several comments. Sixty five percent of the respondents agreed with the synthesized definition. Thirty five percent however disagreed and provided the following comments:

- Add the phrase "and in business magazines" at the end of the definition.
- Add the phrase "and/or published advertisements" at the end of the definition.
- Delete the phrase "in association with a requirement or need."
- A Government's solicitation for bids that is posted in public places and advertised in the Commerce Business Daily.
- Delete the word "Government" from the definition.
Prime contractors also "publicize" procurement in the Commerce Business Daily (CBD).

A Government's solicitation for bids or requests for offers in association with a requirement or a need made through a public forum. It is also used as an announcement of an award or intent to award a contract to a sole source.

The researcher concurs with some of the above comments and modified the synthesized definition accordingly. A "publicized procurement" is not only made by the Government, but can also be made by contractors. In addition, since the phrase "public forum" includes, Commerce Business Daily (CBD), published advertisements, business magazines and other public media, the researcher did not see the need to modify that portion of the definition. As a result, the proposed definition was altered accordingly.

c. Proposed definition based upon responses:

**PUBLICIZED PROCUREMENT:** A solicitation for bids or offers in association with a requirement or need made through a public forum, and/or published advertisements.

- **Synonyms:** Commerce Business Daily Advertisement, Commerce Business Daily Announcement, Broad Agency Announcement, Invitation for Bid, Request for Proposal.

- **Antonyms:** Non-publicized Procurement.

6. **Reasonableness**

   a. Definition synthesis:
The definition of the term "reasonableness" was fairly easy to synthesize. Numerous references were available for this term and all conveyed the same meaning. The published definitions essentially stated that "reasonableness" refers to an action, such as the incurrence of a cost, which does not exceed that which would be accepted by a prudent person.

The definition as synthesized was:

**REASONABLENESS:** A concept that refers to an action, such as the incurrence of a cost, that if, in its nature and amount, does not exceed that which would be incurred by a prudent person in the conduct of competitive business.

b. Results:

This term generated several comments. Sixty five percent of the respondents agreed with the synthesized definition. Thirty five percent of the respondents disagreed with the definition and provided the following comments:

- Replace the word "competitive" with the word "normal."

  Not all business is competitive. Also, add the word "practice" at the end of the definition.

- Replace the word "competitive" with the word "similar."

  Not all costs are incurred by every competitive business.

- Replace the word "incurred" with the word "accepted."

  Add the word "transaction" at the end of the definition.

- A concept that refers to an action which would be
incurred by a prudent person in the conduct of competitive business.

- Reasonableness may also apply to non-competitive situations relative to the lowest available price for an item or service that can be obtained from one source under the circumstances.

- Add the phrase "is fair, proper, and just" after the word "amount."

- Add the phrase "and must be supported" at the end of the definition. A reasonable cost should always be explained (justified) as fair and reasonable and it must be explained why it is determined to be fair and reasonable.

The researcher was persuaded by some of the comments and recommendations provided by the respondents and modified the definition to reflect the idea that "reasonableness" is a concept which is exercised based on a prudent business person's judgment during normal business transactions. The remaining comments did not significantly change the meaning of the definition and thus were not used.

c. Proposed definition based upon responses:

**REASONABLENESS**: A concept that refers to any action which, in its nature and amount, does not exceed that which would be accepted by a prudent person in the conduct of normal business transactions.
- **Synonyms**: Fair, Sensible, Logical, Proper, Just.
- **Antonyms**: Unfair, Unreasonable, Illogical.

C. **SUMMARY**

This chapter has presented analysis of "controversial" terms. These were the six terms out of twenty five that received more than twenty percent disagreement with the proposed definition. A discussion of the definition synthesis process, presentation of the questionnaire results and the revised definitions based on the questionnaire results were included. Additionally, the synonyms and antonyms received from the respondents were analyzed by the researcher and were included as part the proposed definition in this chapter and Appendix C. The next chapter will present the remaining 19 terms researched in this study.
III. ANALYSIS OF "NON-CONTROVERSIAL" TERMS

A. INTRODUCTION

This chapter deals with the terms that did not receive a substantial amount of comments from the respondents and were deemed "non-controversial." Each of the terms received at least eighty percent agreement with the synthesized definition from the respondents. None of the comments created substantial changes to the meaning of the terms. Additionally, synonyms and antonyms provided by the respondents were also evaluated by the researcher and included as a part of the proposed definition.

The subsections of this chapter follow the same format as was used in chapter II.

B. TERM ANALYSIS for "NON-CONTROVERSIAL TERMS"

1. Advance Agreement

   a. Definition synthesis:

       The definition of the term "advance agreement" was difficult to synthesize. The researcher was unable to locate a published definition. The Federal Acquisition Regulation (FAR) [Ref. 2: part 31.109] however, described the mechanics of an "advance agreement" without really defining the term. The synthesized definition was based on the information found in the FAR.
The definition as synthesized was:

**ADVANCE AGREEMENT:** A written document, negotiated before or during a contract (but before incurrence of costs) and incorporated into current and future contracts. It is executed between the contracting parties regarding the treatment of normal costs in order to avoid possible subsequent disallowance or dispute based on unreasonableness or nonallocability. This can be negotiated with a particular seller for a single contract, a group of contracts or all of the contracts of a buying organization. A statement of the agreement's applicability and duration should also be negotiated.

b. Results:

Eighty percent of the respondents agreed with the synthesized definition. The remaining twenty percent provided the following comments and recommendations:

- Delete the last sentence and insert "The agreement must include a statement of its applicability and duration."

- Advance agreements are usually negotiated for special or unusual costs as opposed to normal costs.

- I don't agree that advance agreements are applicable to existing contracts. Once you have a contract in place, you have change orders and modifications but not advance agreements.

The researcher agrees with the second comment that "advance agreements" are usually negotiated for special or unusual costs as opposed to normal costs. "Advance agreements" are applicable to existing contracts and hence the researcher does not agree with the third comment. As a
result, the definition was modified to reflect the recommendations in the second comment.

**c. Proposed definition based upon responses:**

**ADVANCE AGREEMENT:** A written agreement, negotiated before or during a contract (but before incurrence of costs) and incorporated into current and future contracts. It is executed between the contracting parties regarding the treatment of special and unusual costs in order to avoid possible subsequent disallowance or disputes based on unreasonableness or nonallocability. This can be negotiated with a particular seller for a single contract, a group of contracts or all of the contracts of a buying organization. A statement of the agreement's applicability and duration should also be negotiated.

- **Synonyms:** None.
- **Antonyms:** None.

2. **Advertised Procurement**

   **a. Definition synthesis:**

   The definition of the term "advertised procurement" was not very difficult synthesize. Published definitions for this were readily available and greatly contributed to the ease with which the definition was synthesized. The major thrust of the published definitions was that an "advertised procurement" involves competitive sealed bids, public opening and award of these bids.

   The definition as synthesized was:

   **ADVERTISED PROCUREMENT:** A Government method of contracting that involves solicitation of competitive sealed bids, public opening of bids and awards.

   **b. Results:**
Eighty five percent of the respondents agreed with the synthesized definition. The remaining fifteen percent provided the following comments and recommendations:

- Negotiated actions are also advertised. Very few types of Government contracts are not advertised.
- It is not comprehensive enough. Add after the word "awards" this phrase, "normally without discussion to the lowest responsive bidder."
- Delete the word "Government"; this applies to advertised contracts in the commercial sector also.
- This type of procurement is not restricted to Government contracting.

The researcher was persuaded that an "advertised procurement" is not restricted to the Government but can also apply to the private sector. Additionally, since bids are normally awarded to the lowest responsive and responsible bidder, the second comment will be included in the proposed definition. Finally, although negotiated actions are also advertised, the term "advertised procurement" is the "new" term for "formal advertising" which is essentially sealed bidding. The cited references [Appendix A], also indicate that the main theme of "advertised procurement" concerns sealed bidding. Therefore, the researcher did not utilize the comment which indicated that "negotiated actions" should be included the definition.

c. Proposed definition based upon responses:
**ADVERTISED PROCUREMENT:** A method of contracting that involves solicitation of competitive sealed bids, public opening of bids, and awards, normally without discussion to the lowest responsive and responsible bidder.

- **Synonyms:** Sealed Bidding, Competitive Procurement, Formal Advertising.
- **Antonyms:** Negotiated Procurement, Directed Procurement, Sole Source Procurement.

3. **Affordability**

   a. **Definition synthesis:**

   The definition of the term "affordability" was not very difficult to synthesize. All references used for this term contained a common theme of the definition, which essentially deals with the availability of fiscal and manpower resources prior to making decisions regarding procurement actions.

   The definition as synthesized was:

   **AFFORDABILITY:** A function of cost, priority and availability of fiscal and manpower resources leading to decisions regarding procurement actions.

   b. **Results:**

   Although this term generated numerous comments, the main theme of the synthesized definition remained unchanged. Eighty percent of the respondents agreed with the synthesized definition and the remaining twenty percent provided the following comments and recommendations:

   - Restate as "procurement actions or other business decisions."
- You may want to include "value-added" as a factor in determining affordability.
- The definition should be: "Economic availability to secure a need."
- You need to include "most cost effective alternative" somewhere.
- Should you include words on "value" in this effort, the-state-of-the-art buzzword?

The researcher agrees with four out of the five comments above and thus will incorporate these comments in the proposed definition. Although the comment concerning "economic availability to secure a need" contains the gist or intended meaning of the definition, it does not include such things as value, and priority. Hence it was not utilized in the modification of the definition.

**c. Proposed definition based upon responses:**

**AFFORDABILITY:** A determination based cost, priority, value, and availability of fiscal and manpower resources, leading to decisions regarding the most cost effective procurement actions and other business decisions.

- **Synonyms:** None.
- **Antonyms:** Unaffordability, Unaffordable.

4. **Allowability**

   **a. Definition synthesis:**

   The definition of the term "allowability" was fairly easy to synthesize. All references had a common theme of the definition which described "allowability" as a cost
that meets the test of reasonableness, allocability and conforms with Cost Accounting Standards (CAS) or Generally Accepted Accounting Principles (GAAP).

The definition as synthesized was:

**ALLOWABILITY:** A process used to determine whether a cost meets the test of reasonableness, allocability, is in consonance with standards issued by the Cost Accounting Standards Board or otherwise conforms to Generally Accepted Accounting Principles, specific limitations or exclusions or agreed-to terms between contractual parties.

b. Results:

One hundred percent of the respondents agreed with the synthesized definition. No comments were provided.

Since there were no comments provided by the respondents, the only modification to the definition will be the addition of the phrase "and is in accordance with the cost principles" at the end. This modification is based on guidance from the thesis advisor.

c. Proposed definition based upon responses:

**ALLOWABILITY:** A process used to determine whether a cost meets the tests of reasonableness and allocability, is in consonance with standards issued by the Cost Accounting Standards Board or otherwise conforms to Generally Accepted Accounting Principles, and conforms to specific limitations or exclusions or agreed-to terms between contractual parties, and is in accordance with the cost principles.

- **Synonyms:** None.

- **Antonyms:** Unallowable, Disallowable, Unallowability.

5. **Arms's Length Relationship**

   a. Definition synthesis:

   30
The definition of the term "arm's length relationship" was not very difficult to synthesize. Published definitions and the researcher's own knowledge of the term, all have the same common theme of the definition which is a transaction between a buyer and a seller both acting in their own best interest.

The definition as synthesized was:

**ARM'S LENGTH RELATIONSHIP**: An association where a buyer and a seller, both free to act, each seek their own best interest.

b. Results:

This term generated numerous comments and recommendations. Eighty two percent of the respondents agreed with the definition and the remaining eighteen percent provided the following comments and recommendations:

- Add the following phrase at the end of the definition "and those of the entities they represent."
- An association between a buyer and a seller where both are free to act, within the bounds set forth by law, regulations and professional standards, in a manner which is in the best interest of the respective organization the buyer and seller represent.
- The word "association" in the definition denotes an affiliation. In "arm's length relationship" there should be no association. Change the definition to "The circumstance in which non-affiliated buyers, sellers or concerns are free to act independently to
seek their own best interest."

- Add the following phrase at the end: "By carefully recusing oneself of a personal relationship with the other."

- Add the following phrase after the word "where," "The authorized representatives of."

- Add the words "mutual or" after the word "seek."

- Change the word "each" to "independently" and "own" to "separate."

The researcher was persuaded by five of the seven comments provided by the respondents and hence modified the proposed definition accordingly. The remaining comments were only word smithing the definition and did not really affect the intended meaning. Therefore, they were not included in the proposed definition.

c. Proposed definition based upon responses:

**ARM'S LENGTH RELATIONSHIP:** A circumstance in which non-affiliated buyers and sellers, both free to act, within the bounds set forth by law, regulations and professional standards, independently seek their own best interests or the interests of the entities they represent.

- **Synonyms:** Independent, Uninfluenced, Detached Relationship, Independent Relationship, Non-affiliated, Non-controlling.

- **Antonyms:** Affiliated Bidders/Concerns, Affiliates, Controlling Relationship.

6. Consent to Subcontract
a. Definition synthesis:

The definition of the term "consent to subcontract" was easy to synthesize. Although not many published definitions were found, the synthesized definition was based mainly on the information found in the Federal Acquisition Regulation (FAR). The main thrust of the published definition was that "consent to subcontract" is a buying official's written authorization for the prime contractor to enter into a subcontract.

The definition as synthesized was:

CONSENT TO SUBCONTRACT: A buying official's written consent for the prime contractor to enter into a particular subcontract.

b. Results:

This term generated several comments. Eighty three percent of the respondents agreed with the synthesized definition and the remaining seventeen percent provided the following comments and recommendations:

- A buyer's written approval for the seller to enter into a particular subcontract.
- Replace the first word "a" with "an authorized."
- Replace the words "buying official" with "contracting officer."
- Add the following phrase to the end of the definition: "does not give approval of the terms and conditions of that subcontract nor provide privity of contract or right of appeal to a board."
The first two comments were mainly word smithing the definition and do not change the meaning of the term. The researcher however, agrees with the recommendation in the second comment and modified the proposed definition accordingly. The third comment was also incorporated in the proposed definition. Finally, the last comment, although on target, was not utilized to modify the definition.

c. Proposed definition based upon responses:

CONSENT TO SUBCONTRACT: A contracting officer's written agreement for the prime contractor to enter into a particular subcontract.

- Synonyms: None.
- Antonyms: None.

7. Contracting Out

a. Definition synthesis:

The definition of the term "contracting out" was not very difficult to synthesize. The main reference utilized for the synthesis of this term was Office of Management and Budget (OMB) Circular A-76. The notion of "contracting out" is the process where the Government contracts with private enterprise for products and services currently provided or performed by Government personnel.

The definition as synthesized was:

CONTRACTING OUT: A process by which the Government contracts with private enterprise for products or services currently provided or performed by Government employees.

b. Results:
Several responses were generated by the synthesized definition of this term. Eighty three percent of the respondents agreed with the synthesized definition and the remaining seventeen percent provided the following comments and recommendations:

- The word "employees" implies civilians. Either replace the word "employees" with "personnel" or add the parenthetical phrase (military or civilian).
- Add the following phrase at the end of the definition: "provided said service can be obtained at a lower cost."
- I believe the phrase to be a misuse of two individual words. It should not be used at all. Prior Government work that is now being done by a contractor does not need a "catch phrase."
- Replace the phrase "with private enterprise" with "with commercial or non-profit companies."
- Add "and/or military personnel" at the end of the definition.
- You may want to add the following phrase at the end: "except those Government activities which are considered unique to the Government's purpose."

The researcher was persuaded by two of the above comments that the word "employees" implies "civilian" and should be changed to "personnel." The researcher, however, disagrees with the other comments because the phrase "private
enterprise" implies both commercial and non-profit companies. Although the initial decision to obtain services by "contracting out" must be at a lower price to the Government, in the long run however this may not be the case. Finally, the researcher does concur with the last comment concerning the uniqueness of a service.

c. Proposed definition based upon responses:

CONTRACTING OUT: A process by which the Government contracts with private enterprise for products and services currently provided or performed by Government personnel.

- Synonyms: Privatization.
- Antonyms: In-house Performance.

8. Full Scale Development

a. Definition synthesis:

The definition of the term "full scale development" was not difficult to synthesize. The references reviewed had a common theme of the definition which described the term to be the third phase of the acquisition process with the intended output of a pre-production system resembling the final product as closely as possible.

The definition as synthesized was:

FULL SCALE DEVELOPMENT: The phase in the acquisition process which begins with approval to initiate engineering or operation systems development and ends with a preproduction system. It is the period during which a system, and all the items necessary for its logistic and operational support is fully developed, engineered, designed, fabricated, tested and evaluated. The intended output is, at a minimum, a preproduction system which closely approximates the final product, the
documentation necessary to enter the production phase, and the test results which demonstrate that the production product will meet the stated requirements. Currently known as Engineering and Manufacturing Development.

b. Results:

The term did not generate many responses. Ninety two percent of the respondents agreed with the synthesized definition and the remaining eight percent provided the following comments and recommendations:

- Add the phrase "have been approved" at the end of the definition.
- Change the title of the term to "Pre-production Full Scale Development."

The researcher does not agree with the first comment because it does not have any bearing on the intended definition. The second comment however is plausible and should be considered in future research as a possible term to be defined. The proposed definition therefore, was not modified.

c. Proposed definition based upon responses:

**FULL SCALE DEVELOPMENT:** The phase in the acquisition process which begins with approval to initiate engineering or operation systems development and ends with a preproduction system. It is the period during which a system, and all the items necessary for its logistic and operational support is fully developed, engineered, designed, fabricated, tested and evaluated. The intended output is, at a minimum, a preproduction system which closely approximates the final product, the documentation necessary to enter the production phase, and the test results which demonstrate that the production product will meet the stated requirements.
requirements. Currently known as Engineering and Manufacturing Development.

- **Synonyms**: None.
- **Antonyms**: None.

9. **Government Title**

a. **Definition synthesis:**

The definition of the term "Government title" was difficult to synthesize. The researcher was unable to locate many published definitions for this term. However, there were numerous definitions of the term "title." The main idea of the published definitions was that "title" is essentially, right to ownership. These definitions were applied to the Government.

The definition as synthesized was:

**GOVERNMENT TITLE:** The Government's vested right to ownership and possession of real or personal property. The right of possession may or may not be executed.

b. **Results:**

Although this term did not generate many comments, there appears to be some ambiguity of the definition. Eighty four percent of the respondents agreed with the synthesized definition and the remaining sixteen percent provided the following comments:

- "may or may not" is ambiguous. The right of possession may be executed if the situation is an "emergency" determined by an appropriate authority.
- Government title is possession -when the right passes-
so the last sentence is confusing.
- The definition is unclear. More explanation is
required.

The researcher agrees that the phrase "may or may not" is
ambiguous and thus was modified. The second comment however
is incorrect. Title does not necessarily mean possession.
The Government may own and have title to an item, but the item
may be in the possession of a contractor (e.g. Government
Furnished Material, Property or Equipment). Therefore, the
researcher does not agree with the second comment.

c. Proposed definition based upon responses:

**GOVERNMENT TITLE:** The Government's vested right to
ownership and possession of real or personal property.
The Government may assume possession of the item or
allow possession to be kept by some other activity.

- **Synonyms:** Government Ownership.
- **Antonyms:** Temporary use, Bailment, Contractor's
  Title.

10. **Just-In-Time**

a. **Definition synthesis:**

The definition of the term "just-in-time" was not
difficult to synthesize. All of the references cited
contained a common theme of the definition which is a "pull"
system of purchasing or production such that each unit is
available as closely as possible for use in the next
operation.
The definition as synthesized was:

**JUST-IN-TIME:** A method of production or purchasing driven by actual demand such that each unit is produced or purchased as closely to its use in the next operation as possible.

b. Results:

This term did not generate many responses. Eighty four percent of the respondents agreed with the synthesized definition and the remaining sixteen percent provided the following comments and recommendations:

- Change the words "produced or purchased" to "delivered."
- A coordinated production and purchasing method requiring that each unit is produced or delivered as closely to its use in the next operation as possible.
- A manufacturing system organized as a demand flow from production back through the material process (including a steady flow of inventory through the plant using special just in time purchasing and inventory control functions and TQM as a basis of operation).

The researcher believes that the comments provided by the respondents do not change the gist of the definition but are merely word smithing. Therefore, the proposed definition was not modified.

c. Proposed definition based upon responses:

**JUST-IN-TIME:** A coordinated production and/or purchasing method driven by actual demand such that each
unit is produced or delivered as closely to its use in the next operation as possible.

- **Synonyms**: Full manufacturing and scheduling system.
- **Antonyms**: None.

11. **Leader/Follower Concept**

a. **Definition synthesis**:

The definition of the term "leader/follower concept" was not difficult to synthesize. All published definitions contained a common theme. The main concept of the published definitions is that a developer is designated as the leader and provides assistance and know-how to one or more companies which are designated as the followers, in the hopes of establishing a second or multiple sources of supply for an item.

The definition as synthesized was:

**LEADER/FOLLOWER CONCEPT**: A contractual relationship whereby a developer or sole producer of a product or system is designated to be the leader company, and to furnish assistance and know-how to one or more designated follower companies, enabling them to become a source of supply.

b. **Results**:

This term generated a few comments. Eighty four percent of the respondents agreed with the synthesized definition and the remaining sixteen percent provided the following comments and recommendations:

- Contractual relationship may also include furnishing of asset.
- Change the phrase "and to furnish assistance and know-
how" to "furnishing assistance" and replace the word "become" with the words "develop into."

- Add the following phrase at the end of the definition: "for the same product or system."

The researcher was persuaded by all of the comments provided by the respondents, although none of them change the gist of the definition. As a result, the researcher incorporated the comments and recommendations in the proposed definition.

c. Proposed definition based upon responses:

LEADER/FOLLOWER CONCEPT: A contractual relationship whereby a developer or sole producer of a product or system is designated to be the leader company, furnishing assistance and/or assets to one or more designated follower companies, enabling them to develop into a source of supply for the same product or system.

- Synonyms: None.
- Antonyms: None.

12. Limited Authority

a. Definition synthesis:

The definition of the term "limited authority" was difficult to synthesize. There were no published definitions located by the researcher for this term. The synthesized definition was based upon the researcher's knowledge and assistance from the thesis advisor. The main concept of this term surrounded the idea that "limited authority" is the extent to which an agent is empowered to obligate, commit or alter any commitment for a principal, subject to certain
conditions and restraints.

The definition as synthesized was:

**LIMITED AUTHORITY:** The extent to which an agent is empowered, subject to certain conditions and restraints to obligate, commit or alter any commitment for a principal.

**b. Results:**

This term generated only one comment. This comment did not change the meaning of the definition. Ninety two percent of the respondents agreed with the synthesized definition and the remaining eight percent disagreed but did not provide any comments. The following is the only comment received:

- Change the word "restraints" with the word "limitations."

Although this change does not affect the gist of the definition, the researcher was persuaded to change the word "restraints" to the word "limitations."

**c. Proposed definition based upon responses:**

**LIMITED AUTHORITY:** The extent to which an agent is empowered, subject to certain conditions and limitations to obligate, commit or alter any commitment for a principal.

- **Synonyms:** None.
- **Antonyms:** Unlimited Authority, Full Authority.

**13. Materiel**

**a. Definition synthesis:**

The definition of the term "materiel" was not very
difficult to synthesize. Several references were available and all contained a common theme of the definition which centered around the notion that "materiel" is property, equipment, and supplies including raw and processed materials, parts, components, tools and assemblies.

The definition as synthesized was:

**MATERIEL:** Property, equipment, apparatus and supplies which may be used or owned by an organization or activity. This may include raw materials, parts, components, assemblies, small tools and supplies.

b. Results:

Eighty six percent of the respondents agreed with the synthesized definition. The remaining sixteen percent did not agree and provided the following comments:

- Too generic. In the commercial arena, we would not include property or equipment but only material consumed in the manufacturing process.
- Add the words "any physical" to the beginning of the definition.
- Replace the word "property" with the following: "assets (other than real property)."

The researcher was persuaded by the last comment that the definition should include the fact that property is "other than real property." The word "asset" is just a synonym of the word "property" and therefore that word was not changed.

c. Proposed definition based upon responses:

**MATERIEL:** Property (other than real property),
equipment, apparatus and supplies which may be used or owned by an organization or activity. This may include raw and processed materials, parts, components, assemblies, small tools and supplies.

- **Synonyms:** Material, Equipment, Assets.
- **Antonyms:** Service.

14. **Producibility**

a. **Definition synthesis:**

The definition of the term "producibility" was not difficult to synthesize. Several published definitions were available all having a common theme of the definition which was the relative ease or the degree to which articles can be manufactured or replicated given the considerations of the manufacturing techniques, availability of materials and labor, total costs, inspection and testing.

The definition as synthesized was:

**PRODUCIBILITY:** The relative ease of manufacturing an item or system given the considerations of economical fabrication, availability of materials and labor, assembly, inspection and testing using available techniques.

b. **Results:**

Eighty one percent of the respondents agreed with the synthesized definition. The remaining nineteen percent offered the following comments and recommendations:

- The degree at which an item can be manufactured based upon experience, resources and technology.
- Producibility means the item is clearly defined and documented, thus producible.
- Add the word "processes" after the word "labor."

- "Available" techniques does not imply that they are or have been utilized previously. Therefore, they could be "untried" and not produce the manufactured product with ease.

The researcher agrees that the item to be produced must be clearly defined and documented in order to be producible and will thus modified the definition accordingly. The other comments provided by the respondents do not result in a modification to the definition.

c. Proposed definition based upon responses:

PRODUCIBILITY: The relative ease of manufacturing an item or system, that has been clearly defined and documented, given the considerations of economical fabrication, availability of materials and labor, assembly, inspection and testing using available techniques.

- Synonyms: Makable, Commercially Manufacturable.

- Antonyms: Non-producible, Not Viably Manufacturable.

15. Restricted Competition

a. Definition synthesis:

The definition of the term "restricted competition" was difficult to synthesize. The researcher was not able to locate any references for this term. The synthesized definition was determined based on the researcher's knowledge with assistance from the thesis advisor.

The definition as synthesized was:
RESTRICTED COMPETITION: A solicitation for competitive offers to provide goods or services which has been limited in number or class of offerors.

b. Results:

Ninety two percent of the respondents agreed with the synthesized definition. The remaining eight percent provided the following comments and recommendations:

- Add the word "prospective" before the word "offerors" and the word "solicited" after the word "offerors."
- Delete the word "in" and insert the words "as to the."
- Delete the word "to" and add the words "which will" and delete the word "limited in number or class" and insert the phrase "limited in number and classification of offerors."
- Most restrictive solicitations today are restrictive because of a purchase description, i.e. brand name only, sole make for model etc. Delete the words "or" and "of" and "offerors" and add the words "or purchase description" at the end of the definition.

The researcher was persuaded that restrictive solicitations are restrictive because of purchase description and hence modified the proposed definition accordingly. The other comments do not appear to have any bearing on the main theme of the definition and therefore were not used.

c. Proposed definition based upon responses:

RESTRICTED COMPETITION: A solicitation for competitive offers to provide goods or services which has been
limited in number or classification of offerors.

- **Synonyms**: Limited Competition.

- **Antonyms**: Open Competition, Unrestricted Competition, Full and Open Competition, Unlimited Competition.

16. **Retroactive Pricing**

   a. **Definition synthesis**:

   The definition of the term "retroactive pricing" was not difficult to synthesize. The cited references contained a common theme of the definition which was a pricing decision made after some or all of the work specified in the contract had been completed.

   The definition as synthesized was:

   **RETRORATIVE PRICING**: A pricing decision made after some or all of the work specified under a contract has been completed. This decision is based on a review of contract performance and recorded cost data.

   b. **Results**:

   Ninety six percent of the respondents agreed with the synthesized definition. The remaining four percent provided the following comment:

   - It might be possible to have a retroactive pricing action due to conditions outside the contract performance, e.g. economic conditions, price escalation, etc.

   The researcher concurs that the economic conditions, price escalations and other factors can affect a contract price,
hence the recommended comments were incorporated into the definition.

c. Proposed definition based upon responses:

**RETROACTIVE PRICING:** A pricing decision made after some or all of the work specified under a contract has been completed. This decision is based on a review of contract performance, economic conditions, price escalation and recorded cost data.

- **Synonyms:** None.
- **Antonyms:** Pre-priced, Forward Pricing, Prospective Pricing.

17. **Source**

a. Definition synthesis:

The definition of the term "source" was not very difficult to synthesize. The references cited contained a common theme of the definition which was a person or thing that originates a good or service.

The definition as synthesized was:

**SOURCE:** That entity from whom one acquires a good or service.

b. Results:

One Hundred percent of the respondents agreed with the synthesized definition. The following comments were provided:

- Make the words "good" and "service" plural.
- Change the word "entity" to "business" or "individual."
- Change the word "whom" to "which."
The researcher was persuaded to pluralize the words "good" and "service." All of the other comments were not used to modify the definition.

c. Proposed definition based upon responses:

**SOURCE:** That entity from whom one acquires goods or services.

- **Synonyms:** None.
- **Antonyms:** None.

18. **Total Quality Management**

a. Definition synthesis:

The definition of the term "total quality management" was not difficult to synthesize. The definition was based upon cited references, the researcher's own knowledge and assistance from the thesis advisor. The main thrust of the definition of this term is that it is a philosophy and a set of guiding principles that utilize quantitative methods and human resources to provide continuous improvement in an organization or process while ensuring that the customer's needs are met.

The definition as synthesized was:

**TOTAL QUALITY MANAGEMENT:** A philosophy and a set of guiding principles that represent the foundation of a continuously improving organization. It is the application of quantitative methods and human resources to improve the material and services supplied to an organization, and the degree to which the needs of the customer are met, now and in the future.

b. Results:

Eighty four percent of the respondents agreed with
the synthesized definition. The remaining sixteen percent provided the following comments and recommendations:

- Add the word "team" after the word "guiding."
- Add the phrase "the process in providing" after the word "improve."
- Delete the phrases "the material and services supplied to" and "now and in the future" and insert "on an ongoing basis" at the end of the definition. And insert "program or plan in an" before the word "organization" in the first sentence.

The researcher agrees with the recommendations made in the first and second comments because the main thrust of total quality management is team building and process improvement. Additionally, portions of the third comment were used to modify the definition.

c. Proposed definition based upon responses:

**TOTAL QUALITY MANAGEMENT:** A philosophy and a set of guiding team principles that represent the foundation of a continuously improving organization. It is the application of quantitative methods and human resources to improve the process in providing the material and services supplied to an organization, and the degree to which the needs of the customer are met, on an ongoing basis.

- **Synonyms:** Systems concept, Total Quality Leadership.
- **Antonyms:** None.

19. **Underrun**

a. Definition synthesis:
The definition of the term "underrun" was not very difficult to synthesize. The cited references had a common theme for the definition which was a downward net change in a contract cost.

The definition as synthesized was:

**UNDERRUN:** A net change in contract cost under that contemplated by a target price, estimated cost or redeterminable price.

b. Results:

Ninety six percent of the respondents agreed with the synthesized definition. The remaining four percent provided the following comments and recommendations:

- Add the word "final" before the word "contract."
- Delete the phrase "net change in" and insert the word "realized."
- Add the word "downward" after the word "net."
- Delete the phrase "change in contract cost" and insert "final or actual cost which is less than."

The researcher was persuaded by the first and last comments that the definition should include the word "final" before the word "cost." Therefore, the definition was modified accordingly. The other comments do not change the intended definition and hence were not used.

c. Proposed definition based upon responses:

**UNDERRUN:** A net change in final contract cost which is less than that contemplated by a target price, estimated cost or redeterminable price.

- **Synonyms:** Price Reduction.
- Antonyms: Overrun.

C. SUMMARY

This chapter has presented the analysis of the nineteen "non-controversial" terms. As was done in chapter two, the analysis included the definition synthesis process, results of the questionnaires and the proposed definitions that reflect the input from the questionnaires. The next chapter will offer conclusions, recommendations and answer the primary and supporting research questions.
IV. CONCLUSIONS AND RECOMMENDATIONS

A. INTRODUCTION

This chapter presents the conclusions and makes recommendations regarding the effort undertaken in this thesis and ways to improve future research in this area. In addition, comments concerning problems and situations encountered during this effort will be addressed. Finally, the primary research question posed at the beginning of this thesis will be answered. It should be noted that the information presented in this chapter coincides with the "Conclusions and Recommendations" made by previous researchers in this area.

B. CONCLUSIONS

Since this is a follow on effort to well defined theses previously completed by students at NPS and AFIT, the researcher has the similar conclusions as Brown [Ref. 20], Roe [Ref. 24] and Robinson [Ref. 22]. The conclusions drawn by the research are as follows:

1. The product of this thesis will add to the body of knowledge which makes up the contracting discipline.

[Ref. 20: p. 59] [Ref. 22: p. 64] [Ref. 24: p. 72]
The proposed definitions of the twenty five terms in this thesis coupled with the previous research in this area
will be of immense importance in the formulation of a
dictionary of acquisition and contracting terms. Follow on
research needs to continue and expand upon this effort. In
addition, the terms that were deemed "controversial" should be
reevaluated in future research in order to resolve major
disagreements.

2. There is not universal agreement concerning the
meaning of most contracting term. [Ref. 20: p. 60] [Ref. 22:
p. 65] [Ref. 24: p. 73]

There was definite disagreement among some of the
respondents. Even with the terms that received over eighty
percent agreement, there was some doubt about the synthesized
definitions. Additionally, there was even some disagreement
as to whether or not certain terms should exist as a
contracting term, for example, "contracting out."

As a result of this, it is obvious that a 100 percent
agreement would almost never be possible. Therefore, the
arbitrary eighty percent agreement set by the researcher is
considered acceptable and should continue to be used in the
future. On the other hand, second mailing of the revised
definitions may be utilized. This may alleviate or minimize
disagreement.

3. The procedure used in this thesis to achieve consensus
on term definitions as used in contracting is valid. [Ref.
20: p. 60] [Ref. 22: p. 65] [Ref. 24: p. 73]

The methodology utilized by the researcher in this
effort is valid. The only way to develop viable working definitions within a technical discipline is to involve the individuals at the grass roots level. [Ref. 22: p. 65] The two step process employed in this thesis allowed just that. First, the initial definitions were synthesized based on published literature. Second, the synthesized definitions were presented to contracting professionals at large in order to develop consensus.

4. The inclusion of synonyms and antonyms contributed very little to the thesis. [Ref. 20: p. 61] [Ref. 22: p. 66] [Ref. 24: p. 74]

Although numerous respondents provided synonyms and/or antonyms, the researcher believes that this does not really add much value to the overall effort. Generally, the synonyms and antonyms provided had very little supporting comments.

C. RECOMMENDATIONS

1. Re-evaluate the "controversial" terms in order to establish a consensus.

   Six terms meet the criterion utilized by the researcher to distinguish whether a term as "controversial" and were the terms presented in chapter II. It is recommended that these terms be re-evaluated in future research in order to develop a consensus.

2. Incorporate the "non-controversial" terms into the contracting dictionary.
Nineteen terms were determined to be "non-controversial" and are presented in chapter III. It is recommended that these terms be incorporated into a contracting and acquisition terms dictionary.

3. Future research questionnaires should be followed up with a reminder letter.

Although follow up letters in this case were deemed fruitless, it is the researcher's opinion that this process should continue. Even if the response rate increases by a small percentage, it would be worth the effort.

D. ANSWERS TO THE RESEARCH QUESTIONS

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

LCDR Ryan's answer to the same question in his thesis is still valid:

A 100 percent agreement on an exact definition for any given contracting term is not likely to occur, but a definition which represents a consensus can occur with success as demonstrated by the results of this thesis. Definition consensus is realistically achievable in a fixed amount of time utilizing published definitions and glossary "explanations" as the basis for synthesized definitions which can be subjected to criticism of a representative body of practitioners. [Ref. 23: p. 83]

Contracting professionals can develop a consensus of the terms used as part of their day to day business. There will always be protesters among the group who don't think the process is worthwhile or even valid, but based on this
research they are few in number. [Ref. 22: p. 68-69] "Enforcing" the standard meanings will be a challenge in the dynamic field of contracting.

E. GENERAL COMMENTS

The following are general comments that coincide with some of those in Ryan's thesis:

1. A weakness of the procedure was highlighted when a respondent would recommend a change to a synthesized definition which contributed to a more concise definition, while a majority of respondents agreed with the synthesized definition [Ref. 23: p. 84]. This required relying solely on the judgment and discretion of the researcher when incorporating changes. In future research, it is suggested that the revised definitions, synonyms and antonyms, be sent out a second time to the same individuals for confirmation.

2. Occasionally, the recommended change was compelling in nature in that it addressed a facet of the definition which should have been incorporated in the synthesized definition [Ref. 23: p. 85]. This comment is unlike the above comment in that the recommended change sometimes changed the entire focus of the synthesized definition. It should be emphasized in future research methodology that the definitions should center around the contracting field vice other areas.

3. The researcher was impressed with the quality of the responses. On several occasions, not only the contracting
officials of Government and industry responded to the questionnaire, but presidents of large companies.

F. SUMMARY

This chapter offered conclusions, recommendations, an answer to the primary research question and general comments. In addition, strengths and weaknesses were also included in the hopes that they will be useful in future research.

The researcher believes that this effort was well worthwhile and very enjoyable. It will greatly contribute to the development of a dictionary of acquisition and contracting terms and help maintain professionalism in the contracting field.
LIST OF REFERENCES


APPENDIX A: PUBLISHED DEFINITIONS

This appendix presents the published definitions of the twenty five terms which were used in the development of the synthesized definitions proposed in the surveys. The following terms were researched:

- Advance Agreement
- Affordability
- Arm's Length Relationship
- Consent to Subcontract
- Final Cost Objective
- Government Title
- Leader/Follower Concept
- Materiel
- Producibility
- Publicized Procurement
- Restricted Competition
- Source
- Underrun

- Advertised Procurement
- Allowability
- Authorized Deviation
- Contracting Out
- Full Scale Development
- Just-In-Time
- Limited Authority
- Off-The-Shelf
- Profitability
- Reasonableness
- Retroactive Pricing
- Total Quality Management
ADVANCE AGREEMENT

-"A written agreement negotiated before or during a contract (but before incurrence of costs) and incorporated into current and future contracts, between contracting officers and contractors on the treatment of special or unusual costs in order to avoid possible subsequent disallowance or dispute based on unreasonableness or nonallocability." [Ref. 2: part 31.109]

ADVERTIZED PROCUREMENT

-"A method of contracting that uses competitive bids, public opening of bids, and awards. A latter-day version of what used to be known as formal advertising, similar to but not the same as that method. Shares equal billing with competitive proposals." [Ref. 3: p. B-9]

-"A method of contracting that uses competitive bids, public opening of bids, and awards." [Ref. 2: part 14.101]

AFFORDABILITY

-"Function of cost, priority, and availability of fiscal and manpower resources." [Ref. 4: p. 3]

-"Function of cost, priority, and availability of fiscal and manpower resources." [Ref. 5: p. 2]

-"A determination that life-cycle cost of an acquisition program is in consonance with the long-range investment and force structure plans of the DOD or individual DOD components." [Ref. 6: p. 15-2]

ALLOWABILITY

-"A cost is allowable if it meets the tests of reasonableness and allocability, is in consonance with standards promulgated by Cost Accounting Standards Board (if applicable), otherwise conforms to generally accepted accounting principles, specific limitations or exclusions set forth in FAR part 31, or agreed-to terms between contractual parties." [Ref. 3: p. B-1]
-"Meets the test of reasonableness, allocability, is in consonance with standards issued by the CAS Board, or otherwise conforms to generally accepted accounting principles, specific limitations or exclusions, or agreed-to terms between contractual parties." [Ref. 5: p. p-3]

ARM'S LENGTH RELATIONSHIP

-"On a commercial basis, dealing with or as though dealing with independent, unrelated persons; competitive; straightforward; involving no favoritism or irregularity; as, an arm's length purchase. A buyer and a seller both free to act, each seeking his own best economic interest and agreeing on a price, are said to have an arm's-length relationship. Transaction between affiliated companies are not ordinarily recorded (or regarded by outsiders) as being at arm's-length even though expressed in terms of market values." [Ref. 7: p. 36]

-"Said of a transaction negotiated by unrelated parties, each acting in his or her, own self interest; the basis for a fair market value determination. Commonly applied in areas of taxation when there are dealings between related corporations, e.g. parent and subsidiary." [Ref. 9: p. 100]

AUTHORIZED DEVIATION

-"A specific written authorization, granted prior to the manufacture of an item, to depart from a particular performance or design requirement of a specification, drawing or other document for a specific number of units or a specific period of time." [Ref. 4: p. 18]

-"A specific written authorization, granted prior to the manufacture of an item, to depart from a particular performance or design requirement of a specification, drawing or other document for a specific number of units or a specific period of time." [Ref. 5: p. 18]

-"Deviations specifically permitted by contracting authority." [Ref. 1: p. 2]
CONTRACTING OUT (OMB CIRCULAR A-76)

-"Concerns the process by which a government activity contracts with private enterprise for in-house commercial or industrial products or services (e.g. mess attendant services, guard services, custodial and maintenance services, operation of plant)." [Ref. 5: p. 12]

FINAL COST OBJECTIVE

-"A cost objective which has allocated to it both direct and indirect costs, and, in the contractors accumulation system, is one of the final accumulation points." [Ref. 10: p. 119]

-"A cost objective that allocated to it both direct and indirect costs and, in the contractor's system, is one of the final accumulation points." [Ref. 3: p. B-5]

-"A cost objective to which direct costs can be identified and to which indirect and over-head costs can be allocated." [Ref. 11: p. 291]

-"A cost objective that has allocated to it both direct and indirect costs and, in the contractor's accumulation system, is one of the final accumulation points." [Ref. 2: part 31.001]

FULL SCALE DEVELOPMENT

-"Normally the third phase in the acquisition process, following Milestone II. The system/equipment and the principal items necessary for its support are fully developed, engineered, designed, fabricated, tested, and evaluated. The intended output is, as a minimum, a preproduction system which closely approximates the final product, the documentation necessary to enter the production phase, and the test results which demonstrate that the production product will meet stated requirements." [Ref. 4: p. 33]

-"Is the phase during which the weapon system, including all of their items necessary for its logistic and operation support (training equipment, support equipment, handbooks for operation and maintenance, etc.) is designed, fabricated and
tested. The intended output is a hardware model, a defined logistic support system, and the documentation needed to produce for inventory use. The period beginning with approval to initiate full scale engineering or operational systems development of new (or major modifications of existing) systems or equipment, and ending when the development (and testing) activity is no longer significant." [Ref. 11: p. 309]

GOVERNMENT TITLE

-"The Government's vested right to ownership and possession of real or personal property. The right of possession may or may not be executed." [Ref. 14: p. 34]

-"The instrument or document whereby ownership of property is established." [Ref. 1: p. 30]

-"In law, evidence of ownership of real or personal property." [Ref. 13: p. 425]

-"Proper and rightful ownership." [Ref. 8: p. 443]

-"The evidence of a person's right to or ownership in a piece of property. In the case of real estate, the documentary evidence of ownership is the title deed." [Ref. 12: p. 897]

JUST-IN-TIME

-"A "pull" system, driven by actual demand. Goal is to produce one part just-in-time for the next operation. Reduces stock inventories, but leaves no room for error. As much a managerial philosophy as it is an inventory system." [Ref. 4: p. 43]

-"Method of production or purchasing such that each unit is purchased or produced just-in-time for use." [Ref. 15: p. 1042]

LEADER/FOLLOWER CONCEPT

-"A government contractual relationship for the delivery of an end item through a prime or subcontractor relationship or to provide assistance to another company. (1) Prime contractor awarded to
established source (leader) who is obligated to subcontract to and assist another source (follower). (2) A contract is awarded to a leader requiring him/her to assist the follower who has prime contract for production. (3) Prime contract awarded to the follower for production and follower is obligated to subcontract with a designated leader for assistance. (The leader can or cannot be producing under another contract)." [Ref. 5: p. 32,33]

-"A contractual relationship whereby a developer or sole producer of a product or system is designated to be the leader company, and to furnish assistance and know-how under an approved contract to one or more designated follower companies, so that they can become a source of supply." [Ref. 2: part 17.401]

-"A technique of establishing a second production source involving direct contractor-to-contractor transfer of technical data." [Ref. 16: p. 2-9]

LIMITED AUTHORITY

-No references were found.

MATERIEL

-"Equipment, apparatus, and supplies used by an organization or institution." [Ref. 17: p. 709]

-"All items necessary for the equipment, maintenance, operations and support of military activities without distinction as to their application for administrative or combat purposes. A term used to designate supplies, repair parts and equipment.
Raw stock (crude or processed) in bulk form, procured for issue as required in fabrication and formation processing. Property which may be incorporated into or attached to an end product to be delivered under a contract or which may be consumed or expended in the performance of a contract. It includes, but is not limited to, raw and processed materials, parts, components, assemblies, and small tools and supplies which may be consumed in the normal use in the performance of the contract." [Ref. 11: p. 433,434]
OFF-THE-SHELF

-"Procurement of existing systems or equipment without an RDT&E program or with minor development to make a system suitable for DOD needs. May be commercial system/equipment or one already in DOD inventory." [Ref. 4: p. 55]

-"Procurement of existing systems or equipment without an RDT&E program or with minor development to make the system suitable for DOD needs. May be commercial system/equipment or one already in the DOD inventory." [Ref. 5: p. 38]

-"Commercial equipment or material available for routine delivery. If delivery is delayed due to manufacturer's backlog, the equipment and material is still considered to be "off-the-shelf".
An item which has been developed and produced the military or commercial standards and specifications, is readily available for delivery from an industrial source and may be procured without change to satisfy a military requirement. An item produced and placed in stock by a contractor prior to the contractor receiving orders or contracts for the sale of the item. The contractor may produce the item to either commercial or military/Federal item specifications or description. Off-the-shelf items include items stocked by distributors for which Government contracts may be received." [Ref. 11: p. 485]

PRODUCIBILITY

-"The degree to which articles can be replicated given the consideration of manufacturing techniques, availability of materials and labor, and total costs." [Ref. 4: p. 62]

-"The composite of characteristics which when applied to equipment design and production planning, leads to the most effective and economic means of fabrication, assembly, inspection, test, installation, checkout, and acceptance of systems and equipment." [Ref. 11: p. 547]

-"The relative ease of manufacturing an item or system. This relative ease is governed by characteristics
and features of a design that enable economical fabrication, assembly, inspection and testing using available manufacturing techniques." [Ref. 6: p. 15-14]

PROFITABILITY

-A firm's ability to earn a profit and a potential for future earnings." [Ref. 8: p. 351]

PUBLICIZED PROCUREMENT

-No references were found.

REASONABLENESS

-A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person in the conduct of competitive business." [Ref. 2: part 31.201-3]

-"Not extreme or excessive, moderate, fair." [Ref. 17: p. 962]

-"Based on exercise of a prudent person's judgment. Agreeable to reason or sound judgment taking into consideration the circumstances. Not immoderate or excessive." [Ref. 14: p. 44]

-"Generally, a cost which in its nature and amount does not exceed what would be incurred by an ordinary prudent person in the conduct of competitive business." [Ref. 18: p. GL-15]

-"A cost is reasonable if, in its nature or amount, it does not exceed what would be incurred by an ordinary prudent person in the conduct of competitive business." [Ref. 3: p. B-8]

RESTRICTED COMPETITION

-No references were found.

RETROACTIVE PRICING

-A pricing decision made after some or all of the work specified under contract has been completed, based on a review of contract performance and recorded cost.
data." [Ref. 3: p. B-9]

SOURCE

"A person or thing that originates, sets in motion, or is a primary agency in producing any course of action or result." [Ref. 9: p. 1251]

"The point of origin." [Ref. 17: p. 1111]

TOTAL QUALITY MANAGEMENT

"Is centered around the concept of defect prevention through process control versus the traditional defect detection through inspection." [Ref. 19: p. 2]

UNDERRUN

"A net change in contractual amount under that contemplated by a target price (FPI contract), estimated cost (any cost-reimbursement type contract), or redeterminable price (FPR contract), due to the contractor's actual costs being under target or anticipated contract costs, but not attributable to any other cause of cost growth (e.g., quantity changes, engineering changes, economic changes, or changes in estimates of program/project costs)." [Ref. 3: p. B-4]
APPENDIX B: COVER LETTER, QUESTIONNAIRES

This appendix contains the cover letter, five separate questionnaires, and the follow up letter sent to 500 CPCM/CACM members. The questionnaires were sent out in five separate mailings of one hundred each.
A. COVER LETTER

Dear NCMA Professional,

The purpose of this questionnaire is to obtain feedback from contracting professionals in an effort to refine the definitions of key terms used in acquisition and contracting.

Graduate students at the Naval Postgraduate School, Monterey, California, and the Air Force Institute of Technology, Wright-Patterson Air Force Base, Ohio, are conducting an ongoing research effort to establish working definitions for commonly used acquisition words and phrases. When the project is completed, the definitions will be published in a professional dictionary of acquisition and contracting terminology. The dictionary has two purposes. First, to be used as an educational tool for those unfamiliar with the acquisition process. Second, to act as a reference document for those working in the field.

The attached questionnaire contains five terms that I would like you to evaluate. The researcher has provided an initial definition derived from current literature. The definitions were synthesized into a narrative that reflects the meanings conveyed in the published material.

Please review each of the five definitions. Indicate whether or not you feel it is a viable working definition. Please feel free to make changes you deem necessary. This may be done in any way that will be legible to the researcher, such as lining out words, or rewriting parts of or the entire definition. Also, please include a short explanation for the change in the comments section; this will help the researcher to understand your reasoning when reviewing the proposed definition. Finally, any terms that can be related as synonyms or antonyms should be annotated in the spaces provided.

Your participation in this research effort is greatly appreciated. I urge you to respond to this questionnaire by 5 August 1992 or as soon as possible thereafter. Your perspective is very important to the research.
If you need any additional details, I can be contacted by telephone at (408) 372-4783, or by writing to:

LCDR M. M. Zarou, SC, USN
SMC 2669
Naval Postgraduate School
Monterey, Ca. 93943
B. FOLLOW UP LETTER

A few weeks ago, you should have received a questionnaire regarding research to derive a baseline definitions for commonly used acquisition words or phrases. If you have not received the questionnaire, please call LCDR Mike Zarou at (408) 372-4783, and a copy will be sent to you.

If you have completed and returned the questionnaire, I greatly appreciate your cooperation and assistance in this effort.

If you have not returned the questionnaire, I strongly urge you to do so by 30 August or as soon as possible. Your input in this effort is very important and would provide a baseline for the formulation of a dictionary of acquisition and contracting terms.

Please call me if I can be of any further assistance at (408) 372-4783 or write to:

LCMR M. M. Zarou, SC, USN
SMC 2669
Naval Postgraduate School
Monterey, CA. 93943
C. QUESTIONNAIRES

QUESTIONNAIRE (A)

ADVANCE AGREEMENT

A written document, negotiated before or during a contract (but before incurrence of costs) and incorporated into current and future contacts. It is executed between the contracting parties regarding the treatment of normal costs in order to avoid possible subsequent disallowance or dispute based on unreasonableness or nonallocability. This can be negotiated with a particular seller for a single contract, a group of contracts, or all of the contracts of a buying organization. A statement of the agreement's applicability and duration should also be negotiated.

Is this an acceptable working definition? Yes No
If no, please explain: ________________________________

Revised definition/comments:

________________________________________________

SYNONYMS:

ANTONYMS:

ADVERTIZED PROCUREMENT

A Government method of contracting that involves solicitation of competitive sealed bids, public opening of bids, and awards.

Is this an acceptable working definition? Yes No
If no, please explain: ________________________________

Revised definition/comments:

________________________________________________

SYNONYMS:

ANTONYMS:

AFFORDABILITY

A function of cost, priority, and availability of fiscal and manpower resources leading to decisions regarding procurement actions.

Is this an acceptable working definition? Yes No
ALLOWABILITY

A process used to determine whether a cost meets the test of reasonableness, allocability, is in consonance with standards issued by the Cost Accounting Standards Board, or otherwise conforms to generally accepted accounting principles, specific limitations or exclusions, or agreed-to terms between contractual parties.

Is this an acceptable working definition? Yes No
If no, please explain:

Revised definition/comments:

SYNONYMS:
ANTONYMS:

ARM'S LENGTH RELATIONSHIP

An association where a buyer and a seller, both free to act, each seek their own best interests.

Is this an acceptable definition? Yes No
If no, please explain:

Revised definition/comments:

SYNONYMS:
ANTONYMS:
QUESTIONNAIRE (B)

AUTHORIZED DEVIATION

A departure from contractual requirements specifically permitted by a contracting authority.

Is this an acceptable working definition? Yes No
If no, please explain: ____________________________________________________________
Revised definition/comments: ______________________________________________________
SYNONYMS: _________________________________________________________
ANTONYMS: _________________________________________________________

CONSENT TO SUBCONTRACT

A buying official's written consent for the prime contractor to enter into a particular subcontract.

Is this an acceptable working definition? Yes No
If no, please explain: ____________________________________________________________
Revised definition/comments: ______________________________________________________
SYNONYMS: _________________________________________________________
ANTONYMS: _________________________________________________________

CONTRACTING OUT

A process by which the Government contracts with private enterprise for products or services currently provided or performed by Government employees.

Is this an acceptable working definition? Yes No
If no, please explain: ____________________________________________________________
Revised definition/comments: ______________________________________________________
SYNONYMS: _________________________________________________________
ANTONYMS: _________________________________________________________

FINAL COST OBJECTIVE

A method of accounting which has allocated to it both direct
and indirect costs and, in the contractor's system, is one of the final accumulation points.

Is this an acceptable definition? Yes No
If no, please explain:

Revised definition/comments:

SYNONYMS: __________________________
ANTONYMS: __________________________

FULL SCALE DEVELOPMENT

The phase in the acquisition process which begins with approval to initiate engineering or operational systems development and ends with a preproduction system. It is the period during which a system, and all the items necessary for its logistic and operational support is fully developed, engineered, designed, fabricated, tested and evaluated. The intended output is, at a minimum, a preproduction system which closely approximates the final product, the documentation necessary to enter the production phase, and the test results which demonstrate that the production product will meet the stated requirements. Currently known as Engineering and Manufacturing Development.

Is this an acceptable definition? Yes No
If no, please explain:

Revised definition/comments:

SYNONYMS: __________________________
ANTONYMS: __________________________
GOVERNMENT TITLE

The Government's vested right to ownership and possession of real or personal property. The right of possession may or may not be executed.

Is this an acceptable definition?    Yes   No
If no, please explain:__________________________

Revised definition/comments:__________________________

SYNONYMS:__________________________________________
ANTONYMS:__________________________________________

JUST-IN-TIME

A method of production or purchasing driven by actual demand such that each unit is produced or purchased as closely to its use in the next operation as possible.

Is this an acceptable working definition?    Yes   No
If no, please explain:__________________________

Revised definition/comments:__________________________

SYNONYMS:__________________________________________
ANTONYMS:__________________________________________

LEADER/FOLLOWER CONCEPT

A contractual relationship whereby a developer or sole producer of a product or system is designated to be the leader company, and to furnish assistance and know-how to one or more designated follower companies, enabling them to become a source of supply.

Is this an acceptable working definition?    Yes   No
If no, please explain:__________________________

Revised definition/comments:__________________________

SYNONYMS:__________________________________________
ANTONYMS:__________________________________________
LIMITED AUTHORITY

The extent to which an agent is empowered, subject to certain conditions and restraints to obligate, commit or alter any commitment for a principal.

Is this an acceptable working definition? Yes No
If no, please explain:________________________________________

Revised definition/comments:________________________________________

________________________________________

SYNONYMS:________________________________________
ANTONYMS:________________________________________

MATERIEL

Property, equipment, apparatus and supplies which may be used or owned by an organization or activity. This may include raw materials, parts, components, assemblies, small tools and supplies.

Is this an acceptable working definition? Yes No
If no, please explain:________________________________________

Revised definition/comments:________________________________________

________________________________________

SYNONYMS:________________________________________
ANTONYMS:________________________________________
QUESTIONNAIRE (D)

OFF-THE-SHELF
An item produced to commercial specification or description and placed in stock by a contractor, or stocked by a distributor, before receiving orders or contracts for its sale.

Is this an acceptable working definition? Yes No
If no, please explain:______________________________________________________________

Revised definition/comments:_____________________________________________________

SYNONYMS:________________________________________________________
ANTONYMS:________________________________________________________

PRODUCIBILITY
The relative ease of manufacturing an item or system given the considerations of economical fabrication, availability of materials and labor, assembly, inspection and testing using available techniques.

Is this an acceptable working definition? Yes No
If no, please explain:____________________________________________________________

Revised definition/comments:____________________________________________________

SYNONYMS:________________________________________________________
ANTONYMS:________________________________________________________

PROFITABILITY
A firm's ability to earn a profit and its potential for future earnings.

Is this an acceptable working definition? Yes No
If no, please explain:___________________________________________________________

Revised definition/comments:____________________________________________________

SYNONYMS:________________________________________________________
ANTONYMS:________________________________________________________
PUBLICIZED PROCUREMENT

A Government solicitation for bids or offers in association with a requirement or need made through a public forum.

Is this an acceptable working definition? Yes No
If no, please explain:__________________________________________

Revised definition/comments:____________________________________

SYNONYMS:__________________________________________________
ANTONYMS:__________________________________________________

REASONABLENESS

A concept that refers to an action, such as the incurrence of a cost, that if, in its nature and amount, does not exceed that which would be incurred by a prudent person in the conduct of competitive business.

Is this an acceptable working definition? Yes No
If no, please explain:__________________________________________

Revised definition/comments:____________________________________

SYNONYMS:__________________________________________________
ANTONYMS:__________________________________________________

83
QUESTIONNAIRE (E)

RESTRICTED COMPETITION

A solicitation for competitive offers to provide goods or services which has been limited in number or class of offerors.

Is this an acceptable working definition? Yes No
If no, please explain: ________________________________

Revised definition/comments: ________________________________

SYNONYMS: ________________________________
ANTONYMS: ________________________________

RETROACTIVE PRICING

A pricing decision made after some or all of the work specified under a contract has been completed. This decision is based on a review of contract performance and recorded cost data.

Is this an acceptable working definition? Yes No
If no, please explain: ________________________________

Revised definition/comments: ________________________________

SYNONYMS: ________________________________
ANTONYMS: ________________________________

SOURCE

That entity from whom one acquires a good or service.

Is this an acceptable working definition? Yes No
If no, please explain: ________________________________

Revised definition/comments: ________________________________

SYNONYMS: ________________________________
ANTONYMS: ________________________________
TOTAL QUALITY MANAGEMENT

A philosophy and a set of guiding principles that represent the foundation of a continuously improving organization. It is the application of quantitative methods and human resources to improve the material and services supplied to an organization, and the degree to which the needs of the customer are met, now and in the future.

Is this an acceptable working definition? Yes No
If no, please explain:__________________________________________________________

Revised definition/comments:_____________________________________________________

SYNONYMS:____________________________________________________________________
ANTONYMS:____________________________________________________________________

UNDERRUN

A net change in contract cost under that contemplated by a target price, estimated cost, or redeterminable price.

Is this an acceptable working definition? Yes No
If no, please explain:___________________________________________________________

Revised definition/comments:_____________________________________________________

SYNONYMS:____________________________________________________________________
ANTONYMS:____________________________________________________________________
APPENDIX C: PROPOSED DEFINITIONS

ADVANCE AGREEMENT: A written agreement, negotiated before or during a contract (but before incurrence of costs) and incorporated into current and future contracts. It is executed between the contracting parties regarding the treatment of special and unusual costs in order to avoid possible subsequent disallowance or disputes based on unreasonableness or nonallocability. This can be negotiated with a particular seller for a single contract, a group of contracts or all of the contracts of a buying organization. A statement of the agreement's applicability and duration should also be negotiated.

- Synonyms: None.
- Antonyms: None.

ADVERTISED PROCUREMENT: A method of contracting that involves solicitation of competitive sealed bids, public opening of bids, and awards, normally without discussion, to the lowest responsive and responsible bidder.

- Synonyms: Sealed Bidding, Competitive Procurement, Formal Advertising.
- Antonyms: Negotiated Procurement, Directed Procurement, Sole Source Procurement.

AFFORDABILITY: A function of cost, priority, value, and availability of fiscal and manpower resources, leading to decisions regarding the most cost effective procurement actions and other business decisions.

- Synonyms: None.
ALLOWABILITY: A process used to determine whether a cost meets the tests of reasonableness and allocability, is in consonance with standards issued by the Cost Accounting Standards Board or otherwise conforms to Generally Accepted Accounting Principles, specific limitations or exclusions or agreed-to terms between contractual parties and in accordance with the cost principles.

- Synonyms: None.

- Antonyms: Unallowable, Disallowable, Unallowability.

ARM's LENGTH RELATIONSHIP: A circumstance in which non-affiliated buyers and sellers, both free to act, within the bounds set forth by law, regulations and professional standards, independently seek their own best interests or the interests of the entities they represent.

- Synonyms: Independent, Uninfluenced, Detached Relationship, Independent Relationship, Non-affiliated, Non-controlling.

- Antonyms: Affiliated Bidders/Concerns, Affiliates, Controlling Relationship.

AUTHORIZED DEVIATION: A departure from requirements specifically permitted by a contracting authority and set forth in writing.

- Synonyms: Approved change.

- Antonyms: Unauthorized deviation.

CONSENT TO SUBCONTRACT: A contracting officer's written agreement for the prime contractor to enter into a particular subcontract.

- Synonyms: None.
CONTRACTING OUT: A process by which the Government contracts with private enterprise for products and services currently provided or performed by Government personnel.

- Synonyms: None.
- Antonyms: In-house Performance.

FINAL COST OBJECTIVE: A project, in a contractor's accounting system, which is one of the final accumulation points for the allocation of both direct and indirect costs.

- Synonyms: None.
- Antonyms: None.

FULL SCALE DEVELOPMENT: The phase in the acquisition process which begins with approval to initiate engineering or operation systems development and ends with a preproduction system. It is the period during which a system, and all the items necessary for its logistic and operational support is fully developed, engineered, designed, fabricated, tested and evaluated. The intended output is, at a minimum, a preproduction system which closely approximates the final product, the documentation necessary to enter the production phase, and the test results which demonstrate that the production product will meet the stated requirements. Currently known as Engineering and Manufacturing Development.

- Synonyms: None.
- Antonyms: None.

GOVERNMENT TITLE: The Government's vested right to ownership and possession of real or personal property. The Government may assume possession of the item or allow possession to be kept by some other activity.

- Synonyms: Government Ownership.
JUST-IN-TIME: A coordinated production and/or purchasing method driven by actual demand such that each unit is produced or delivered as closely to its use in the next operation as possible.

- Synonyms: Full manufacturing and scheduling system.

- Antonyms: None.

LEADER/FOLLOWER CONCEPT: A contractual relationship whereby a developer or sole producer of a product or system is designated to be the leader company, furnishing assistance and/or assets to one or more designated follower companies, enabling them to develop into a source of supply for the same product or system.

- Synonyms: None.

- Antonyms: None.

LIMITED AUTHORITY: The extent to which an agent is empowered, subject to certain conditions and limitations to obligate, commit or alter any commitment for a principal.

- Synonyms: None.

- Antonyms: Unlimited Authority, Full Authority.

MATERIEL: Property (other than real property), equipment, apparatus and supplies which may be used or owned by an organization or activity. This may include raw and processed materials, parts, components, assemblies, small tools and supplies.

- Synonyms: Material, Equipment, Assets.

- Antonyms: Service.

OFF-THE-SHELF: An item produced to commercial, Federal or military specifications or descriptions and which is stocked by a contractor or distributor and made available for immediate delivery in anticipation of receipt of an order.
- **Synonyms**: Built-to-Stock, Inventory Item, Commercial Item, As is Configuration.

- **Antonyms**: Built-to-Order, Job Shop.

**PRODUCIBILITY**: The relative ease of manufacturing an item or system, that has been clearly defined and documented, given the considerations of economical fabrication, availability of materials and labor, assembly, inspection and testing using available techniques.

- **Synonyms**: Makable, Commercially Manufacturable.

- **Antonyms**: Non-producible, Not Viably Manufacturable.

**PROFITABILITY**: A firm's ability to generate a return-on-investment and have the potential for future earnings in addition to covering the direct and indirect costs and expenses associated with its operation.

- **Synonyms**: Monetary Gain, Advantageous Financial Results.

- **Antonyms**: Loss, In-The-Red, Loss Position.

**PUBLICIZED PROCUREMENT**: A solicitation for bids or offers in association with a requirement or need made through a public forum.


- **Antonyms**: Non-publicized Procurement.

**REASONABLENESS**: A concept that refers to any action which, in its nature and amount, does not exceed that which would be accepted by a prudent person in the conduct of normal business transactions.

- **Synonyms**: Fair, Sensible, Logical, Proper, Just.
- **Antonyms:** Unfair, Unreasonable, Illogical.

**RESTRICTED COMPETITION:** A solicitation for competitive offers to provide goods or services which has been limited in number or classification of offerors.

- **Synonyms:** Limited Competition.
- **Antonyms:** Open Competition, Unrestricted Competition, Full and Open Competition, Unlimited Competition.

**RETROACTIVE PRICING:** A pricing decision made after some or all of the work specified under a contract has been completed. This decision is based on a review of contract performance, economic conditions, price escalation and recorded cost data.

- **Synonyms:** None.
- **Antonyms:** Pre-priced, Forward Pricing, Prospective Pricing.

**SOURCE:** That entity from whom one acquires goods or services.

- **Synonyms:** None.
- **Antonyms:** None.

**TOTAL QUALITY MANAGEMENT:** A philosophy and a set of guiding team principles that represent the foundation of a continuously improving organization. It is the application of quantitative methods and human resources to improve the process in providing the material and services supplied to an organization, and the degree to which the needs of the customer are met, on an ongoing basis.

- **Synonyms:** Systems concept, Total Quality Leadership.
- **Antonyms:** None.
**UNDERRUN:** A net change in final contract cost which is less than that contemplated by a target price, estimated cost or redeterminable price.

- Synonyms: Price Reduction.
- Antonyms: Overrun.
INITIAL DISTRIBUTION LIST

1. Defense Technical Information Center 2
   Cameron Station
   Alexandria, VA. 22304-6145

2. Defense Logistics Studies Information Exchange 2
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3. Library, Code 52 2
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