PRICING

FOR CONTRACT AND GOVERNMENT PROFESSIONALS

Unleash the Power of Pricing

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Feature Stories

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• Large pursuits are a project by themselves, have a detailed "plan for the plan"
• Be compliant while ensuring Evaluators can easily trace BOEs to the IMS
• Ensure all scope is in the IMS for WBS, SOW, IMP, CLIN, Activity, & Resource Integration
• Provide schedule realism, reducing risk with resource to activity visibility and augment resource plan realism for aggregation into BOEs
• Leverage schedule best practices to increase Pwin with one voice throughout
• Build a proposal plan that can easily transition to execution

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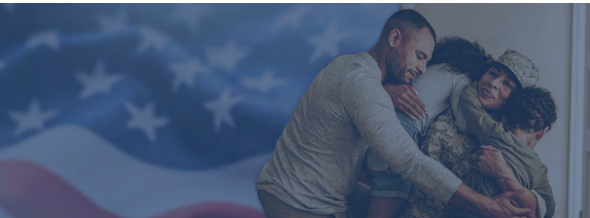
Updates from Around the Industry

ProPricer Updates

GOVERNMENT
CONTRACT PRICING
SUMMIT **2024**
HOSTED BY PROPRICER

June 11-13, 2024
SHERATON SAN DIEGO HOTEL & MARINA

Dear Valued Readers,

I'm delighted to extend my warmest greetings as we gather again for the ninth installment of ProPricer Pricing Magazine. This significant edition aligns seamlessly with our chosen theme: "Unleashing the Power of Pricing."

Having steered the helm of ProPricer, it's an honor to connect with you through these pages – a tradition that has spanned over 35 years. Our journey continues, and this magazine remains a testament to our collective commitment to enhancing our understanding of pricing dynamics, tailored explicitly for government contractors.

In this issue, we embrace our core mission of sharing insights from industry experts and esteemed contributors outside our immediate circle. These diverse perspectives shape the evolving landscape of pricing strategies within the context of government contracts.

As readers deeply entrenched in government contracting, you'll find a wealth of knowledge here. We've carefully curated articles illuminating the real-world application of pricing strategies, spotlighting both Agency and Contractor scenarios. Moreover, we've gathered insights from individuals who stand at the intersection of technology and pricing, offering you a glimpse into the latest tools and approaches.

In an era characterized by constant transformation, adaptability is the watchword. As government contractors, pivoting, learning, and implementing new skills is paramount. We understand that flexibility is key within the confines of government regulations and contracting requirements. This magazine will give you the insights and resources to navigate these nuances confidently.

You'll find within these pages stories of fellow contractors who have managed to strike the delicate balance between learning new skills and aligning with the evolving demands of the field. We believe your journey – marked by the roles you embrace, the connections you cultivate, and the experiences you accumulate – contributes to your professional evolution.

I also encourage you to mark your calendars for upcoming events, including the Government Contract Pricing Summit (GCP Summit). This summit offers an exceptional platform for federal contract pricing professionals from the public and private sectors to convene, enhance their professional journeys, and work together to devise solutions that promote more streamlined and effective acquisitions.

The pages of this magazine, steeped in insights and wisdom, are your companions on this journey. As government contractors, your dedication to learning, growing, and evolving is inspiring. I am confident that the stories and insights shared within these pages will resonate deeply with your professional aspirations.

With my sincere regards,

Joseph Shurance
Founder and CEO, Executive Business Services Inc., Creators of ProPricer
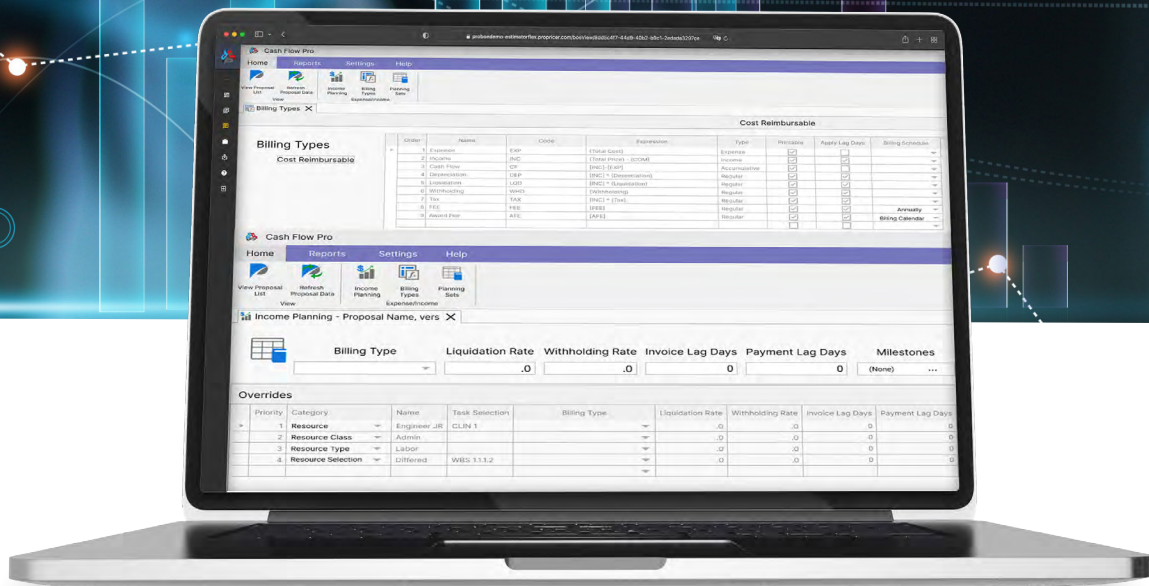
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Industry Webinars

Engage with Pricing & Procurement Leaders

EOP Consulting

TUESDAY, OCTOBER 24TH, 2023
11 AM PT / 2 PM ET

Federal Pricing Group

TUESDAY, DECEMBER 12TH, 2023
11 AM PT / 2 PM ET

UNISON

TUESDAY, FEBRUARY 20TH, 2024
11 AM PT / 2 PM ET

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Pricing Development and Leadership Survey

What's your organization's current approach to gov contracts?
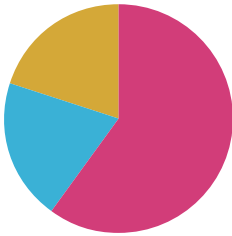
60%	Conservative
20%	Competitive
20%	Value-based

What is your organizations biggest pricing challenge?
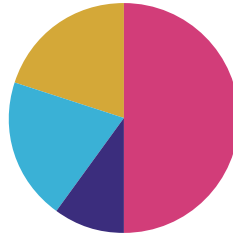
50%	Balancing recovery and profit margins
10%	Differentiating from competitors
20%	Adapting to market
20%	Transparency and compliance

How open is your company to dynamic strategies?
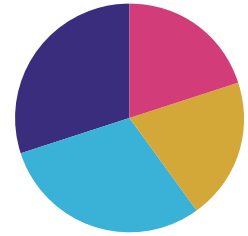
20%	Very open
20%	Somewhat open
30%	Somewhat hesitant
30%	Neutral

*"Feedback is
the breakfast of
champions."*

*KEN BLANCHARD,
Author*

Does your company use pricing optimization software?
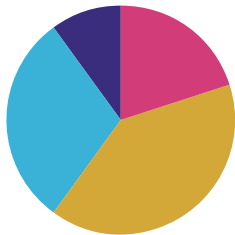
20%	Extensively
40%	Moderately
30%	Limitedly
10%	Don't know / Not sure

How effective is your company at collaborating when setting prices?
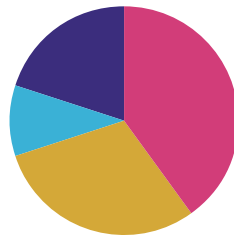
40%	Very effective
30%	Somewhat effective
10%	Neutral
20%	Not very effective

What is your career level?
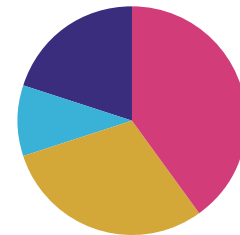
40%	Associate/Non-management
30%	Manager/Lead
10%	Director
20%	C-Suite

2023 Government Contract Pricing Summit Re-cap

The Government Contract Pricing Summit was an amazing event that brought together professionals from both the industry and government sectors. Throughout the Summit, the attendees were treated to a wealth of valuable insights, cultivating meaningful connections and sparking discussions that are bound to influence the future of government contract pricing.

The Summit examined the complexities of government procurement and the processes, shedding light on how contractors can navigate regulations, compliance, and the intricacies of federal acquisitions. This knowledge is crucial for businesses looking to secure government contracts and optimize their pricing strategies.

One of the standout features of the Summit was the diverse array of speakers, presenters and attendees. From seasoned government contracting professionals to innovative start-ups, the event attracted a dynamic crowd. Both government and industry had the opportunity to network with industry leaders, share experiences and build valuable relationships.

The world of government contract pricing is continually evolving. The GCP Summit provides a platform for experts to discuss and analyze emerging trends and pricing strategies. From dynamic pricing models to data-driven decision making, attendees gained insights into how to stay competitive and keep the line of communication open, which will help close the trust gap between both parties and pave the way for new approaches to contract pricing.

> " *Three things that China does not have, that the United States should be proud of… 1. Diversity 2. Open Minds 3. Open Markets. Those three are our competitive advantages and we should be very proud of them* "

Maj. Gen. Ali Treviño

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Providing Adequate Security

By Donald E. Shannon
PMP, CPCM, Fellow

Things I'll Bet You Didn't Know About Federal Cybersecurity Requirements, but You Should

Donald E. Shannon
PMP, CRCM, Fellow

Mr. Shannon's career spans over five decades, commencing with a distinguished 23-year tenure as a USAF Aircraft Maintenance Officer. Subsequently, he has cultivated an impressive 30-year track record as a highly accomplished government contracts manager. Operating under the banner of The Contract Coach, Mr. Shannon extends his consulting services with a focus on the defense contracting sectors of manufacturing, research and development, and aerospace. His professional repertoire encompasses a spectrum of specialized qualifications, including Project Management Professional (PMP) accreditation, dual Contract Management (CFCM, CPCM) certifications, and the prestigious distinction of being recognized as an Outstanding Fellow. His expertise extends to the intricate realm of pricing, underpinned by his Certified Pricing Technician (CPT) designation. In addition to his consulting acumen, Mr. Shannon is a dedicated scholar and author with a distinguished record of frequent contributions to esteemed publications such as NCMA's CM Magazine, the Journal of Contract Management, and Pricing Magazine.

Much has been made of information and cyber security since the 2019 announcement by the Department of Defense of their intent to make the Cybersecurity Maturity Model a requirement for DoD contractors. The CMMC requirement is intended to verify that DoD contractors provide adequate security [1] for controlled unclassified information.

However, in a larger sense, the cybersecurity issue involves more than mere compliance with the DFARS CMMC requirement: the issue includes aspects of your underlying business systems. What?

Following the proverbial breadcrumbs, we find:

- Title III of the E-Government Act (2002), entitled the Federal Information Security Management Act (FISMA), required each federal agency to "develop, document, and implement an enterprise-wide program to provide information security for the information and information systems that support the operations and assets of the agency including those provided or managed by another agency, contractor, or other source. (Emphasis added) FIPS 200, Minimum Security Requirements for Federal Information and Information Systems, requires all federal agencies to provide adequate security for an organization's information systems by selecting an appropriate set of controls from the NIST SP 800-53 catalog.

- That set of controls for the DoD is published in NIST SP 800-171

- DFARS 252.204-7012 Safeguarding Covered Defense Information and Cyber Incident Reporting imposes NIST SP 800-171 as a contractual requirement.

- Appendix E to NIST SP 800-171 lists some 61 Non-Federal Organization (NFO) controls that are "expected to be routinely satisfied by non-Federal organizations without specification."[2] NIST considers NFO controls to be so fundamental to an organization's cybersecurity program that NIST states it does not need to provide additional guidance on the subject. [3]
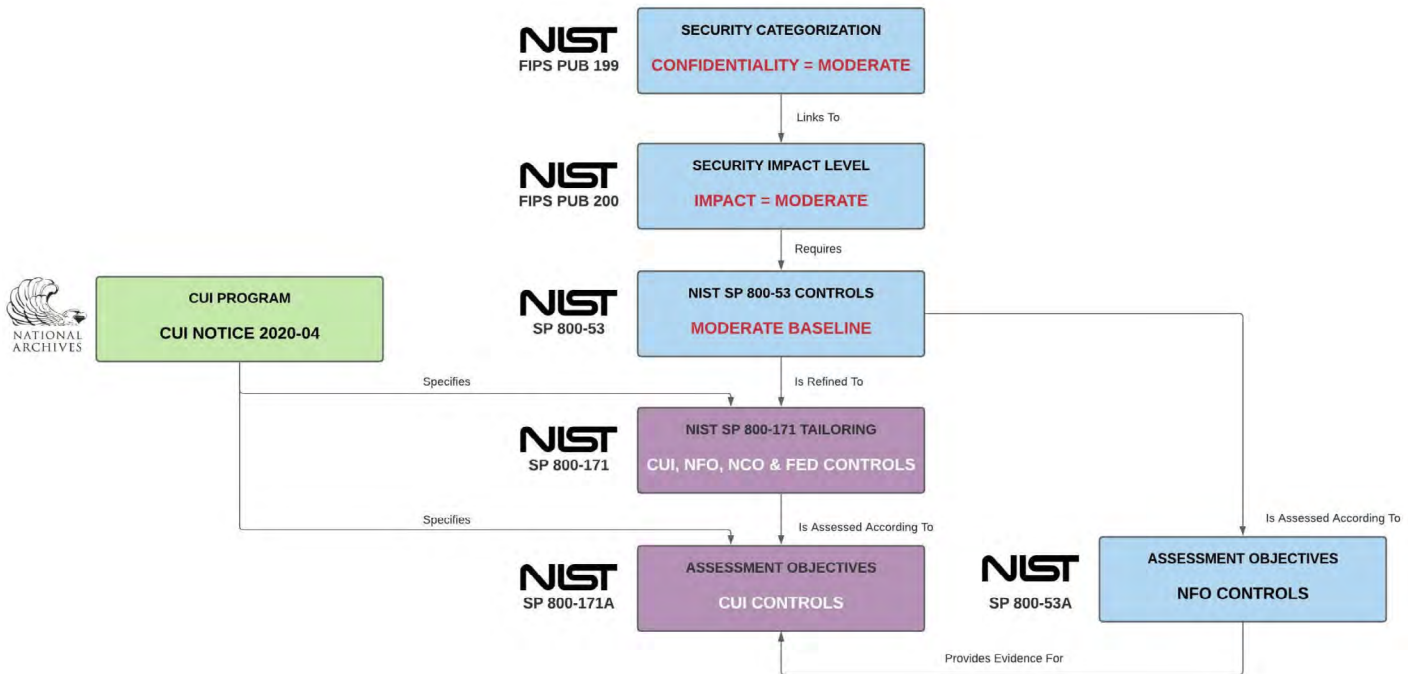
Figure 1 Following the Cybersecurity Breadcrumbs - Image Credit: http://www.nfo-controls.com

Therefore, contractors who have access to or create Controlled Unclassified Information (CUI) must comply with NIST SP 800-171 and, in turn, ensure they have an 'adequate security' system. Hiding in plain sight in Appendix E of 800-171 are 61 'assumed' requirements called Non-Federal Organization (NFO) controls. These 'under the radar' requirements (NFOs) establish a de facto standard for what the government expects as 'reasonable measures' for an organization to have in place over and above those specified in NIST SP 800-171. Let me repeat: **even if you have complied with the 110 controls in NIST SP 800-171, you could still be found lacking by a C3PO or DIBCAC assessor if you do not have the applicable NFO controls in place.**

In case you missed it, the following is provided as a footnote in NIST 800-171: "The security requirements developed from the tailored [FIPS 200] security requirements and the [SP 800-53] moderate security control baseline[4] represent a subset of the safeguarding measures that are necessary for a comprehensive information security program. The strength and quality of such programs in non-Federal organizations depend on the degree to which the organizations implement the security requirements and controls that are expected to be routinely satisfied without specification by the federal government. This includes implementing security policies, procedures, and practices that support an effective risk-based information security program. Non-Federal organizations are encouraged to refer to Appendix E and [SP 800-53] for a complete listing of security controls in the moderate baseline deemed out of scope for the security requirements in Chapter Three." [5]

Those contractors who do not deal with the Department of Defense and believe they are 'off the hook' will be disappointed to know they are not. FAR 4.1902 applies to "all acquisitions, including acquisitions of commercial products or commercial services other than commercially available off-the-shelf items, when a contractor's information system may contain Federal contract information." It also requires the FAR 52.204-21 clause to be included in all covered contracts. That clause (Basic Safeguarding of Covered Contractor Information Systems) is generally familiar to most contractors as having 15 cyber hygiene requirements (extracted from NIST SP 800-53 and echoed in NIST SP 800-171).

However, there is one often overlooked addenda in the clause: "This clause does not relieve the Contractor of any other specific safeguarding requirements specified by Federal agencies and departments relating to covered contractor information systems generally or other Federal safeguarding requirements for controlled unclassified information (CUI) as established by Executive Order 13556."

If we return to the breadcrumbs, we will find that **IF** CUI is provided to a contractor under other than a DoD contract, then the agency must specify that adequate security be provided for that CUI and that in turn requires – wait for it – NIST SP 800-171 compliance by the contractor.

Under the present clause, the NIST SP 800-171 requirement for non-DoD contracts is inferred. That is not likely to be so for long as FAR Case 2021-019 Standardizing Cybersecurity Requirements for Unclassified Federal Information Systems is waiting in the wings. The exact language of the proposed change to the FAR is unknown; however, it will likely clear any ambiguity concerning what those 'specific safeguarding requirements' alluded to in FAR 52.204-21 are.

Returning to the somewhat obscure NFO controls, some logic suggests they (along with NIST SP 800-171) establish a seventh contractor business system to accompany the six presently listed in DFARS 252.242-7005 (accounting, earned value, material management, property control, estimating, and purchasing systems). Recent statements by the Defense Industrial Base Cybersecurity Assessment Center (DIBCAC) indicate they are prepared for and conducting assessments of contractor compliance with "… the Defense Federal Acquisition Regulation Supplement (DFARS) clause 252.204-7012, Safeguarding Covered Defense Information and Cyber Incident Reporting, and the National Institute of Standards and Technology (NIST) Special Publication (SP) 800-171, "Protecting Controlled Unclassified Information (CUI) in non-Federal Systems and Organizations," as well as the DFARS clause 252.204-7020's NIST SP 800-171 DoD Assessment Requirements." [6]

There are contractual remedies for failure to comply with the DFARS cybersecurity clauses. "Failure to have or to make progress on a plan to implement NIST SP 800-171 requirements may be considered a material breach of contract requirements. Remedies for such a breach may include withholding progress payments, preceding remaining contract options, and potentially terminating the contract in part or in whole." [7]

Joint assessments of Cybersecurity compliance are seen as likely, and the Defense Contract Management Agency (DCMA) is currently conducting random DIBCAC assessments on the company's IT systems to enforce DFARS 7019 and 7020. [8] It is reasonable to assume that DCMA will include some components of cybersecurity compliance in their routine contractor site visits and audits. This makes it very important that contractors understand that the score reported in SPRS could be reviewed well before the CMMC requirements are released as a FAR/DFARS clause. "Poor fidelity to SPRS to actual is known" to exist and may be a finding in DCMA visits/audits.[9]

A recent analysis [10] identified that six of the controls specified in Appendix E as NFO are covered by existing controls elsewhere in NIST SP 800-171, which leaves 55 of the 61 hanging like the sword of Damocles over the contractors' heads.
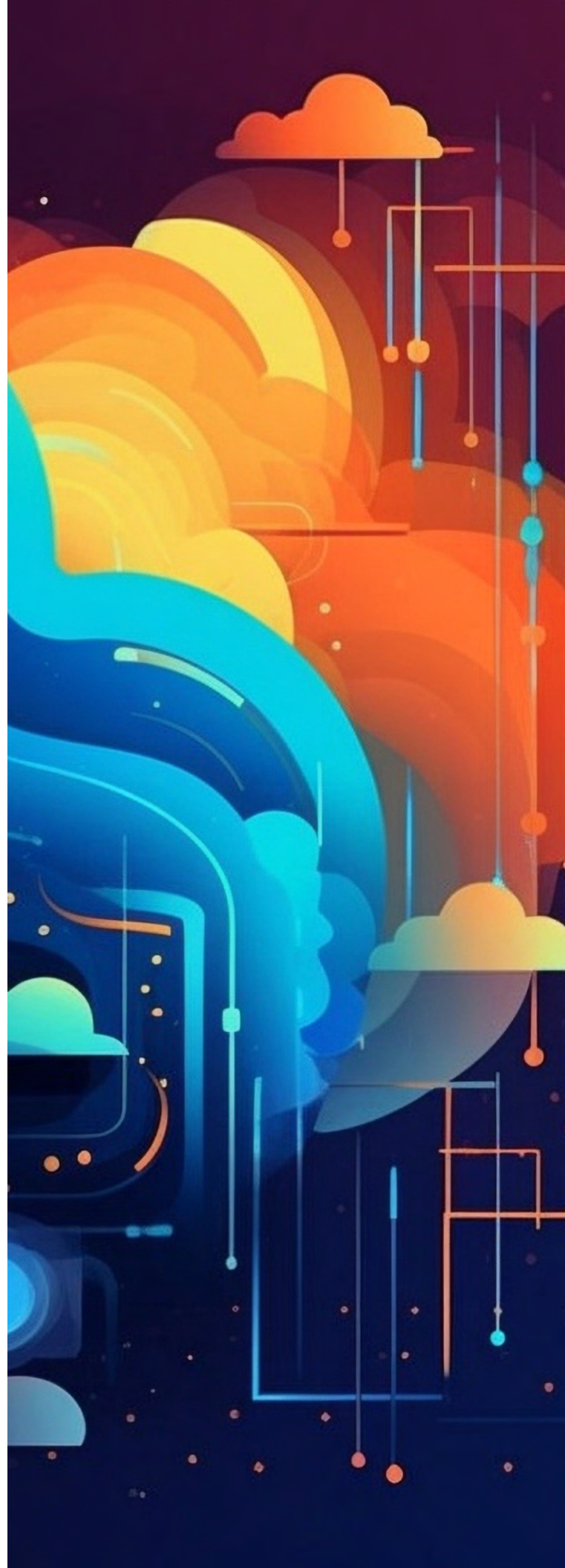
55 CONTROLS

So, what are these 55 controls? The NFO controls are listed in the table below using their control number from NIST SP 800-53 Security and Privacy Controls for Information Systems and Organizations.

NONFEDERAL ORGANIZATION CONTROLS FROM NIST SP 800-171 APPENDIX E						
Access Control	AC-1					
Awareness & Training	AT-1	AT-4				
Audit & Accountability	AU-1					
Assessment Authorization & Monitoring	CA-1	CA-2(1)	CA-3	CA-3(5)	CA-7(1)	CA-9
Configuration Management	CM-1	CM-2(1)	CM-2(7)	CM-3(2)	CM-8(5)	CM-9
Identification and Authentication	IA-1					
Incident Response	IR-1	IR-8				
Maintenance	MA-1	MA-4(2)				
Media Protection	MP-1					
Physical and Environmental Protection	PE-1	PE-6(1)	PE-8	PE-16		
Planning	PL-1	PL-2(3)	PL-4	PL-4(1)	PL-8	
Personnel Security	PS-1	PS-6	PS-7	PS-8		
Risk Assessment	RA-1	RA-5(1)	RA-5(2)			
System and Services Acquisition	SA-1	SA-2	SA-3	SA-4	SA-4(1)	SA-4(2)	SA-4(9)
	SA-4(10)	SA-5	SA-9	SA-9(2)	SA-10	SA-11	
System and Communications Protection	SC-1	SC-7(3)	SC-7(4)	SC-20	SC-21SC-22	SC-39	
Supply Chain Risk Management	SI-1	SI-4(5)	SI-16				

Some of these controls are present in almost every organization (as assumed by NARA and NIST) and should be of minor concern. For example, your organization's AC-1 Access Control Policy and Procedures is likely de rigueur. The same is true of AT-2 Security Awareness and Training Policy and Procedure. However, controls such as CA-3 Information Exchange will likely be problematic for many smaller firms, as will those related to Configuration Management.

The major takeaway from this is when implementing the 'adequate security' provisions of NIST SP 800-171 for Controlled Unclassified Information – be that for the DFARS requirements or similar requirements from other agencies – you are dealing with 171 controls, NOT the 110 that is so frequently referenced.

[1] The Office of Management and Budget (OMB) Circular A-130, Appendix III, defines adequate security as security commensurate with the risk and the magnitude of harm resulting from the loss, misuse, or unauthorized access to or modification of information.

[2] National Institute of Standards and Technology (NIST) Special Publication (SP) 800-171 Protecting Controlled Unclassified Information in Nonfederal Systems and Organizations Rev 2 Appendix E

[3] http://www.nfo-controls.com

[4] Collectively, these requirements are fulfilled by the content of NIST SP 800-171

[5] Ibid NIST SP 800-171 pg. 6

[6] See https://www.dcma.mil/DIBCAC/

[7] DoD Memo Contractual Remedies to Ensure Contractor Compliance with Defense Federal Acquisition Regulation Supplement Clause 252.204-7012, for contracts and orders not subject to Clause 252.204-7020; and Additional Considerations Regarding National Institute of Standards and Technology Special Publication 800-171. Department of Defense Assessments. John Tenaglia June 16, 2023

[8] See https://www.sysarc.com/cmmc/dcma-continues-random-dibcac-assessments-on-suppliers-to-enforce-dfars-7019-7020/

[9] Regulated Cybersecurity: Where We Are. The Consequences of Non-Compliance. Presentation by Robert S. Metzger June 1, 2023

[10] See https://etactics.com/blog/nist-sp-800-171-self-assessment-template

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June 11-13, 2024

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Empower
Your Organization for a Year of Unparalleled Pricing Success

by: Michael Weaver

The government fiscal year has drawn to a close, and many organizations, near their own fiscal year-end, are at a pivotal juncture to chart their course for the year ahead. Within this article, we will delve into strategies for enhancing your post-fiscal year approach and examine how ProPricer's suite of transformative products—Cash Flow Pro, Connect for Office, and BOE Pro—can serve as the foundation for your organization's path to enduring success beyond the fiscal year-end.

ELEVATING YOUR POST-FISCAL YEAR STRATEGY: A DEEPER DIVE INTO GOVCON COMPETITIVE ADVANTAGE

For government contractors, the end of the government's fiscal year is more than just a date on the calendar; it's a strategic opportunity that can significantly impact your competitive advantage. This post-landscape provides a unique opportunity for organizations to refine their vision, optimize strategies, and set ambitious goals. However, attaining these objectives is fundamentally contingent upon the quality and effectiveness of the tools and resources at your disposal.

Harmonized Fiscal Engagement: In government contracts, seamless alignment with annual budgets is paramount. The fiscal year's end represents a pivotal juncture where strategies and proposals go beyond mere contract pursuits to orchestrate synchronized negotiations. This strategic fiscal integration positions your organization as a strategic partner, greatly enhancing your potential for securing government contracts.

Precision in Contract Schedule: The intricate dance of government contracts is closely tied to fiscal year timelines. Understanding these temporal intricacies empowers seasoned government contractors to time their bidding and proposal activities meticulously. This mastery of strategic timing optimizes your approach, substantially increasing your prospects of securing sought-after contracts precisely when opportunities arise.

Rigorous Financial Adherence and Compliance: Our arena is governed by the complex tapestry of the Federal Acquisition Regulation (FAR) and the exacting scrutiny of the Defense Contract Audit Agency (DCAA). Here, precision isn't a luxury; it's an imperative. Post-fiscal year, you'll face stringent financial reporting demands and incurred cost proposal submissions—tasks that demand impeccable compliance. Such meticulous adherence distinguishes the professionals from the dilettantes.

Audit-Ready Excellence: Government contracts undergo rigorous audits and reviews, and the fiscal year's conclusion often intensifies these processes. To excel, contractors must be unwaveringly audit-ready. The ability to swiftly provide comprehensive documentation and evidence of adherence to contract terms and pricing isn't just a best practice; it's a hallmark of professionalism and reliability that will set you apart in our competitive landscape.

Strategic Reflection and Adaptation: At this critical juncture, experienced GovCon professionals engage in a comprehensive evaluation of their performance, financial health, and strategic objectives. This period calls for a discerning review of existing contracts, thoughtful consideration of necessary adjustments, and the development of a forward-looking bidding and proposal strategy. These activities collectively represent a pivotal process in pursuing sustained success within the GovCon arena.

Cash Flow Management: Effectively managing cash flow involves navigating the intricate timing of contract awards and payments, directly impacting your organization's financial stability. In the often-turbulent GovCon environment, an astute awareness of the fiscal year end is your compass for prudent cash flow management, especially amid uncertainties regarding contract award timelines.

The fiscal year's culmination is a milestone that signifies the reset of budgets, a substantial escalation in the importance of financial reporting and compliance, and the pivotal moment when strategic planning for the upcoming year takes the spotlight. Successfully navigating this landscape demands innovative solutions. ProPricer's suite of products emerges as a central player, offering a comprehensive toolkit to tackle these financial complexities and empower organizations to flourish beyond the fiscal year-end.
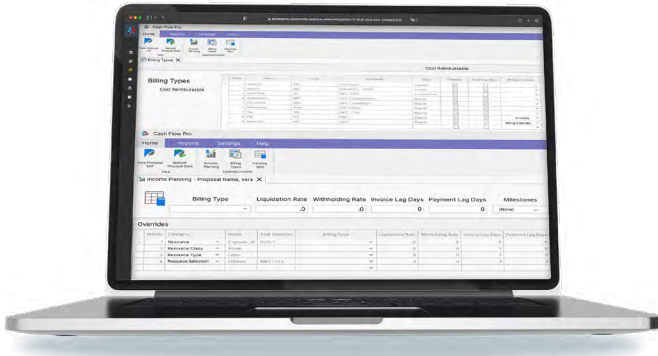
CASH FLOW PRO:
A FINANCIAL NAVIGATOR FOR THE YEAR AHEAD

Consider Cash Flow Pro as an integral part of your financial department. This tool provides an extensive cash flow analysis, enabling you to evaluate the liquidity aspects of your project proposals effectively. Cash Flow Pro considers a range of financial variables, including milestones, withholding, and depreciation, to deliver precise cash flow forecasts. With readily available actionable insights, you can confidently make data-driven pricing and planning decisions.

Cash Flow Pro simplifies and automates the labor-intensive tasks of entering and crunching data manually. With just a few clicks, you can effortlessly produce visually engaging cash flow reports and graphs, ready for seamless export to Excel. Customize each report to align precisely with various stakeholders' specific needs and preferences, ensuring that your financial information is accessible and tailored to its audience.
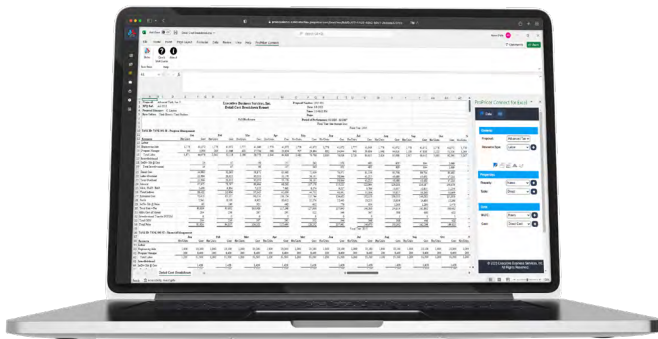
CONNECT FOR OFFICE:
EFFICIENCY THAT ENDURES

Connect for Office addresses critical challenges in document management. This integration streamlines access to pricing and cost data for authorized ProPricer users by transitioning to a centralized web-based platform. It automates document creation and updates and ensures format consistency through template modifications, eliminating the need for manual data handling. Perhaps most significantly, Connect for Office substantially reduces the risk of human error by directly integrating with the pricing data source. As a result, it empowers government contracting teams to enhance efficiency, accuracy, and overall document quality, allowing them to focus on strategic and creative aspects of proposal development. Finally, you never have to wait for pricing to finish before beginning your cost volume. Insert references to proposal data at the beginning of the proposal process and update with the click of a button when the proposal preparation is completed.
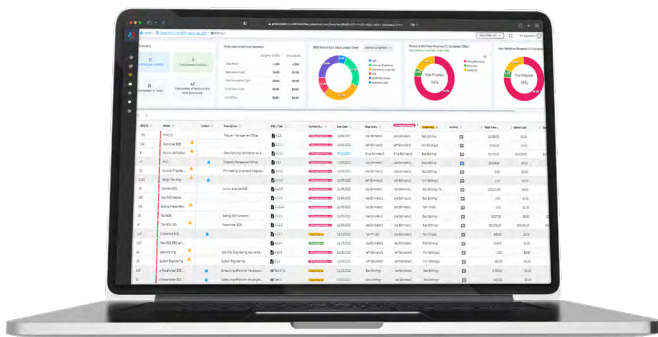
BOE PRO:
CRAFTING EXCELLENCE BEYOND
THE FISCAL YEAR

Effortlessly crafting proposals that align with the stringent requirements of government standards demands a meticulous blend of precision, speed, and effectiveness. BOE Pro simplifies the complex tasks associated with Basis of Estimate (BOE) documentation. With BOE Pro, you can be confident that your BOE narrative consistently and accurately mirrors cost and pricing table adjustments, ensuring precision and consistency throughout the entire proposal process.

What sets BOE Pro apart is its comprehensive approach to

proposal management. It goes beyond documentation and offers a built-in Responsibility Assignment Matrix (RAM), a valuable tool for distributing proposal tasks among your team members. This feature ensures that responsibilities are clearly defined and enhances overall efficiency, allowing your team to collaborate seamlessly and confidently meet critical proposal deadlines.

BOE Pro also helps your subject matter experts get up to speed immediately. Building BOE templates in BOE Pro that match your existing process allows for turn-key implementation among your SME and estimating groups. This data is then read and converted to priced inputs, eliminating the need for someone on your pricing team to capture the BOE documentation and manually input those values. Also, when there are updates in pricing or estimating, the BOEs are versioned and updated to reflect changes, no matter who initiates.

EMPOWER YOUR POST-FISCAL YEAR JOURNEY WITH PROPRICER

As you navigate the post-fiscal year terrain, ProPricer's comprehensive trio suite emerges as your steadfast ally, equipping your organization with vital capabilities for success throughout the fiscal cycle. Whether you're harnessing Cash Flow Pro's predictive abilities for advanced financial forecasting, optimizing and streamlining operations using Connect for Office, or revolutionizing your basis of estimates with BOE Pro, ProPricer delivers tailored and practical support for your post-fiscal year strategy. These robust solutions empower organizations to make well-informed financial decisions, enhance operational efficiency, and craft precise and competitive proposals. These are crucial for sustained success in a constantly evolving government contracting landscape beyond the fiscal year-end.

Industry News

PRESIDENT BIDEN'S RESTORATION OF DAVIS-BACON ACT: IMPLICATIONS FOR GOVERNMENT CONTRACTORS AND CONSTRUCTION WORKERS

President Joe Biden's administration is poised to bring about a significant shift in the landscape of construction worker pay by restoring the Davis-Bacon Act. This impending rule change, one of the most substantial alterations since the rule was diluted in the 1980s, holds profound implications for government contractors and construction workers nationwide.

The Davis-Bacon Act, often dubbed the "prevailing wage" law, has long been a cornerstone in the construction industry. The act mandates a baseline wage for laborers on public works projects, ensuring that workers are compensated fairly, according to the prevailing labor rates in a specific geographic area. President Biden's move to restore this labor rule could lead to a redefinition of the standards governing government contractors in the construction sector.

One of the most notable impacts of the revitalized Davis-Bacon Act is expected to be the elevation of wages for construction workers involved in government-contracted infrastructure projects. This change is poised to benefit workers at the lower end of the wage scale, potentially creating a more equitable compensation structure for their labor. With government contractors participating in projects ranging from critical transportation infrastructure like highways and bridges to advanced facilities such as battery plants, hydrogen production units, and semiconductor labs, adapting to the revised prevailing wage requirements will be imperative.

Beyond the immediate wage adjustments, the restored Davis-Bacon Act could help bridge the wage divide between regions. Historically, northern states have maintained more robust labor standards and worker protections, whereas southern and southwestern areas have often seen resistance to unionization

and greater reliance on migrant workforces. The reinstated rule aims to address these disparities and potentially create a more level playing field for workers. Government contractors operating in states without their prevailing wage laws, such as Texas, could witness significant transformations in their compensation models.

However, the anticipated restoration of the Davis-Bacon Act will likely face its share of legal challenges. The Associated Builders and Contractors (ABC), known for its stance against unionization, is expected to raise opposition and possibly file lawsuits against the reinstated rule. This legal resistance could result in a prolonged legal battle, echoing similar scenarios in the past.

For government contractors, adhering to the revised Davis-Bacon Act would necessitate a thorough reevaluation of their operational strategies. Ensuring compliance with the new prevailing wage requirements will be crucial to avoid legal repercussions. Contractors must meticulously assess their existing compensation structures, implement necessary modifications, and establish transparent record-keeping mechanisms to demonstrate their commitment to compliance. This could prompt shifts in budgeting, cost estimation, and bidding strategies, as the adjusted wage standards could potentially impact project expenses.

In essence, the rejuvenation of the Davis-Bacon Act underscores the Biden administration's commitment to workers' rights and fair compensation. By spotlighting government contractors in the construction industry, this rule change seeks to foster an environment of equitable pay, uplift lower-paid workers, and potentially spur greater involvement in public works projects. As the construction sector navigates this transformative change, government contractors will play a pivotal role in adapting to the evolving landscape of construction worker pay regulations. The effects of this revived labor rule will likely resonate across the industry for years to come.

https://prospect.org/labor/2023-08-07-biden-admin-labor-rule-davis-bacon/

https://www.dol.gov/newsroom/releases/whd/whd20230808

US GOVERNMENT UNVEILS NATIONAL CYBER WORKFORCE AND EDUCATION STRATEGY

In a significant development, the United States government has introduced the National Cyber Workforce and Education Strategy (NCWES), a comprehensive initiative to address the country's immediate and long-term cybersecurity workforce needs. With an increasing number of cybersecurity job vacancies nationwide, the strategy is framed as a matter of national security and an investment in the nation's digital future.

NATIONAL SECURITY PRIORITY

At the core of the NCWES is the recognition that filling the numerous vacant positions in the cybersecurity field is a top priority. The government is committed to making substantial investments to ensure the United States remains competitive in the digital economy. These jobs are not only about technology but also represent opportunities to contribute to a robust middle-class workforce.

EMPOWERING DIVERSE COMMUNITIES

Recognizing that many communities currently need to be more represented in the cybersecurity workforce due to a lack of awareness or misconceptions about these roles, the NCWES seeks to empower individuals from all backgrounds to pursue careers in cybersecurity. It's worth noting that many of these jobs can be obtained with certificates or degrees from community colleges, making them accessible in local communities across the country.

BUILDING UPON CYBERSECURITY VISION

The NCWES builds upon the foundation laid by the President's National Cybersecurity Strategy, which outlines a vision for a digitally secure environment with sufficient resources to counteract today's complex threats. This initiative envisions a future where citizens can access well-paying, middle-class cyber jobs, educators continually enhance public cyber literacy, and employers cultivate diverse workforces. The development of the NCWES involved extensive collaboration with stakeholders from various sectors, including private industry, academia, non-profits, and government partners.

GUIDING IMPERATIVES: A UNIFIED APPROACH

The NCWES underscores the importance of collective action and recognizes that no single entity can bring about the necessary change independently. It calls upon educators, industry players, government bodies, and other stakeholders to work together to achieve its objectives.

FOUR PILLARS OF THE STRATEGY

The NCWES centers around four primary pillars:

1. Foundational Cyber Skills for All: The strategy ensures that every American possesses the foundational cyber skills needed to navigate the digital age. It promotes access to these skills, encourages their pursuit, and fosters progress in this area on a global scale.

2. Transforming Cyber Education: The NCWES addresses the immediate demand for a skilled cyber workforce while preparing learners for the evolving technological landscape. This involves improving cyber education at all levels, investing in educators, and making cyber education more affordable and accessible.

3. Expanding and Enhancing the Cyber Workforce: Collaboration and inclusivity are central to this pillar. It aims to grow the cyber workforce, promote skills-based hiring and development, leverage diversity, and enhance international engagements.

4. Strengthening the Federal Cyber Workforce: This pillar focuses on improving careers in public service by attracting diverse talent, offering better career pathways, and investing in human resources capabilities.

COMMITMENTS FROM STAKEHOLDERS

Numerous stakeholders, including educators, industry leaders, and government entities, have already demonstrated their commitment to the NCWES through actions and partnerships. Their dedication underscores the importance of collectively addressing the cybersecurity workforce challenge.

The National Cyber Workforce and Education Strategy is an ambitious initiative to address cybersecurity workforce shortages. It aims to empower individuals from diverse backgrounds with the skills needed for digital careers aims to fill job vacancies and secure the nation's digital future. Through collaboration and commitment, the US government is working to ensure that well-paying, middle-class cyber jobs become accessible to all.

https://www.whitehouse.gov/briefing-room/statements-releases/2023/07/31/fact-sheet-biden-%e2%81%a0harris-administration-announces-national-cyber-workforce-and-education-strategy-unleashing-americas-cyber-talent/

https://www.whitehouse.gov/wp-content/uploads/2023/07/NCWES-2023.07.31.pdf

STREAMLINING PENTAGON'S ACQUISITION PROCESS: A MULTIFACETED APPROACH

In an April conversation with the Center for Strategic and International Studies in Washington, Navy Adm. Christopher W. Grady expressed concerns about the slow pace of defense acquisition. He stressed the importance of expediting these processes and suggested that the Department of Defense (DoD) could enhance efficiency by becoming an effective customer. Adm. Grady specifically emphasized the need for the DoD to refine its approach to defining requirements and communicate them clearly to industry partners. He also proposed a more streamlined acquisition approach, suggesting that traditionally sequential steps could be conducted in parallel to accelerate timelines. This discussion reflects the DoD's commitment to addressing acquisition process challenges and improving efficiency in a balanced and non-biased manner.

The intricacies within the defense acquisition system pose a twofold challenge, grappling with complex laws designed to maintain integrity and the inherently intricate nature of the work, a comparison made by Frank Kendall, a former undersecretary of Defense, to rocket science. Nevertheless, the Pentagon remains steadfast in addressing these challenges, exemplified by the Adaptive Acquisition Framework (AAF) initiative. Developed over the Trump administration, AAF aims to simplify the acquisition system, making it more accessible and manageable for the dedicated workforce responsible for oversight.

As the Pentagon continues its efforts to enhance the defense acquisition system through initiatives like the AAF, it concurrently recognizes the significance of optimizing its existing acquisition tools and authorities. This proactive approach, advocated by Radha Iyengar Plumb, Deputy Undersecretary of Defense for Acquisition and Sustainment, involves aligning these resources through the DoD's AAF to scale capabilities efficiently. Let's explore how this strategy operates in practice.
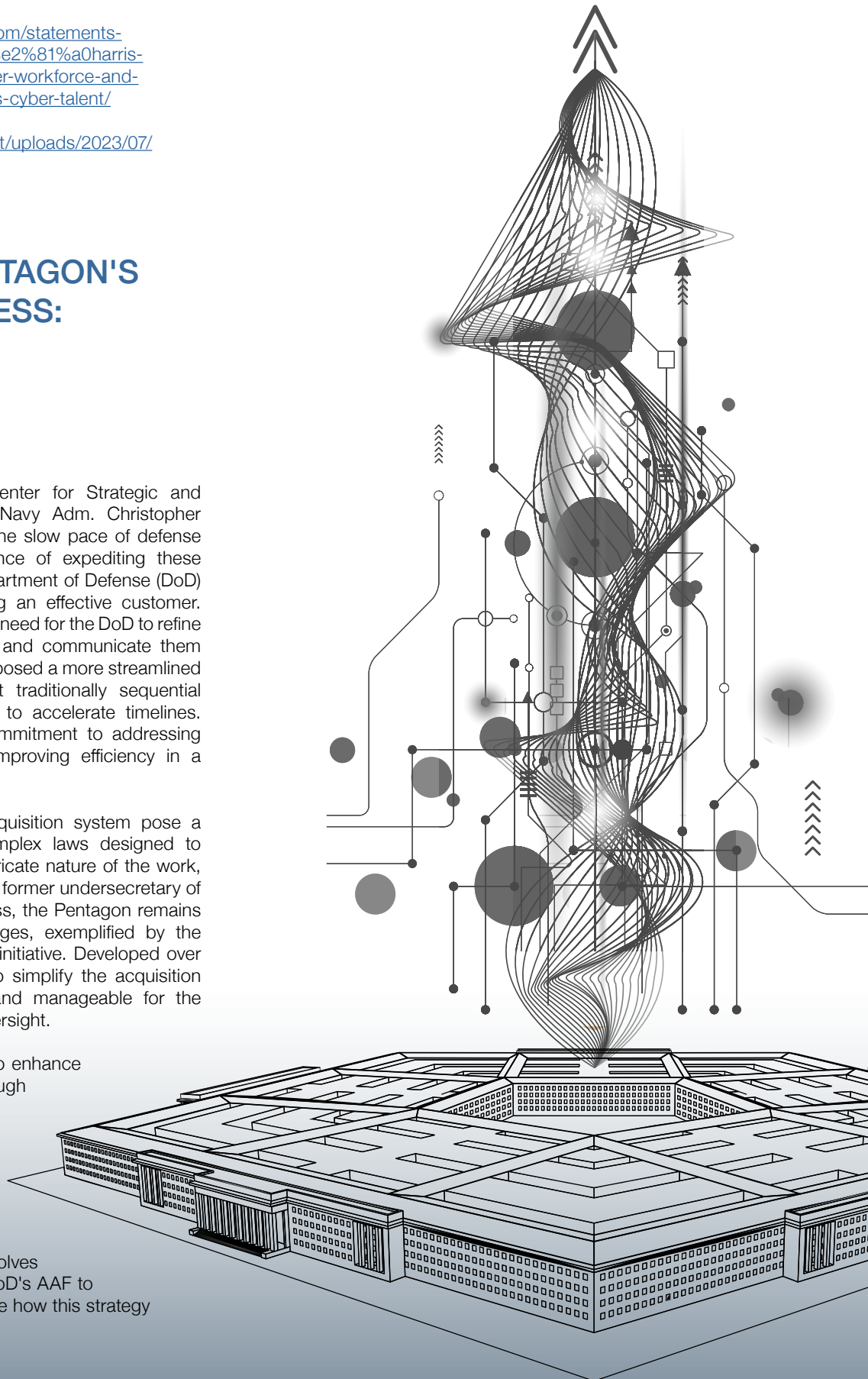
1 MAXIMIZING ACQUISITION TOOLS AND AUTHORITIES

The Defense Department recognizes the importance of utilizing existing acquisition tools and authorities to achieve better outcomes. Radha Iyengar Plumb, Deputy Undersecretary of Defense for Acquisition and Sustainment, emphasizes the need to harmonize these resources through the DoD's Adaptive Acquisition Framework. The objective is to scale capabilities efficiently, not merely to increase the use of specific authorities like Other Transaction Authorities (OTA).

One noteworthy example is the Competitive Advantage Pathfinders (CAP) initiative, which involves cross-department teams addressing common problems while simultaneously delivering capabilities. This approach has resulted in expedited deliveries, with the first six pathfinders achieving qualifications within two years and accelerating deliveries by an average of two to four years.

2 REMOVING BARRIERS TO INTEGRATION

Another crucial focus area is eliminating barriers to integration. The DoD has established an acquisition integration interoperability team to collaborate with systems acquisition and ensure joint requirements are met. This streamlined approach aims to connect prototype contracts to production contracts more efficiently.

3 RECRUITING AND TRAINING THE ACQUISITION WORKFORCE

Recruiting and training the acquisition workforce is the third major priority. Plumb's office plans to introduce additional incentive programs, including the Defense Civilian Training Corps, to boost recruitment. This program, initiated in June, offers scholarships in exchange for service commitments and aims to attract digital natives and individuals familiar with software-enabled systems.

Furthermore, expanding training options through the Defense Acquisition University (DAU) and summer internships will provide more opportunities for workforce development. Over the past year, DAU has expanded its online course offerings to reach a broader audience within the acquisition workforce.

ENHANCING CUSTOMER-PROVIDER RELATIONSHIPS

Adm. Christopher W. Grady emphasizes the importance of becoming a better customer in the acquisition process. This includes the need for clear and well-communicated requirements that can be effectively conveyed to industry partners. He highlights the value of running specific acquisition steps in parallel rather than sequentially to expedite the process. An example of this approach's success can be seen with the B-21 Raider aircraft.

CHALLENGES IN THE DEFENSE INDUSTRIAL BASE

Grady also highlights challenges in the defense industrial base, including its contraction over the years. Additionally, the complexity of modern systems and the shift from "just-in-time" inventory management pose challenges. Grady notes that incentivizing an industrial base that can adapt to different phases of military operations is a complex task.

AN IDEAL INDUSTRIAL BASE

Grady envisions an ideal industrial base with ample competition, fluid private capital flow, robust and diversified supply chains, and the ability to surge when needed. He suggests that this ideal industrial base might extend beyond U.S. borders to include allies and partners.

In conclusion, the Pentagon's multifaceted approach to streamlining its acquisition process encompasses maximizing available tools, removing integration barriers, recruiting and training a skilled workforce, and enhancing customer-provider relationships. These strategies aim to accelerate the acquisition process and ensure that the defense industrial base remains resilient and responsive to evolving challenges.

https://federalnewsnetwork.com/acquisition/2023/09/pentagons-top-three-priorities-for-a-better-acquisition-program/

https://www.defense.gov/News/News-Stories/Article/Article/3356205/parallel-processes-can-speed-up-weapons-acquisition-vice-chairman-says/

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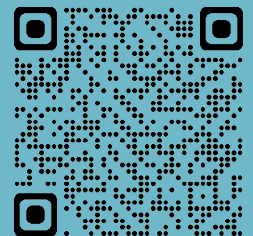
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The Naval Postgraduate School is a graduate research university offering master's and doctoral degrees in more than 70 fields of study to the U.S. Armed Forces, DOD civilians and international partners. The Naval Postgraduate School provides defense-focused graduate education, including classified studies and interdisciplinary research, to advance the operational effectiveness, technological leadership, and warfighting advantage of the Naval service. Learn more at www.nps.edu.

Media

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Fisher House
Southern California

CARING FOR OUR NATION'S VETERANS, ACTIVE-DUTY MILITARY AND THEIR FAMILIES

In 2022, Lieutenant Joel Almeida, USN Chaplain at Twentynine Palms, California, drove his family to the Palm Springs airport and was T-boned by a truck speeding in the opposite direction. Joel's car somersaulted several times before breaking into several pieces.

Joel's wife, Christie, died instantly. Their six-year-old son, Johnny, was ejected and hit a large rock by the roadside, suffering serious brain trauma. Joel and their twelve-year-old daughter, Stephany, miraculously suffered only minor lacerations.

Johnny was airlifted to Loma Linda University Children's Hospital, nearly 100 miles away, and placed into a medically induced coma. Hospital staff alerted Joel about how "Fisher House" could help his family during this horrible time.

After being contacted, Fisher House Southern California staff immediately secured and funded hotel accommodations for Joel and Stephany in Loma Linda and for Joel's mother, who flew out from the East Coast to stay with Stephany so that Joel could be at Johnny's bedside - every day.

Johnny's recovery and rehabilitation process took just over six weeks before he could speak and walk again. The Fisher House team supported the family the entire time.

Joel shared, "you have no idea just how much Fisher House So Cal helped my family. The amount of love and support from Fisher House helped us pull through and allowed us to be by Johnny's bedside hourly. Fisher House is like family. They truly blessed us during our time of need".

While the military or VA covers veteran and active military and their family medical care expenses, the cost of traveling to a distant location with one's family, and lodging once they're there, is not covered. Fisher House believes that family is critical to anyone's recovery and established its mission to fulfill this need for our nation's veteran and active service members – and their families.

Medical treatment can last for days to even months, and the cost of a hotel room for one night or longer in southern California is a huge financial burden on any military family.

In southern California, lodging is offered through four meticulously maintained Fisher Houses located on VA and military properties in Long Beach, at Camp Pendleton, and in San Diego, and if treatment is required at a hospital without an adjacent Fisher House, FHSC will coordinate lodging at nearby hotels, and provide food and transportation support – at no cost to them – and for as long as needed.

FISHER HOUSE
Southern California

Founded ten years ago as a community support organization made up of donors and volunteers, Fisher House Southern California today touches the lives of nearly eight hundred families annually, with a service area that extends to the VA Loma Linda Medical Center and VA San Diego Medical Centers, which don't have adjacent houses.

Fisher House Southern California (FHSC) provides temporary lodging to veteran and military families while their family member is treated for injury or illness at nearby VA and military hospitals - at no cost to them—and for as long as needed.

For more information,
contact us at info@fisherhousesocal.org or go to
www.FisherHouseSoCal.org

Industry
Events

- Deltek ProjectCon

- FutureCon CyberSecurity Conference

- Pricing & Contracting Fall Training Series

- SecureWorld

- Nashville Cybersecurity Conference

- INTERFACE Seattle

- West Conference and Exhibition

- Air Force Contracting Summit

- NCMA Nexus

- PSC Annual Conference

- SIA GovSummit

- ProPricer GCP Summit

- NCMA World Congress

- Annual Navy Summit | Potomac Officers Club

Oct 16-19, 2023	In Person / Virtual
Oct 18, 2023	In Person / Virtual
Nov 2, 2023	Virtual
Nov 8-9, 2023	In Person
Nov 15, 2023	In Person / Virtual
Dec 7, 2023	In Person
Feb 13-15, 2024	In Person
Feb 22-23, 2024	In Person / Virtual
Mar 3-6, 2024	In Personl
Apr 28-30, 2024	In Person / Virtual
May 21-22, 2024	In Person
Jun 11-13, 2024	In Person / Virtual
Jul 21-24, 2024	In Personl
Aug TBA, 2024	In Person
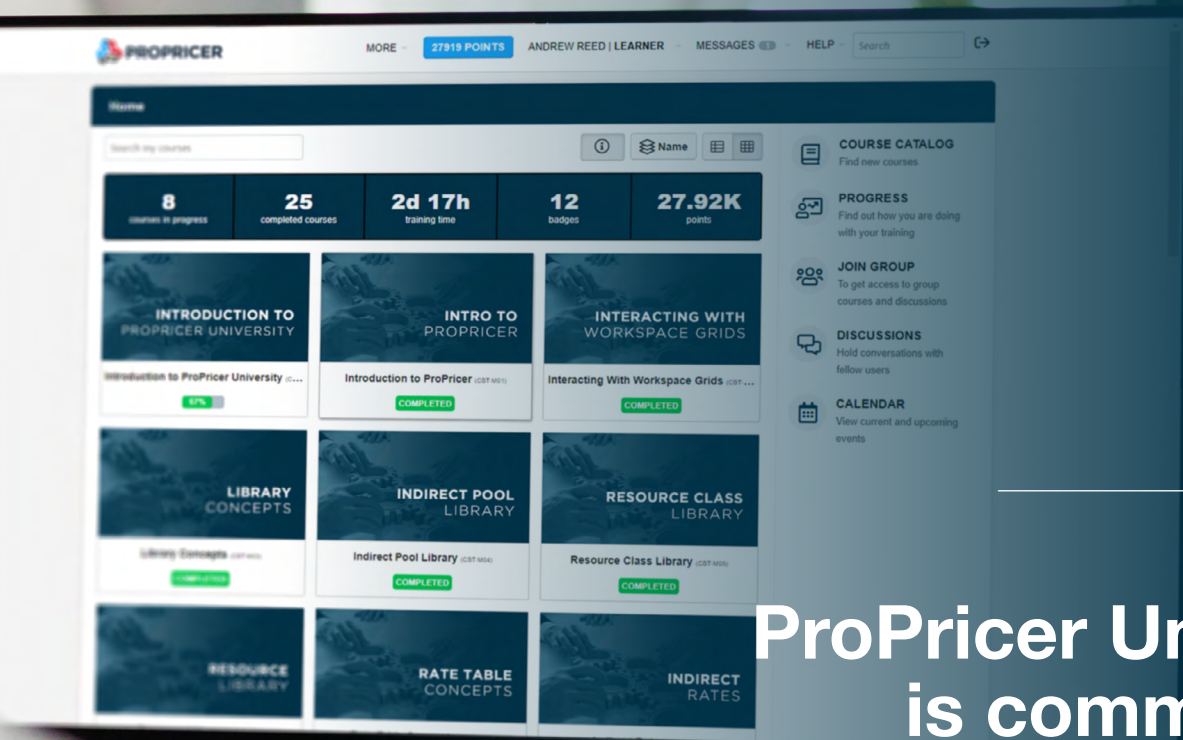
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UNL🔓CKING NEGOTIATION EXCELLENCE:

EMPOWERING PRICING STRATEGIES FOR GOVERNMENT CONTRACT SUCCESS

By: Brian Glauser

Mr. Glauser is the Global Sales Director for Unison Cost Engineering. He has over 30 years of experience in Cost Estimating and Analysis. He has previously served as President of the International Cost Estimating & Analysis Association (ICEAA).

Brian Glauser
Director, Global Sales
Unison Cost Engineering

Government contract proposals' current state of affairs is ripe for technological advancement. Both government agencies and industry stakeholders agree that it has become a formidable task to produce and evaluate cost proposals for new development contracts that precede negotiations.

Outdated pricing strategies often fail to consider the intricacies and dynamics of modern government contract negotiations. These strategies often rely on antiquated, Excel-based homegrown estimating and pricing models that are not extensible, scalable, or well-maintained and may not adequately address large government projects' unique requirements and specifications. This can lead

to suboptimal proposals and eroding profit margins. The most successful government contractors commit to adopting and adhering to comprehensive cost estimation processes. They rely on a set of repeatable estimating and pricing models, employ experienced estimating and pricing specialists, and start the estimating and pricing process well before the release of an RFP.

Understanding what the government believes a program "should cost" should be a key component of your pricing strategy. The government increasingly wants to know a project's total life cycle cost rather than the up-front development cost. Life cycle cost provides a more precise determination of the required

budget instead of just developing something and realizing later that the maintenance costs are unsustainable.

A project work breakdown structure (WBS) or product breakdown structure (PBS) provides a system that defines how the job will be done – a way to organize the work elements and to ensure that all the necessary activities have been considered, delivering insights on optimal staffing requirements. This is particularly applicable to hardware and software development contracts.

Employing parametric cost estimating can be a promising solution to these challenges. This approach allows for more accurate and dynamic cost predictions based on project requirements, technological

advancements, and market conditions.

The benefits of implementing parametric cost estimating for government contract pricing strategies include:

1. **Accuracy:** Parametric estimating leverages historical data from similar projects, enabling more accurate cost predictions. By analyzing past projects with near identical parameters, such as scope, complexity, and size, you can create a more realistic cost estimate for your current project.

2. **Speed:** A parametric model allows for analyzing multiple scenarios and alternatives in less time, allowing you to maximize the number of trade studies so that valuable options are not left unexplored.

3. **Efficiency:** Parametric estimating streamlines the estimation process. Rather than starting from scratch with each new project, you can adapt existing models and adjust parameters to match the specifics of the current project. This efficiency saves time and resources.

4. **Data-Driven Decisions:** Parametric cost estimating relies on data rather than assumptions, leading to more accurate and defensible estimates. It removes unintended biases (both cognitive and organizational) that impede good decision-making. Analyzing historical data allows you to identify trends and patterns influencing project costs. This data-driven approach enables better decision-making and allows you to anticipate potential challenges or cost overruns.

5. **Risk Management:** Parametric estimating helps account for uncertainties and risks in your pricing strategy. By incorporating sensitivity analysis and "what-if" scenarios, you can assess the potential impact of various risk factors on the overall cost.

ADDITIONAL CONSIDERATIONS

In addition to the Top 5 benefits above, parametric cost estimation is customizable, helps to identify key effort and cost drivers, and can help with effective resource planning based on cost and schedule considerations. Parametric estimation has also been proven to provide a competitive advantage in bidding and can be a great source of support as you enter price negotiations.

THE 'SPEED-TO-CONTRACT' INITIATIVE: HOW CAN PARAMETRIC COST ESTIMATION HELP?

Recently, the U.S. Department of Defense's Assistant Secretary of Defense for Acquisition (ASD(A)) unveiled the much-anticipated multi-year Defense Contract Finance Study. This study brings a groundbreaking 'Speed-to-Contract' initiative,

spotlighted at the 2023 Government Contract Pricing (GCP) Summit. This initiative underscores the importance of employing new technology to fast-track the contracting process, reducing time, effort, and cost.

The 'Speed-to-Contract' initiative is an ambitious endeavor that demands support from advanced tools that align with its ethos. Cost engineers are quite familiar with the complexities of their tasks and the potential relief that well-designed solutions can provide.

The current landscape of cost proposal creation often involves numerous revisions and intense labor commitment. The pressing need for a tool to automate this process, reduce churn, and provide reliable data has become abundantly clear.

One of the critical technologies earmarked to bolster the 'Speed-to-Contract' initiative is Parametric Cost Estimation. This innovative approach harnesses historical data and

mathematical algorithms to provide accurate, data-driven cost estimates, accelerating the development and evaluation of the proposal.

DoD competitive procurements currently require a well-documented basis of estimate. Unfortunately, most free-form basis of estimates do not instill confidence in the estimate either because the engineering build-up techniques are not fully substantiated (just SME opinions) or the historical analogies are cherry-picked to tell the desired story. Parametric estimation provides a well-documented, standard process, including a fully documented basis of estimate, supporting trust with the contracting agencies and other stakeholders.

A realistic cost estimate reduces the risk of cost growth after the contract award. Producing a data-driven basis of estimate provides fact-based information that makes it easier for the customer to evaluate the proposal. A clear and concise basis of estimate document instills confidence in the evaluation team that the statement of work was well understood and the resulting estimate reflects the effort/cost necessary for project success.

Any time you can provide fact-based information, especially if it is well organized in cost estimating software, you have an advantage over a competitor using a high percentage of expert judgment to create their cost estimate.

The ability to produce a data-driven cost estimate is essential to substantiating your basis of estimate and providing the necessary source data so the government customer can follow your thought process. That way, the customer can verify that your cost estimate is realistic based on the assumptions in your proposal. (Capturing all ground rules and assumptions in your estimate is an essential best practice).

THE FUTURE OF PARAMETRIC COST ESTIMATION

While prime contractors and subcontractors are adopting Parametric Cost Estimation tools, the potential extends beyond these early adopters. Software like TruePlanning®, working in conjunction with ProProcer, aim to significantly reduce the labor and time involved in cost proposal creation and refinement through the adoption of automation and the connection directly with pertinent historical data. Not only does this streamline the current proposal process but helps contribute to a strong foundation for future bids. All of this underscores the importance of evolving estimating and pricing strategies to match the complexities of government contract negotiations. By embracing parametric cost estimating, organizations can enhance their negotiating capabilities, improve cost prediction accuracy, and ultimately increase their success rate in securing profitable government contracts.

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CPSR ProDocs takes the guesswork and headache out of subcontract compliance and replaces it with an easy-to-use, process-driven environment. This allows you to focus on strategic aspects of subcontract compliance versus non-value-added administratively burdensome tasks.

STRATEGIC AWARD

Congratulations! You've put together the ultimate winning proposal. As you begin to engage subcontractors, keep in mind that subcontract compliance takes time and resources to manage. There are so many policies, procedures, regulations, laws, and contractual requirements to remember that it can become overwhelming.

SMARTFORMS

Some organizations have taken their checklists and managed to make them smarter. What about the manual updates, changes to regulations and contractual requirements or the challenge of managing subcontract compliance on an enterprise level? Maybe it's time for us to rethink how we manage subcontract compliance.

OUR PROMISE

At J.A. White, we focus on providing the best blend of automated subcontract compliance solutions and professional Federal Contracting Consulting services in the industry. Contact us today to learn more about how you can reduce costs and increase subcontract compliance.

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Fostering Oversight Agility:

10 Critical Perspectives

from the Government Contract Pricing Summit 2023

With today's ever-changing job market, it's important to have best practices to help ensure insider knowledge is not lost when employees leave, systems remain compliant with policies, and procedures are up-to-date and ready to guide new hires in their new roles.

Stay attuned to your oversight – it's a cornerstone you can't afford to neglect. We've brought together the top 10 insights from the GCP Summit, each shedding light on effectively managing business information. These findings are designed to enhance user-friendliness and accessibility while standing as guardians of steadfast compliance.

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Ms. Diana Jose, CPA, and Ms. Lori Allen, CPA, are key figures at CohnReznick's Government Contracting Practice. With her extensive experience, including time at the Defense Contract Audit Agency (DCAA), Diana brings expertise in Federal Acquisition Regulation (FAR) compliance, DCAA audits, and various government standards. Lori, a former DCAA Supervisory Auditor, boasts over two decades of industry experience, specializing in cost assessment, compliance, and auditing standards. Both are instrumental in conducting pre- and post-award contract audits for government agencies while offering strategic advice on policy development and process improvement for government contractors.

1 **Any sound business system stands on four key pillars:**
Policies, training, documentation, and internal review. We adapted this idea to include the people who manage the pillars. This aligns people with all areas of compliance management, which you will see throughout our key takeaways.

2 **Avoid operating in silos wherever you can:**
While each department and workstream may support the overall compliance framework, maintaining a centralized compliance function or team will allow more unified management across the organization, reduce departmental burdens, and allow for continuous process improvement, which can drive efficiency.

3 **Think about creating a process map:**
It is best to start at a high level and then see which areas are most at risk and warrant a deeper dive. While this process may take longer than expected, it will provide a visual of your organization's operations. This can provide key insights into areas that are over or understaffed, redundant, could be centralized for efficiency, or have some weaknesses that could lead to instances of non-compliance down the road.

4 **Use color coding to create a sense of urgency:**
Keep it simple when delivering information throughout your organization. Think of a stoplight scheme where red is high risk, yellow is moderate risk, and green is low risk. The more complex you make this system, the less likely it is to be maintained or understood.

5 **Understanding the importance of workforce assessment:**
Identify the knowledge, skills, and abilities of employees and leverage this information to identify any gaps in skills that are needed to achieve the mission, vision, and goals of the company. The benefits of doing a workforce assessment include increased productivity, less turnover, better organization, cost savings, and enhanced employee development.

6 **Protecting institutional knowledge:**
Employee offboarding is a normal part of the employee life cycle. You do not want to end up in a situation where the only person who knows how to do a task leaves the company. This phase involves saving and protecting the employee's institutional knowledge. Institutional knowledge is the combination of knowledge and experience that the employee has developed throughout their tenure with the company. This includes the relationships this employee has inside and outside the company, system access, and processes they developed that must be documented before the employee leaves the company.

7 **Project management:**
Compliance is a company-wide task and requires project management. Successful project management processes may include assigning a leader, brainstorming a plan, soliciting volunteers, determining a timeline, scheduling touchpoints, and documenting results.

8 **Communication:**
Effective communication is necessary in all aspects of a business. Any changes to the policies and procedures must be documented and then communicated promptly to the affected parties. Effective communication includes encouraging open conversations, collaboration, and networking between teams, conducting formal and informal training, and having a knowledge library that houses all the training.

9 **IT controls:**
Documenting information is as important as backing up information. Remember the 3-2-1 backup rule: three copies of data on two different media with one off-site copy.

10 **Training, training, training:**
Remember that people are the backbone of your organization. Invest some time into defining roles and responsibilities and creating the necessary curriculum to give your people the tools they need to be successful in your organization.

Peer to Peer Interview

Interview with Mark Hijar,

Founder, ProcureLinx LLC
Member, 2024 Board of Advisors, National Contract Management Association (NCMA)

Pricing Magazine: Tell us a little about your daily activities. What's your specific role in supporting contracting firms during DCMA and DCAA reviews?

Mark Hijar: I offer life-cycle support to defense contractors regarding the efficient, cost-effective, and compliant management of federal supply chains. That includes a lot of stuff! At a macro level, I evaluate the structure of contractor business systems using up-to-the-minute insights and responses developed from live audits and reviews (I've supported 10 Contractor Purchasing System Reviews, or CPSRs, this year already, with four more scheduled through the calendar year). After evaluation, I help my clients enhance that structure—which can include but isn't necessarily limited to process implementation, training, internal reviews, executive briefs, and live support—to comply with current regulatory requirements effectively and cost-efficiently.

Notice I didn't say: "comply with audit agency expectations." That's because managing a business system in strict accordance with audit agency expectations—rather than in compliance with the plain language of the regulations that apply to both your performance and their audit —is a costly and unreliable approach. Audit agencies do not hire personnel who have any personal experience with contractor business system operations, including the need to meet and exceed customer expectations that often do not align with auditor and analyst standards (in particular, on-time delivery of quality components within budget and with as little lead time between request and order as possible). As a result, the implementation of audit expectations that exceed regulatory requirements is—by its very nature—an additional and unnecessary cost that negatively impacts lead time.

Also, audit agencies routinely lose and onboard personnel and change their positions on issues almost annually. This leaves contractors unprepared to succeed when faced with their once-every-three-year CPSR or other business system

evaluation. These contractors are then negatively impacted during the actual audit or review when they apologize to inexperienced analysts for not complying with an undocumented requirement the contractor would not have known existed if they hadn't hired someone like me to tell them what the audit agency is currently thinking on issues impacting business system operation and compliance (which is also a cost impact, by the way).

All those negative impacts are why I help my clients implement and maintain business systems that rely on practical compliance with federal laws and regulations rather than the whims of the Defense Contract Management Agency (DCMA) and the Defense Contract Audit Agency (DCAA).

PM: Can you give us three examples of interesting or unusual audits you've conducted that involve pricing?

Mark Hijar: I've supported two Foreign Military Sale (FMS) sole source proposal audits. I had a blast! Sole source proposal support is a different feel than a post-award review; the leverage is entirely different since this is an active acquisition for products and services a foreign country has specifically requested. The clock was ticking, and I was impressed by the quick and decisive movements of DCMA and DCAA in that environment. That level of collaboration simply doesn't exist during CPSRs or incurred cost audits.

In general, CPSRs happen in accordance with Defense Federal Acquisition Regulation Supplement (DFARS) 252.244-7001. Item (c) of that clause sets out the 24 criteria DCMA evaluates during the review. Twelve of those 24 criteria directly address cost and price controls. So, I deal with price analysis issues on literally every review I help support. Conducting price analysis and effectively documenting commercial product and service determinations are by far my most popular training topics.

As far as specific examples, I do have one example for which I will always be thankful (customer service-wise) for my role in the collaboration.

Manufacturers often source custom components for bespoke military systems from an established supplier on a noncompetitive basis. In these cases, the lack of competition and primary reliance on internally generated historical pricing isn't based on operational laziness or a lack of initiative during the supply chain management process (i.e., the assumptions of audit agencies). In fact, this sole source approach baselines not only quality and delivery schedules but also pricing. The customer needs and demands what this baselining and standardization provides – reliable production on time and within budget. Competition in these situations would disrupt delivery schedules and easily decrease quality while increasing costs (sometimes exponentially).

I worked with a manufacturing client years ago to develop a price analysis that complies with Federal Acquisition Regulation (FAR) 15.404-1(b)(2)(v) requirements without reliance on internal historical pricing or supplier production of cost data or Bills of Material (BOMs).

This technique – which I refer to as the Prototype Approach – relies on the reality that switching out production of a customized component from an experienced supplier to a new one includes unavoidable cost impacts during the prototype phase (when the new supplier takes the specs and begins work for the first time). The analysis creates an estimate based on a typical prototype cycle, which starts with drawings, then runs through a line setup, and ends with a fabrication and testing rotation overseen by a Program Manager (PM). The estimate is based on the sole source supplier's After Receipt of Order (ARO) period, which is an aggressive timeline a new supplier would have a very difficult time meeting in a real-life scenario.

This was the first time a client used the Prototype Approach to price analyze firm-fixed-price (FFP) proposals for spec components. Over its useful life, this approach has saved many of my manufacturing clients literal full-time equivalents (FTEs) worth of labor cost and needless lead-time increases resulting from confusing (and sometimes anxious) back and forths with suppliers and the over-complicated analyses that usually result if cost data is actually provided (which it often isn't).

PM: How do you help a client convince DCMA that how they run their purchasing system is both compliant and in the best interest of their agency customers?

Mark Hijar: As mentioned, my clients implement and maintain purchasing systems that effectively and cost-efficiently comply with all applicable laws and regulations. The process makes their systems relatively easy to

document but sometimes challenging to defend against deficiencies that are too often based on the incorrect application or interpretation of a regulation or class deviation.

Because my clients comply with the plain text of all applicable regulations, they must convince the analysts that their misinterpretation or misapplication of a requirement cannot result in a legitimate deficiency.

An easy example is DCMA's new habit of requesting a review of subcontracts and purchase orders awarded when the contractor under review is performing as a subcontractor. While this "deep dive" down the defense supply chain is not available during the CPSR process per FAR 52.244-2(i)(which reserves the Government's right to conduct a CPSR but does not flow below the prime tier), some clients submit these files in their data call to avoid starting disagreements before the review even begins.

When the CPSR Team reviews these lower-tier purchase orders, they often question the quality of price analysis documentation, source selection documentation, and commercial item determination (CID). When these questions come, my client can clarify with the CPSR Team that no FAR or DFARS clause requires subcontractors to produce any level of evaluative documentation. None of the applicable regulations that require some form of evaluative documentation (in particular, DFARS 252.244-7001(c), DFARS 244.402, and FAR 52.210-1) have a provision that provides for flow down past the prime contract itself, meaning subcontractors are not responsible for the production of such documentation at any time.

As a side note, the only regulation that arguably requires subcontractor production of price analysis is FAR 15.404-3, but that clause only applies to Contracting Officers during the proposal phase. In other words, the requirements of FAR Part 15 end once the prime contract is awarded (FAR Part 52 and DFARS 252 apply to awarded prime contracts). Since CPSRs are conducted on purchasing systems managing procurements issued under already-awarded prime contracts, FAR Part 15 requirements cannot be inserted into a CPSR unless specifically referred to by a 52 or 252 Part (e.g., DFARS 252.244-7001(c)(10)).

So, while my clients will absolutely answer lower-tier questions about applicable public law compliance, they are not required to address any issues with price analysis included in the files (or the lack thereof). Any price analysis deficiency issued by the CPSR Team based on a pool of lower-tier subcontracts should, therefore, be refuted on a regulatory level, in whole or in part, during the review process.

PM: How many subcontractors are usually part of a formal Purchasing System Review?

Mark Hijar: Right now, DCMA is reviewing 40-file universes. As a caution, if you have too few files to review (Hint: you're in trouble if you're in the teens), DCMA may postpone the review or push your 12-month universe period back an additional six months.

While it's usually unnecessary to include lower-tier subcontracts and POs (because they can unnecessarily add to prep time and internal audit needs for large contractors), if a contractor is small enough that they're still working as a subcontractor, they might consider providing those lower tiers in their initial data call. Review time for these files should naturally reduce because of the lack of evaluative document production. As long as public laws are complied with (minus Consent and Exec Comp Reporting, which don't apply to subcontractors), they should be safe for inclusion with much less internal review than first-tier subcontracts.

PM: What's the most challenging or complex contract audit you've supported?

Mark Hijar: I had a review where the client decided somewhere in the middle that they shouldn't be pushing back on CPSR Team findings and should instead start working with them on a "cooperative path forward."

The problem with that approach was two-fold:

If they accept a Level III deficiency during the Initial Determination phase, their system receives an automatic disapproval. But also…

The client's sole Level III deficiency is based on a clear misinterpretation of the relevant FAR clause by the CPSR Team Lead.

They decided to accept the deficiency despite my strenuous objections.

And disapproval was the result.
I was both heartbroken and highly frustrated by that outcome.

PM: How did the supply chain snarls that came about during COVID affect your business in supporting DCMA audits?

Mark Hijar: To be honest, I appreciated it from an ease —and decreased cost— of customer support perspective. DCMA went virtual/remote with CPSRs in May 2020, and they're now hybrid events (mostly virtual). All my clients prefer virtual training because of work-from-home arrangements with their staff. So, other than attending conferences and the occasional live training session, I get to work from home, too! The big bonus is that my clients no longer have to find additional funding to hold training sessions and/or conduct internal reviews, which reduces budgetary restraints and frees access to potentially necessary support. It was an unexpected and welcome win-win.

PM: What specific cost and pricing dimensions do your clients' audits usually involve?

Mark Hijar: Price analysis, competitive levels, quality of negotiations (usually on noncompetitive procurements), and sufficiency of evaluation during Best-Value procurements.

PM: Can you tell us a little about the proprietary technology you use with contracting clients during audits?

Mark Hijar: Sure! We released ProcureLinx Pro in 2013, an internal review platform supporting more than 120 successful CPSRs to date. The tool includes rule logic that tells the audit checklist what needs to be reviewed based on foundational data, including ceiling value, competitive levels, commerciality, business size of the subcontractor, Defense Priorities and Allocations Systems (DPAS) Rating, and the contract type. The checklist itself includes all current CPSR documents subject to review. It also features Help and Hints pop-ups for each document that provide thresholds of applicability, a description of the document, and common DCMA questions related to the document. The reviews can be routed for approval (or deferred for decision) within automated workflows set up by the user. The platform also includes graphic color-coded reports of internal review results that can be filtered by dozens of data points. These reports can provide any-level snapshots of purchasing system performance, from 10,000 feet (overall system operation) down to the weeds (individual buyer review performance or PM source justification quality and average lead time, from requisition submission to award), with a couple of clicks.

PM: In what ways do you support small businesses differently than large ones during an audit?

Mark Hijar: Unfortunately, I don't get a chance to work with many small businesses. Most of my clients are $1B+ defense contractors with a smaller pool of nonprofits, educational institutions, and research facilities. I do have a growing number of mid-tier contractors with the increasing use of business system status as evaluation criteria during recent Government-Wide Acquisition Contract (GWAC) Indefinite Delivery/Indefinite Quantity (IDIQ) proposal efforts issued by NIH Information Technology and Acquisition Center (NITAAC) and the General Services Administration (GSA). My lack of small-business clients has much less to do with my desire to work with that community than the main barrier to entry for small businesses into the CPSR process. The threshold for participation in a CPSR is $50M in federal revenue in the last 12 months or the next 12 months (DFARS 244.302 says "the next 12 months," but DCMA considers the previous 12 months as the primary qualifier). As a result, while some small manufacturers (working under NAICS codes that base business size on number of employees) can qualify for inclusion in the CPSR process, small-business service contractors cannot.

PM: What's the one thing you like most about your audit-support work? That you dislike most?

Mark Hijar: It's fun putting together the puzzle: When a client comes to me with what seems to them like a huge obstacle, I can often clear it from their path with minimal effort on their part. Sometimes I can even eliminate tasks entirely, which can have a visible and positive near-term impact on their bottom line.

I like working with my clients on every level, but I especially enjoy training. Whether working with clients or participating in conferences and chapter events for NCMA, I always look forward to sharing what I've learned with the people who can most benefit from it.

I dislike it when my clients have to train their analysts regarding FAR and DFARS requirements for a fair review. I also dislike it when my clients are too comfortable doing more work than they need to.

PM: . Is there anything you're especially looking forward to for the remainder of 2023?

Mark Hijar: Professionally, I'm looking forward to my upcoming engagements with NCMA at both a regional and local level. I've received the incredible opportunity to talk about price analysis at the Global Contract Management Symposium (GCMS) in Bethesda this November. Then, in December, I'll be a speaker at a live event hosted by NCMA Boston, where price analysis is also the topic of interest.

I was also recently named to the NCMA Board of Advisors for the 2024 calendar year, which I consider a significant event in my career as a federal supply chain management professional. A bonus is that the event will be an excellent opportunity to get together with other Board of Advisors members to work on new ways to more strongly support the NCMA community.

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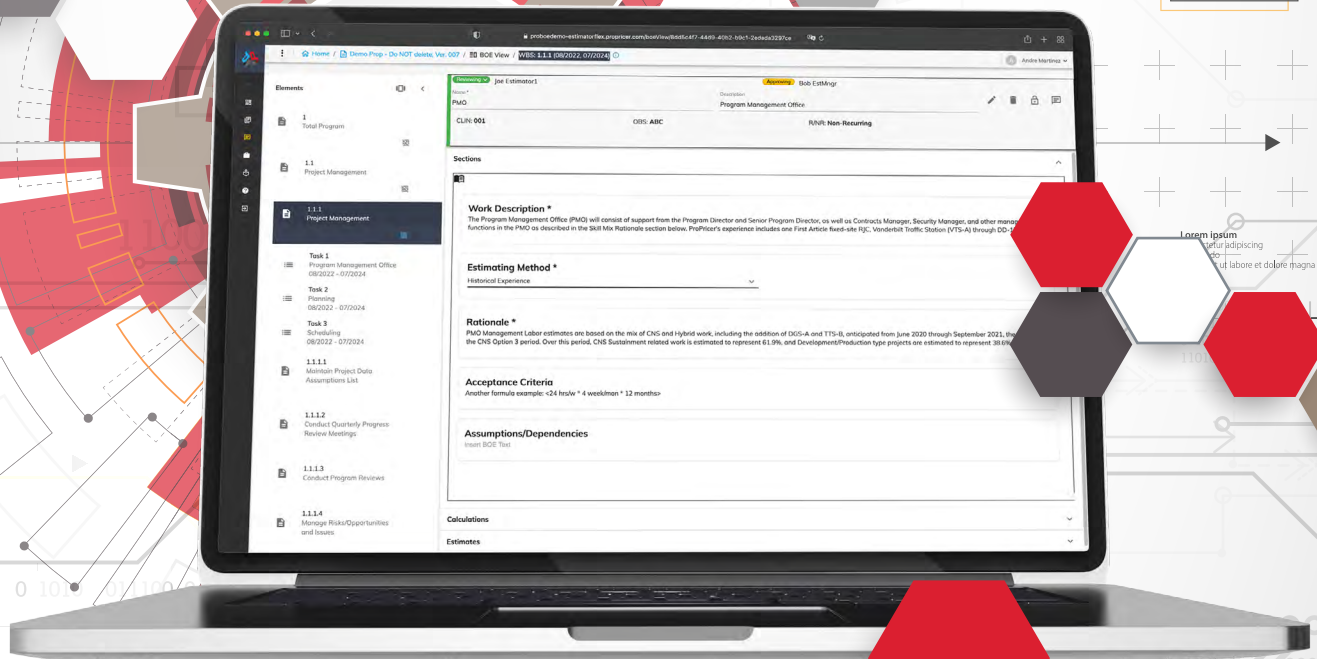
Final Letter

Dear Esteemed Pricing Magazine Readers,

As we conclude our captivating exploration of "Unleash the Power of Pricing," I'm excited to impart some final thoughts with you.

Throughout this edition, we've heard from luminaries, industry experts, and seasoned practitioners. Our comprehensive pricing examination has underscored that it's not just about crunching numbers; it's about being flexible, innovative, and agile when navigating the intricate landscape of government contracts.

One resounding lesson that has emerged from our discussions is the absolute safeguarding of pricing information in government contract negotiations. In an era marked by cyber threats and data breaches, pricing data protection is paramount. Organizations must make robust investments in cybersecurity to fortify the integrity of their pricing data. Failure to do so may jeopardize your pricing strategies and competitive advantages, a scenario we earnestly seek to avert.

Let's also remember the transformative potential of data-driven decision-making in government contract pricing. In this digital age, we have abundant data at our fingertips, and harnessing its power can be a game-changer. Advanced technologies, like analytics and artificial intelligence, empower us to discern market dynamics and customer behavior. Armed with these insights, we can fine-tune our strategies, identify cost-saving opportunities, and maintain our competitive edge.

But it's not all about numbers and technology in this multifaceted domain; proficiency in negotiation skills is non-negotiable for success in government contract pricing. The ability to engage in constructive, mutually beneficial dialogues with government agencies is vital. It means a deep comprehension of government regulations, contractual terms, and the unique world of public procurement. It's like a delicate balancing act, where one must align with government requirements while ensuring your organization thrives. And remember, it's not just about getting the lowest price; it's about building solid, lasting partnerships.

Ethics, undoubtedly, occupies a central place in the landscape of government contract pricing. Transparency, fairness, and adherence to regulations are inalienable. Government contracts demand the highest standards of integrity. Embracing ethical conduct safeguards our reputation, mitigates legal risks, and preserves opportunities for future engagement. Conducting business with utmost honesty is conducive to good governance and fosters trust and long-term relationships with government agencies.

My profound gratitude extends to all our contributors, devoted readers, and steadfast supporters who have contributed to the success of this edition of Pricing Magazine. Together, we've armed ourselves with the knowledge that will shape the future of government contract pricing. Let's continue championing the causes of security, data-driven decisions, and ethical pricing, for they form the bedrock of successful government contract pricing.

Warm regards,

Keith Nordin
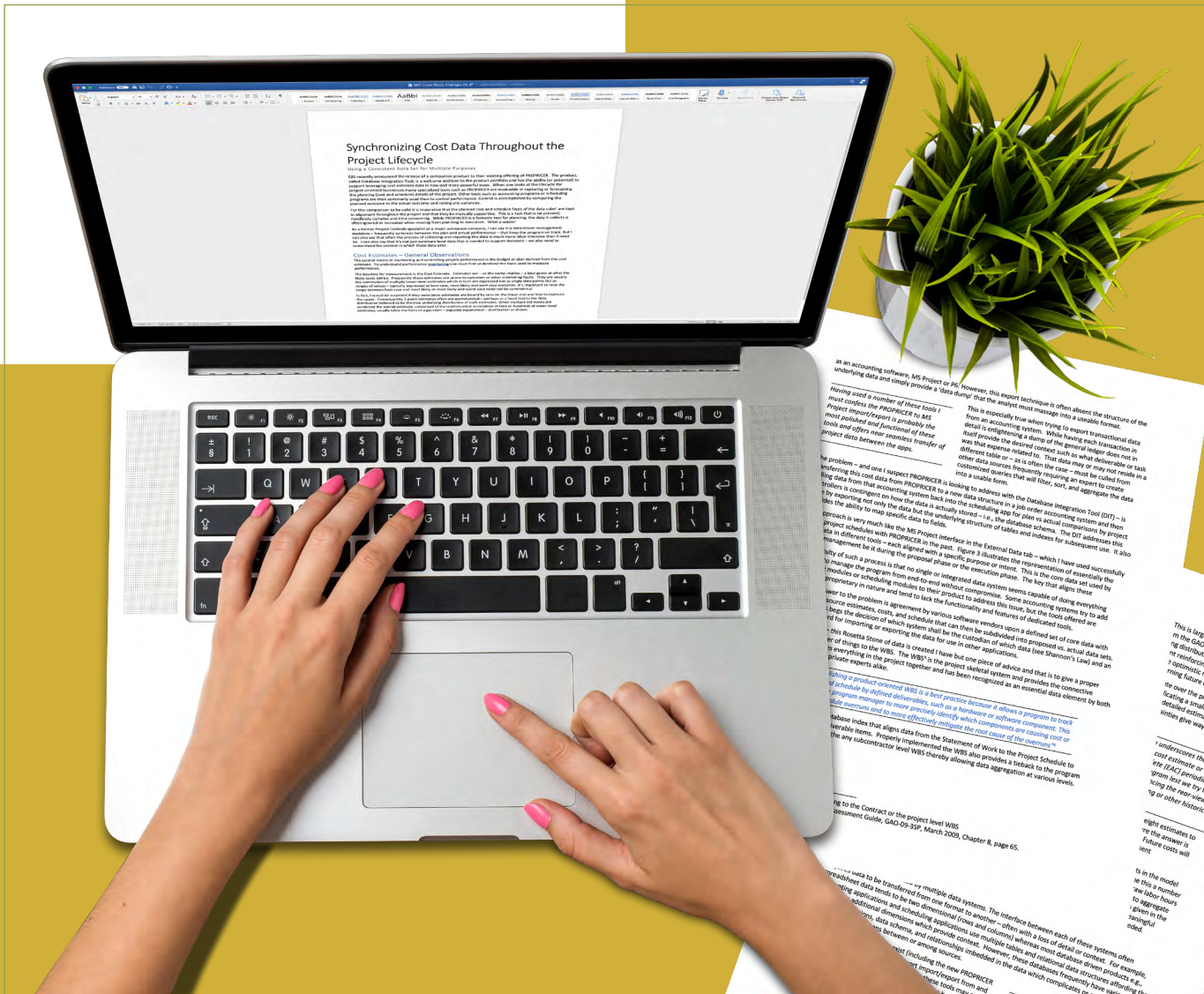*Chief Revenue Officer*

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