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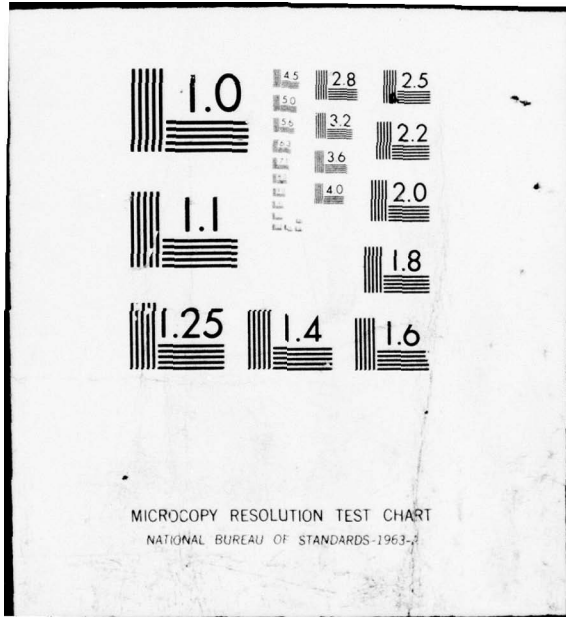
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DEFENSE SYSTEMS MANAGEMENT COLLEGE



PROGRAM MANAGEMENT COURSE INDIVIDUAL STUDY PROGRAM

SOURCE SELECTION PROCEDURES WITHIN THE
AIR FORCE FOR MAJOR MODIFICATIONS-
AN EVALUATION

STUDY PROJECT REPORT
PMC 77-2

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DEFENSE SYSTEMS MANAGEMENT COLLEGE

STUDY TITLE: SOURCE SELECTION PROCEDURES WITHIN THE AIR FORCE FOR MAJOR MODIFICATIONS- AN EVALUATION

STUDY PROJECT GOALS: This project views the use of Source Selection procedures in accordance with AFR 70-15 as they are applied to less than major system acquisitions. The goal of the paper is the determination of its continued application to such programs, demonstrate problems with its use, introduce correction to those problems and provide an alternative to Source Selection procedures.

STUDY REPORT ABSTRACT: The nucleus of this report is "lessons learned" within the Air Force Logistics Command over the past seven years. The writer is a contracting officer within the Air Force who has participated in a recent Source Selection provides his observations and analysis of the lessons learned taken as a whole. The thrust of the writing involves the complexity, subjectivity and cost of the Source Selection procedures on less than major system acquisitions. It recommends its continued use on a selective basis and also an alternative technique to the use of Source Selection procedures. However, improvement of application of Source Selection is also highlighted through certain administrative measures.

The pitfalls of first time Source Selection can be avoided if many of the "lessons learned" that are provided in this report find application.

SUBJECT DESCRIPTORS: Procurement Management, Contract Strategy, Source Selection (10.07.03.04)

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SOURCE SELECTION PROCEDURES WITHIN
THE AIR FORCE FOR MAJOR MODIFICATIONS-
AN EVALUATION

Individual Study Program
Study Project Report
Prepared as a Formal Report

Defense Systems Management College
Program Management Course
Class 77-2

by

Edmond L. Peters

GS-12 USAF

November, 1977

Study Project Advisor

Dr. Joe Hood

This study project report represents the views, conclusion and recommendations of the author and does not necessarily reflect the official opinion of the Defense Systems Management College or The Department of Defense.

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EXECUTIVE SUMMARY

This report views the current status of the Source Selection process as it is being applied for modifications effort on major systems within the Air Force. This process, which is costly in terms of manhours expended, has incurred the wrath of many Air Force managers who must give of their top personnel to this time consuming process.

Therefore, this writer, currently a contracting officer within the Air Force Logistics Command, who recently participated in a Source Selection for modifications effort, felt it necessary to view from a lessons learned approach the impact of this technique on the overall procurement process.

Up to this time AFLC has compiled lessons learned from various ALC's who have conducted Source Selections in accordance with Air Force Regulation 70-15. It is from these lessons learned that the nucleus of this report was derived.

Additionally, a look at external criticism from government review committees, as well as industry, is included for discussion.

An alternative procurement technique is provided as a recommendation to those who believe this process too extensive or otherwise inappropriate for their requirement.

In conclusion, streamlining and modifying the process is addressed for those actions considered appropriate.

SECTION I
INTRODUCTION
PURPOSE

The Source Selection process is an evolutionary procurement technique developed for requirements that are complex in respect to contractor achievement. It was therefore essential that contractors be carefully selected for assurance of meeting the Department of Defense's requirements. Procedures for doing just that were developed and DOD directives were issued. Within each, service regulations were written to adapt the basic DOD directive to their own peculiar programs. It is these peculiar programs, which do not fit the major system category, that this report addresses.

Specifically, the Air Force use of the Source Selection process for major modification effort to existing systems is addressed.

The Air Force's two major commands, AFLC and AFSC follow AFR 70-15 procedures for this type effort. AFSC is primarily involved however in systems acquisition. AFLC, on the other hand, uses Source Selection primarily for maintenance/modification of existing systems. Therefore this command (AFLC) through the cooperation of its procurement personnel and ALC contracting officers will be the focal point for lessons learned.

The primary purpose of viewing the Source Selection

process for less than major modifications is to confront the criticism posed by its users, industry and governmental committees. Additionally, revising the process is addressed, along with an alternative procurement technique proposal.

GOAL

The goal of this report is to make the process more understandable, acceptable and updated as necessary in light of lessons learned over the past seven years. Additionally, an overview is provided as to the usefulness of the source selection process in the field, its long suit and its shortcomings.

This topic is of special interest to this writer, a contracting officer at the ALC level, who recently participated in a Source Selection for the modification of an existing Air Force system. It is apparent that the source selection process is not widely accepted within the Air Force for any and all major programs. Both industry and the government at the executive level have criticized the Source Selection procedure.

SCOPE

This process is viewed in the setting of one major command (AFLC) which supports the various systems existing within the Air Force. This view will have applicability to the other services since their procedure for Source Selection are also developed from the primary DOD directive 4105.62 and are

similar in nature.

ORGANIZATION

Definitions of terms and explanation of acronyms used herein are contained in Appendix "A". Appendix "B" includes regulations that concern or affect the source selection process of major modification effort.

Subsequent sections of this report include the regulations, procedural concerns, and the various criticism that has arisen from the users viewpoint, industry and the President's Committee of Procurement. In addition lessons learned from the source selections conducted over the last seven years within AFLC are provided in Section III.

An analysis of these lessons learned is provided in Section IV and is summarized in Section V.

Recommendations for the Source Selection process, and conclusions are provided as a wrap-up to this report in Section VI.

SECTION II
PRESENT SITUATION
INTRODUCTION

This section provides a background of the Source Selection process by describing the regulations and directives followed within AFLC and AFSC, the commands within the Air Force which primarily use the process. There is no intent, however, to present a "how to" approach or to provide detail of the process itself. This is accomplished sufficiently in the regulations and in an unofficial ASD guide entitled The Source Selection Process dated 1 Oct 1974. Additionally, Source Selection in DOD:A Comparison of Procedures and Techniques by Andrew E. Turner does an adequate job of detailing the process.

Procedural concerns at the ALC level will be described along with industry's criticisms and the Commission on Government Procurements criticism of the Source Selection process. These concerns focus on the need for an evaluation of the process in its total application.

REGULATIONS, POLICY, GUIDANCE

DODD4I05.62 entitled Selection of Contractual Sources for Major Defense Systems is the basic regulation from which all other Department of Defense regulations, policy, or

guidance have been derived concerning the Source Selection process. It states that the prime objectives of the process are to (a) select the source whose proposal has the highest degree of realism and credibility and whose performance is expected to best meet Government objectives at an affordable cost; (b) assure impartial, equitable and comprehensive evaluation of competitors' proposals and related capabilities; and (c) maximize efficiency and minimize complexity of solicitation, evaluation, and the selection decision (9,2).¹

This regulation established Department of Defense policy for the competitive solicitation, evaluation, and selection of contractual sources for the acquisition of major Defense systems in accordance with the Acquisition of Major Defense System directive DODD 5000.1.

DODD 4105.62 is directed at the major defense systems as opposed to modifications of those systems or sub-systems of which this report is directed. From this directive Air Force Regulation 70-15 entitled Source Selection Policy and Procedure was derived. This regulation prescribes that in addition to major system acquisitions that these policies and procedures

¹ This notation will be used throughout the report for sources of quotations and major references. The first number is the source listed in the bibliography. The second number is the page in the reference.

also apply to..."(3) Any modification, maintenance, services, or other program/project estimated to require \$200 million or more. It is recognized that many of the policies and procedures as well as the terminology, contained herein apply only to major defense systems..and,..b. Policies and procedures contained in this regulation are sufficiently flexible to accomodate a wide range of requirements. They, therefore, may be used as a guide to formally evaluate competitive proposals and to select sources for other programs/projects below the dollar threshold prescribed above. In this context, these procedures should be tailored to individual program/project requirements and selectively applied to avoid excessive costs."

(7,1)

AFR 70-15 is the principle guidance for Source Selection within the Air Force. AFLC Supplements and AFSC manuals augment this regulation for specific applicability to programs within these commands. As a response to various Air Logistic Center personnel voiced concern to the use of Source Selection for their varied requirements, this report takes a look at problems with, alternatives to and recommendations for its use.

PROCEDURAL OBSERVATIONS

The use of Source Selection within the Air Force in-

volves both major systems acquisitions and modification/maintenance programs that affect existing systems. The latter use of Source Selections is the concern of this report. Considerable application of Source Selection is applied by both AFLC and AFSC on less than major system acquisitions for several reasons:

(1) Source Selection provides control of the selection process from the "top" down. (This will be defined later)

(2) The procedures allow flexibility by application of judgement concerning cost, schedule, and performance.

(3) Cost realism can be carefully examined.

(4) The technical proposals received allow for more detailed evaluation of capability than normal price competition.

Perhaps there are other reasons for the extensive use of the procedures, but these are considered to be the most common.

A reiteration of the objectives of Source Selection is appropriate at this time. They are (a) select the source whose proposals has the highest degree of credibility and whose performance is expected to best meet Government objectives at an affordable cost; (b) assure impartial, equitable, and comprehensive evaluation of competitors' proposals and related capabilities; and (c) maximize efficiency and minimize complexity of solicitation, evaluation and the selection decision. (9,2) It is the third objective that concerns have arisen.

From an ALC point of view, the process has not only lengthened the procurement process from 180-200 days or longer, but has also complicated the solicitation and the evaluation.

Additionally, AFLC has tracked costs of conducting Source Selections and it would appear on the surface that the process is expensive. Based on my experience, a typical Source Selection expends in excess of \$100,000.00 of Air Force resources. However, these costs are primarily attributed to wages of the evaluation personnel involved. These costs exclude the effort required in the generation of the requirement but include all overhead for the process of Source Selection. Compared to a straight competitive negotiation arena, these costs would exceed normal competition only to the extent that the same numbers of personnel are not as intensively involved toward successful award of a contract.

The value of the programs involved in some twenty to thirty Source Selections conducted by AFLC and AFSC run from a few million dollars to several hundred million dollars on programs five years in length. The cost, therefore, appears insignificant in regards to conducting of Source Selection in view of the magnitude of the programs involved. However the organizations from which manpower is obtained for the Source Selections view the "costs" not in dollars alone.

The standard organization for Source Selection is pyramidal as shown in Figure 1(5,12) and uses from 25 to 250

personnel.

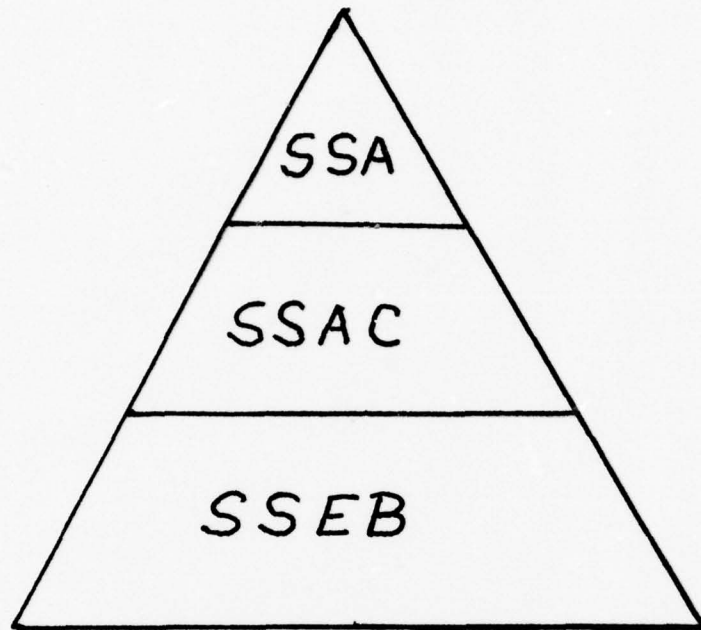


FIGURE 1.

SOURCE SELECTION AUTHORITY/SOURCE SELECTION ADVISORY COUNCIL
SOURCE SELECTION EVALUATION BOARD

An organization used by AFSC and at least one ALC within AFLC is modified to some extent to two layers as shown in Figure 2. This organization does not necessarily decrease the numbers of personnel required, but is used for a simplification of tasks. This will be addressed further in Section VI.

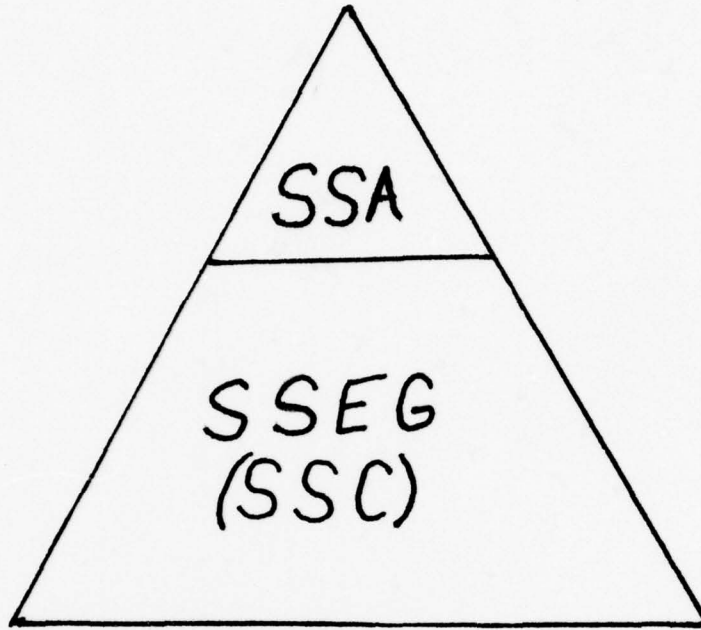


FIGURE 2.
SOURCE SELECTION AUTHORITY
SOURCE SELECTION COUNCIL/EVALUATION GROUP

Each of these organizations is a "top" down approach. The Source Selection Authority goes no lower than a commander of an Air Logistics center within AFLC but has varying levels within ASD depending on potential program cost. This approach controls the source selection at the level deemed most beneficial to ASD.

The evaluation team on a modified organization combines the activities of the Source Selection Advisory Committee and Source Selection Evaluation Board for simplification of

tasks and to lessen time required for the more formal approach.

The combined organization and ASD's leveling of the SSA seems to best serve the interests of the service in assuring an impartial, sound decision (5,29) where source selection procedures are necessary.

Procurement planning and solicitation preparation are inherent prerequisites for sound source selections. These two areas are critical to the formal Source Selection. The evaluation criteria included in the Request for Proposal must be clear, concise and complete. When judgement is to be applied in evaluation it must be so stated. The preparation of this criteria is time consuming and must be so in relation to its criticality. The point to be made here is that the AFR 70-15 procedures require a more exacting set of rules to be followed for evaluation than normal competitive proposals where cost is the primary consideration.

Even though the solicitation should be designed so as to minimize competitor and Government expense incident to both preparation and response thereto as well as limiting both the solicitation and the response pages (9,4) the source selection procedures have built in increased response pages as well as solicitation volume.

INDUSTRY CRITICISM

The total process has also been criticized by industry

in several areas. These include some that were just described. Primarily, the volume of paper required in response is considered less than desirable by both parties. Other criticisms include: 1) Evaluators not well trained; 2) Underbidding by contractors frequent, but make up on changes; 3) Waste inherent-too many contractors bid-only one wins; 4) boards take safest course of action; and, 5) should award on experience on last job. (1,276)

PRESIDENTIAL COMMITTEE CRITICISM

The President's Blue Ribbon Panel of 1970 on Federal Procurement criticized the source selection procedure in the following areas: 1) too time consuming and too complex; 2) scores of competitors tend to be very close; 3) large number of items in each proposal levels the overall ratings; 4) numerical scores obscure more important issues, and, 5) process wastes time and scarce resources. (4,3)

The above criticisms are of the source selection process in general. It would appear that the use of the process on less than major systems would be even more greatly criticized. The next section will take a look up close and in some detail as to how the evaluator views the process on these lesser procurements.

SECTION III

LESSONS LEARNED

INTRODUCTION

This section provides lessons learned on ten source selections conducted within AFLC. Therefore the problems encountered are from the ALC point of view. The purpose of this presentation is to provide both the advantages and disadvantages as well as problems encountered with the AFR 70-15 process on less than major programs. It may appear to the reader that the disadvantages far outweigh the advantages. However the sum total of lessons learned is placed in its proper perspective in Section IV in terms of analysis.

The lessons learned have been categorized into two areas: Specific and miscellaneous. Specific lessons learned require some elaboration and this is provided. The miscellaneous lessons learned are listed without further elaboration.

SPECIFIC LESSONS LEARNED

Lessons learned on ten source selections conducted by the various Air Logistic Commands have several common ingredients both favoring and disfavoring use of source selection.

The team approach, uninterrupted, in the review of

the Request for Proposal was unanimously applauded. This "Murder Board" approach during team member session reduced RFP error. Also in connection with this appraisal, the continuous close cooperation between the various functional organizations during Source Selection is a favorable key element. The free flow of information and requirements made it possible to successfully accomplish these large dollar Source Selections.

The high priority afforded Source Selection activities proved to be another key to success. Perhaps this same priority is not afforded normal competition.

Several areas are normally evaluated in this process for major modification effort. These included Management/Experience, Quality/Safety, Production/Facilities as well as cost. These areas require personnel experienced in the specifics being evaluated to accomplish the most efficient job. However, inevitably, bias is involved through individual background and experience. It is most difficult to keep this bias out of the evaluation process.

The contract definitization group who analyze the cost and prepares and distribute the negotiated contract must have top procurement, policy, legal, pricing and clerical expertise on board. The first problem inherent in these selections of personnel is obtaining people of this calibre and having them available throughout the lengthy process.

Use of this type cadre dilutes the functional organization from which they came. Additionally, the organizations are reluctant to provide this type individual for any length of time.

Additional organizational problems exist in the use of high grade officials who chair the SSEB and SSAC teams. Their total responsibilities often conflict with pressing and problematical source selection matters.

Leaving organizational problems and looking at contractual matters, the preparation of the Request for Proposal along with the necessary Definitions and Standards is very critical and complex. The rationale for selecting evaluation area precedence and the weight factors assigned requires tailoring to each individual requirement. Additionally, the definitions and standards cannot consider items in the evaluation process if such topical input was not a requirement of the RFP. Evaluation criteria must be adapted precisely to the requirements of the RFP.

In the evaluation process much time is lost if the evaluators have not had previous Source Selection experience. It is necessary to use some type of familiarization exercise if the team is to function effectively and timely. This too is time (manhours) consuming.

Since each source selection to this time has been

administratively developed on an individual basis within AFLC each ALC develops its own formatting for evaluation purposes. Various forms are required for consistency of evaluation throughout the source selection process.

The sensitivity of the process along with the numbers involved to accomplish the effort makes the security required quite difficult. Discussions concerning a Source Selection cannot be permitted outside the confines of the Source Selection area. Maintenance of files, records, forms, reproduction of necessary paper, all require sensitive handling and consumes many manhours. Each person involved in a Source Selection must be briefed and debriefed by written certification of these security requirements.

Price evaluation is also quite complex with respect to the interface necessary between the PCO and Price analyst and the evaluating teams. Deficiencies discovered during evaluation of technical aspects of the proposals must be coordinated between the CDG and the evaluator. It is critical that all matters that affect price be incorporated in the price analyst's review.

Contract preparation is compounded by the number of proposals evaluated. This is necessary for timeliness of award once decision is reached by the SSA and to insure no breach of security occurs prior to award that might invite unwarranted

protest actions. Therefore, additional manhours than would normally be consumed are required for negotiation of contractual language with each evaluated offeror.

The scoring process used during source selection where contractor inquiries (for clarification) and proposal deficiencies (for correction) are involved is approached differently from ALC to ALC and between AFLC and AFSC. This is the result of directives concerning rescoring of proposals following submission to the offeror of contractor deficiencies. Lack of uniformity and purpose in this area invites confusion.

The reports of the SSEB and the SSAC that follow team evaluations are to assess total risk involved between proposals. The combination of not rescoring proposals and assessment at these levels allows for considerable judgement and subjectivity.

Depending on the organization affected for an individual Source Selection, whether three tiered or two, can make considerable difference in administrative time consumed. This is the result of structuring of required briefings from review levels through the SSA. If many offers are involved, as in the case of some engine source selections, much detail is required in individual briefings. Not only in preparation of briefings but in the presenting of the briefing itself to the SSA are many hours consumed.

The pre-award survey process requires continued

security and consistency in surveying each potential awardee. To minimize rumor and speculation of award it is essential to curb unnecessary conversation between the survey team members and contractor personnel during the survey. This effort complicates the evaluation/award process.

MISCELLANEOUS LESSONS LEARNED

Miscellaneous lessons learned include the following:

- 1) Part time evaluators hinder the effectiveness of the process.
- 2) Establishment of programs and procurement responsibilities must occur early (prior to establishing SSA) where life cycle costing models and reliability improvement warranty efforts are included in the procurement process.
- 3) Higher headquarters informal involvement in the Source Selection process often undermines the security inherent to Source Selection.
- 4) Participation by joint using commands is required in the advanced planning stages of the requirement and development of RFP if delays in future milestones are to be averted.
- 5) Manual approval on contracts by the SSA is essential to curtail award information prior to its official occurrence. Review at higher headquarters degrades the sensitivity.
- 6) A composite of all lessons learned on previous source selection would be beneficial to those source selections cur-

rently being established.

7) Although source selections can be accomplished in less than 200 days, compressing that schedule decreases efficiency of evaluation and negotiation.

OBSERVATIONS

As has been demonstrated by the lessons learned arrayed in this section, the Source Selection Process has had some growing pains yet continues to endure. The question that currently exists is whether the endurance is beneficial to the overall system acquisition process as it pertains to modifications to existing systems currently in use. Can the problems that exist with the system be eliminated and maintain the process? Is the process necessary at all?

The next sections will attempt to answer these questions in an analysis of lessons learned, summary, and recommendations.

SECTION IV

ANALYSIS OF LESSONS LEARNED

RECAP OF SITUATION

Competition based on price alone for procurements which involve complex modifications endangers the system involved if a source is selected who cannot meet technical performance. Evaluation of technical, managerial, and other aspects required to do the job were moved up in emphasis over price to enhance complete performance after award. Therefore, Source Selection procedures were structured to attempt to evaluate other than price as those aspects were required for the individual task. The nature of the Source Selection process required some subjectivity regardless of the attempts at minimizing the same through a scoring and weighting system.

Additionally, complexity was inherent to the evaluation process as well as the administrative controls. Additional manpower and thus expense crept into the procurement costs. It has been said that Source Selection is too costly for the benefits. These costs are not just the monetary expense directly involved, but also in the loss of resources over a lengthy period of time. However, evidence does not support this conclusion. The selection of one source based on price alone can

encounter additional modification costs that could pay for a dozen source selections. Examples of this can be cited on both engine and aircraft modifications of recent years.

Concerning subjectivity inherent to the process, bias can certainly be involved. This is minimized when several people evaluate the same area and pool their individual evaluations. However external subjectivity is difficult to control. "Political and socioeconomic objectives as the prevention of local and regional unemployment and the fair distribution of defense contracts are especially susceptible to being implemented in source selection decision. Implementing these objectives often conflict with other source selection criteria such as rewarding good past performance and choosing the firm whose proposal is best in terms of the technical consideration." (2,379)

But evaluation of company capability, especially in matters concerning technical and managerial personnel, are necessarily subjective and this creates a special set of problems. One such problem is the difficulty buying agencies have in explaining to losing bidders and to third parties (such as congressional investigating committees) the elements that influenced the final choice. On the other hand, the Air Force in its Source Selection management of competitions has kept secret the weight assigned to various criteria and the reasons for specific decision. This practice of maintaining secrecy appears typical

of management competition of other services.

The conventional argument against secrecy of award criteria in source selections competition emphasizes the opportunity which secrecy affords for concealing mistakes, favoritism, or worse. However, more serious is the possibility that firms will not perceive where they stand in the buying agency's estimation, and therefore will not be incited to correct capability deficiencies and improve their standing. (2,372,3)

SUBJECTIVITY AND COMPLEXITY

As can be seen through out the Source Selection process whether a total system procurement or a modification to that system three elements of concern exist. Complexity of the process, subjectivity inherent to the process and cost of procurement actions are inmeshed in large or small transactions.

The size of the organization, the control of the functions within the organization and the structure of the organization are in part a summation of complexity drivers. Within the structure, complexity is compounded by superimposed milestone events. These events which include a Source Selection Plan, screening of sources, standards and definitions, RFP, conferences, evaluation, negotiation, briefings and ultimate award must be tailored in such a way as to meet requirements and yet allow selection based on sound business judgement.

The administrative problem cited in "lessons learned" are the result of the nature of Source Selection itself, but as will be discussed later, need not be of primary concern. However, complexity of tying judgement to absolute requirements has compounded administrative problems.

Subjectivity, on the other hand, must be maintained in whatever procurement method is used. If " sound business judgement " is discarded to maintain strict adherence to price competition, the journalistic proposals often received will be sufficiently influential to contract award but may, as often times happened, critically damage systems support.

COST

Cost of the procurement process of source selection is directly affected by manpower used. Intensive evaluation procedures can require many people for long periods of time. Staffing of an interim organization and maintaining separate quarters to conduct a Source Selection compound costs associated with the process. These costs will vary with procurement method and within source selection procedure. It is essential however that the best people be placed in the evaluation effort to make this process successful. This cost to a functional organization is the ultimate sacrifice and more expensive than the dollars involved.

OBSERVATION

The extent to which the three variables of complexity, subjectivity, and cost are controlled is dependent on a case by case evaluation as early in the requirement generation as possible. The visibility that a given requirement takes on also dictates the structuring of the process, organization, complexity and cost.

SECTION V

SUMMARY

In summary, seven years of lessons learned on Source Selections has highlighted many problems with the process. These problems, many of which are administrative in nature, have prompted this review of the process and to pointing out advantages and disadvantages. The conclusion and recommendations to follow will address continued viability of the use of this process and alternative methods that might be followed.

The problems that have arisen during the use of Source Selection procedures are a combination of broad policy outlines without definitive instruction or direction, organizational complexity, need for sensitivity controls, higher headquarters involvement at the micro level, lack of adequate foresight and planning by the agency, and an overall lack of uniformity of source selection procedures administratively in one major command.

The sum total of all of these problems are not destructive of the procurement process. However, they must be viewed by each command for planning of future source selections if in fact it is desirable to maintain the process for given requirements. Correction and/or diminishing many of these problems has been undertaken and can be resolved for future procurements.

The problems, even though they are troublesome, do not offset the primary objective of the use of formal source selection. The selection process, because of subjectivity in making a "sound business judgment", has invited criticism, but has withstood inquiry and protest.

In conclusion and recommendation, let us view changes to the existing process that might be beneficial as well as alternative procurement methodology that may be more effective.

SECTION VI

RECOMMENDATIONS/CONCLUSION

RECOMMENDATION

Various "lessons learned" deal with administrative problems that primarily affect AFLC procurement using Source Selection procedures. Adopting ASD's procedure of modifying the organizational structure to two tiers instead of three will eliminate or minimize several problems. The most obvious problem minimized is that of compounded complexity with the levels of organization eliminated that requires additional briefings and reports. Combining the SSAC and the SSEB into one working group achieves the same objectives as use of both teams.

An additional ASD guideline of delegation of SSA down through the various levels of authority based on dollar value of the program will eliminate many Source Selection ill's of over management. AFLC could likewise adopt such a criteria. The PCO at a given dollar threshold could be effective as SSA for less significant programs.

Establishing within each agency a singular office responsible for monitoring and coordinating all source selections is another necessary ingredient. This would alleviate growing pains that affect each and every Source Selection within an ALC

where new 'players' are used each time. Along with this is the necessity to maintain corporate memory from Source Selection to Source Selection as is necessary within any continuing organization.

Maintenance of lessons learned over the long haul can be accomplished with proper dissemination from command to command and from headquarters to each agency. Without distribution of lessons learned, which are compiled within each major command, adequate use cannot be achieved.

Guidance in the form of regulations and directives must either be explicit to the Nth degree or lessons learned provided each new Source Selection group for early planning and orientation. The AFSC unofficial document previously cited should be maintained, updated as necessary, and adopted officially by both commands for use as training and orientation for Source Selection activities.

ALTERNATIVE

The process can and does accomplish its primary objective. However, alternative procurement approaches must be viewed for feasibility in certain instances. Source Selection because of its nature is afforded high priority within each command. Therefore strong, tightly woven groups are pulled together often at the expense of ongoing organizations from which

the personnel are taken. A normal two step or modified two step negotiated procurement could be used and achieve the same objective of formal Source Selection if afforded similar priority to Source Selection.

A technical proposal with all the ingredients required during Source Selection could be evaluated, negotiated, and prices obtained subsequently or along with technical proposal submissions. The difficulty with this is in the evaluation criteria spelled out in the RFP and the subsequent judgement that must be applied to such an area as management or technical capability.

However, as sound business judgement is achievable in Source Selection, it can likewise be achieved in normal two step or modified two step negotiated procurements.

The advantage to this procedure over that of source selection would be in the manpower required by limiting the evaluation to a few people who have expertise in the technical, managerial and financial aspects of the program.

The main key to this type procedure is properly structuring the RFP and being provided the authority to make selections based upon evaluation criteria clearly spelled out at each level as appropriate for the dollars estimated.

Use of fewer people, less reporting required, less micromanagement from upper echelons and half the cost are some

of the advantages for this most flexible procurement technique.

The disadvantages are similar to those in Source Selection and they include subjectivity inherent to judgemental decisions and the necessity to maintain sensitivity during the entire negotiation process.

OBSERVATION

Whether or not either technique is used, it is important that each offeror be candidly apprised of his standing or appraisal within the procuring agency's evaluation following award. Secrecy which is currently inherent to the scoring and weighting system must be eliminated so as to avoid suspicion by any party.

CONCLUSION

In conclusion it is necessary periodically to stand back and evaluate as objectively as possible techniques such as Formal Source Selection. A procedure such as this, with its complexity and subjectivity must come under close scrutiny by the public to insure tax dollars are wisely spent. Upgrading and revising our Source Selection method must continue with lessons learned. Therefore, continuance of the current collection of lessons learned is essential. However it is more essential that these lessons learned be properly fed back into the

system.

Openness to all interested parties to methods of selection must be expanded to eliminate rumor and suspicion of wrong doing.

Programs such as modifications to major systems, even though they may have small dollar value, necessarily require contractors who can technically and managerially at the lowest overall cost to the government accomplish the effort. In achieving this goal, Source Selection procedures or a two step method must be continued with adequate attention to the contractor's overall ability to achieve the objective.

APPENDIX A

ACRONYMS

AFLC	Air Force Logistics Command
AFSC	Air Force Systems Command
ALC	Air Logistics Center
ASD	Aeronautical Systems Division
CDG	Contract Definitization Group
DOD	Department of Defense
SSA	Source Selection Authority
SSAC	Source Selection Advisory Council
SSC	Source Selection Committee
SSEB	Source Selection Evaluation Board
SSAG	Source Selection Evaluation Group
RFP	Request For Proposal

DEFINITIONS

Contracting Officer- Procuring Contracting Officer (PCO)

Contractor Deficiencies- response sent to contractors during Source Selection Evaluation citing discrepant areas in the proposal

Contractor Inquiries- inquiries sent to contractors during Source Selection evaluation for clarification of an area in the proposal

Definitions and Standards- specific criteria by which proposals are scored during Source Selection process

Formal Source Selection- LAW AFR 70-15 and synonymous with "Source Selection" as used herein

Lessons Learned- term used to denote problems encountered or methods used which were either successful or unsuccessful during a Source Selection process

Murder Board- in depth review of a given document used herein for review of a Request for Proposal

APPENDIX B

*REGULATIONS/MANUALS/DIRECTIVES

DOD Directive 4105.62, "Proposal Evaluation and Source Selection", January 6, 1976

AF Regulation 70-15, "Source Selection Policy and Procedures" 16 April 1976

AFLC Supplement 1, AFR 70-15, "Source Selection Policy", January 1977

Armed Services Procurement Regulation (ASPR)- Indexed by subject

AFSCR 70-9, "Source Selection Procedures", 16 August 1974

AFSCR 80-15, "Technical Proposal Evaluation Procedures", 11 April 1972

* These regulations and directives are only those that have had some impact on this report and are not intended to be totally inclusive of all that affect or concern the Formal Source Selection Process.

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