# Contracting Readiness:

## *Timely Support for Military Operations*

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*This article addresses "contracting readiness." The term is used to indicate the ability of the acquisition system to provide contracting support in a timely fashion to U.S. forces involved in a military operation, national emergency, or humanitarian relief effort.*

### INTRODUCTION

> From the moment American forces first arrived in Saudi Arabia during Operation Desert Shield/Storm, their survival was dependent on contracted support. Their first bottle of water, transportation to their base camp, tents [as shelter] from the harsh environment, refuse control for garbage, ice to preserve rations, showers and latrines were all provided through contracted support. Without contracted support to provide only the supplies and services listed above, our combat effectiveness would have been degraded because of deteriorated troop health. As important as providing the supplies and services, was the timeliness [with which] they were provided. (Johnson, 1991)

### Department of Defense Changes

As the Department of Defense (DoD) changes following the end of the Cold War, policy makers must carefully consider DoD's ability—its readi-

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ness—to respond to future national emergency and wartime demands. The changes taking place in the DoD which began in the late 1980s and are continuing in the 1990's involve more than just dramatic cuts in the DoD budget and reductions in the number of active duty forces and civilian employees. Roles and missions of the military services and defense agencies are being redefined. Increasingly, the military is being called upon to assist in domestic response to national emergencies as well as in worldwide humanitarian and peacekeeping efforts. As the national security strategy focuses on responses to regional conflicts, U.S. military personnel and equipment may be called upon to perform in widely varying environments ranging from the desert to arctic conditions.

> The most important change reflected in this new strategy is that we no longer are focused on the threat of a Soviet led, European wide conflict leading to global war. . . . The new strategy shifts its focus to regional threats and the related requirements for forward presence and crisis response. . . . The regional contingencies we might face are many and varied. . . . One trait most of them share, however, is that they will arise on very short notice and therefore require a highly responsive military capability. (Cheney, 1991)

**Less Money, Fewer Suppliers**

Budget authority for defense is decreasing significantly, and a much smaller proportion of the defense budget is allocated to defense procurement. As the budget authority for defense procurement is decreasing, the industrial base supporting defense needs is shrinking. Although the largest dollar decreases reflect cuts in major weapon acquisition, the inventory of support equipment is also being affected.

> A secret Army study has warned of a looming shortage in the unglamorous essentials of modern war—such as fuel tanks, chemical-weapons detectors, medevac helicopters and mine-clearing equipment—that it says could undermine the Army's ability to deploy and sustain combat forces in an extended crisis. (Lancaster, 1993)

There is greater uncertainty about the conditions under which U.S. military forces will operate in the future. There is a smaller inventory of support equipment. There are fewer suppliers. There are fewer military personnel and civilians who have experience in supporting wartime needs.

**Importance of Contracting Readinesss**

In short, the military actions of the future—whether humanitarian, peacekeeping or wartime—will be heavily dependent on the readiness of the contracting system to be responsive to support needs. Today, as members of the administrative and legislative branches of government seek to reform the acquisition system, they need to place a priority on ensuring "contracting readiness." The first step towards contracting readiness is recognizing that there is a difference between peacetime contracting and national emergency or wartime contracting.

> In peacetime, supplying the troops with quality goods and services in a timely manner, while complying with seemingly unrelated laws and regulations, presents DoD acquisition professionals with many unique, but tolerable, challenges. During times of national emergency, when the results of the acquisition process are reflected directly on the battlefield, delays incident to unrelated laws and regulations are not tolerable. They are not tolerable to acquisition professionals or to their primary customers—the soldiers, seamen, airmen, and marines who have been placed in harm's way. These delays should not be tolerable to any member of American society, even those intended to be the primary beneficiary of the law or regulation. (Morrison, 1993)

The second step toward contracting readiness is to recognize its importance and to be proactive in planning for acquisition processes that will provide timely contracting support in future conflicts or national emergencies. This starts by examining the lessons of the past and incorporating these lessons into acquisition reform initiatives.

**Research Objectives**

The objectives of this study were to:

(a) review contracting actions required to rapidly respond to urgent needs of U.S. troops during recent times of war or national emergency including humanitarian assistance, peacekeeping, and disaster relief; and

(b) make recommendations as to what acquisition reform initiatives are required to ensure that the contracting systems can rapidly respond to wartime and national emergency requirements of U.S. troops.

The methodology used in this study consisted of a comprehensive review of literature as well as interviews with people with wartime contracting experience. The analysis focused on what worked, what did not work, and what changes are recommended. The scope of this research was limited to Department of Defense (DoD) contracting actions both in the Continental United States (CONUS) and the overseas theater of operations.

**Definitions**

***Contingency.*** An emergency involving military forces caused by natural disasters, terrorists, subversives, or by required military operations. Because of the uncertainty of the situation, contingencies require plans, rapid response, and special procedures to ensure the safety and readiness of personnel, installations, and equipment. (AFR 70-7, June 1992, p. 10)

***Contingency Contracting.*** Contracting performed in support of a peacetime contingency at an overseas location pursuant to the policies and procedures of the Federal Acquisition Regulation. (JCS Pub 1-02, 1989, p. 86)

***Gulf War.*** As used in this study, the term "Gulf War" refers to the period of time from August 2, 1990 when Iraqi forces invaded Kuwait to February 27, 1991 when a cease fire was declared. The term "Operation Desert Shield" refers to the period between August 7, 1990 when President Bush ordered U.S. forces to Saudi Arabia and January 17, 1991 when the coalition air campaign commenced. The term "Operation Desert Storm" refers to the period between January 17 and February 27, 1991. (Watson, 1991)

***National Emergency.*** Condition declared by the President or by Congress which authorizes certain emergency actions to be undertaken in the national interest. Actions to be taken may range up to total mobilization. (AFR 78-10, Apr 1984, p. 9)

## REVIEW OF LITERATURE SOURCES

Literature reviewed for this study consisted of journal articles, books, government regulations, scholarly papers, and unpublished "lessons learned." A wealth of information was found regarding experiences of contingency contracting officers in the theater of operations during the gulf war. Less material was found on experiences during other military operations or on the experiences of contracting organizations located within CONUS which actively supported U.S. forces during the Gulf War. The literature review was supplemented by interviews with individuals personally involved in meeting wartime contracting needs. Ano-

nymity was promised to the interviewees and so names and organizations will not be divulged for the majority of those interviewed. Contracting within CONUS will be discussed in this section before a discussion of contingency contracting.

## CONUS CONTRACTING

### Direct communication between CONUS and theater of operations

During the Gulf War, CONUS contracting organizations played a significant role in supporting the soldier, sailor, airman and marine in the theater of operations. As a result of modern advances in telecommunications, there were direct phone and fax links between military personnel in the Gulf area and contracting offices in the CONUS. The resultant sense of urgency was described in *DLA Dimensions* by Kim Kalai, a supply technician at the Defense Personnel Support Center in Philadelphia:

> "You could sense a lot more tension from the people calling in ," said Kalai. "Most of the time, we tried to calm them down and assure them that we know it's urgent and that we're going to do all we can to get them what they need." . . . "We hear the urgency in their voices and we see the necessity of the items. We know the impact we have on these customers," said Kalai. "We're not just reading the newspaper headlines; we hear it straight from the people who need these supplies. When they call and say, 'Hey, we're leaving tomorrow and we need such and such,' that urgency gives you a sense of commitment and integrity." (DLA, 1990)

*The extent of CONUS contracting.* The General Accounting Office (GAO) conducted a study which looked specifically at the unit prices paid for Gulf War procurements by selected CONUS organizations. This GAO study is interesting for two reasons: first, it gives an idea of the dollar magnitude of CONUS procurements during the war, and second, it shows the effectiveness of CONUS contracting organizations in preventing wartime price gouging. The GAO study, *Comparing Peacetime and Wartime Unit Price Change Patterns* (GAO, June 1992), examined the prices paid for Gulf War procurements at six CONUS contracting organizations: Defense Personnel Support Center, Philadelphia, PA; U.S. Army Aviation Systems Command, St. Louis, MO; U.S. Army Troop Support Command, St. Louis, MO; U.S. Army Tank Automotive Command, Warren, MI; U.S. Army Armament, Munitions, and Chemical Command, Rock Island, IL; and the U.S. Air Force San Antonio Air Logistics Center, San Antonio, TX.

**Billions of dollars spent in CONUS for Gulf War procurements**

The six CONUS contracting organizations studied by the GAO spent $4.6 billion in Gulf War procurements. This does not include the dollar value of Gulf War procurements by dozens of other CONUS contracting organizations involved in the procurement of spare parts, ammunition, telecommunications equipment, maps, guidance systems, munitions, transportation services and supplies, medical equipment, weapons, maintenance and repair, and troop support items (Killen and Wilson. 1992). In CONUS, contracting organizations bought supplies and services specifically for use in the theater of operations as well as for training and replenishment for deployed items.

The GAO found that 60% of the unit prices paid were within the range of peacetime prices and about 11% were *lower* than peacetime prices. Of the remaining 29% of the purchases where the unit prices were higher than peacetime prices, the majority were the result of costs associated with accelerating the delivery of urgently needed items. Other reasons cited for the higher prices were negotiated changes to forward pricing rate agreements, changing market conditions, and drawing or engineering changes (GAO, June 1992).

**Role of CONUS contracting not recognized in legislative relief**

During the war there was strong support in Congress for providing legislative relief for contingency contracting officers. What was not recognized in legislative relief was that the CONUS contracting offices played a major role in supporting urgent needs of U.S. military personnel in the theater of operations.

Purchases could be made by either contingency contracting officers in the Gulf or by CONUS contracting officers. In interviews supporting this study, contracting personnel often told of phone calls between the Gulf and CONUS contracting offices in which urgent requirements were identified and a decision made as to whether the procurement would be made by the CONUS contracting officer or the contingency contracting officer. Several variables affected the decision as to where an item would be bought: locations of sources, transportation requirements, prices, (GAO, 1991). Another factor that influenced the decision was the small purchase threshold.

During the war, relief was given to raise the small purchase threshold from $25,000 to $100,000, *but only for items bought overseas.* A statutory change was made later by Section 805 of the FY-92 DoD Authorization Act which raised the small purchase threshold to $100,000 for "any contract to be awarded and performed, or purchase to be made, outside the United States in support of a contingency operation."

Because the relief did not apply to CONUS contracting offices, contingency contracting officers could use small purchase procedures (and save the time required for formal contracts) when CONUS contracting officers could not. Interviewees told of instances when contingency contracting officers bought items priced between $25,000. and $100,000. from suppliers in the Gulf who, in turn, bought the items from sources in CONUS. This involved a middleman—the Gulf area supplier—and the middleman's profit. Although this method was not preferred by any U.S. personnel, it was the quickest way to obtain urgently needed supplies. This cumbersome process would have been unnecessary if the same legislative relief granted to the contingency contracting officer in the area of operation had also been granted to CONUS contracting officers buying supplies for the Gulf area.

**Experiences of CONUS contracting personnel**

Killen and Wilson (1992) conducted the largest and most comprehensive study of the role of CONUS contracting organizations during the Gulf War. Their research included contracting organizations from all military services and major defense agencies. They gathered data from individuals at each organizational level through the use of focus groups, personal interviews, and a formal Delphi survey. Results of their research provide insight into the major role played by CONUS contracting organizations.

One of the strongest messages contained in the research by Killen and Wilson is that CONUS contracting personnel rallied strongly to the challenge of supporting the war.

> How did the people . . . work within the regulations and yet react so quickly to ODS [Operation Desert Shield] requirements? They worked hard and they worked long, long hours. The parking lots were as full on Saturdays and Sundays as they were the rest of the week. It was not unusual for people to start work as early as 4:00 AM and work until late at night. They worked holidays—even Christmas Day. Child care often was a problem on week-ends for working parents. Sometimes they had to bring their children with them. . . . "Everyone had a sense of purpose, of being needed." Above all, they were dedicated to getting results. Cooperation among organizations was at an all time high. (Wells, Wilson, Killen, and Pappas, 1992)

Just as the GAO report found little difference between wartime and peacetime unit price ranges, Killen and Wilson's research documented

the extent to which CONUS contracting organizations operated within the existing legislation and regulations. Competition rates and awards to small business were maintained at high levels; file documentation was complete.

Killen and Wilson found that at the onset, there was initial confusion at all levels in the CONUS contracting community about what to do and how to do it. Contracting officers throughout the DoD had to search through the entire Federal Acquisition Regulation (FAR) and Defense Federal Acquisition Regulation Supplement (DFARS) to find widely dispersed guidance.

This initial confusion resulted from a lack of training and an absence of consolidated guidance on wartime contracting. Mandatory contracting courses did not specifically address wartime contracting. Few CONUS contracting personnel in field organizations had ever participated in wartime exercises.

The organization of the FAR and DFARS is by individual, specific topics, not by processes or systems. The few regulations addressing wartime contracting were specifically for contingency contracting—not CONUS contracting. This was all exacerbated by the fact that there is no uniform language for contracting exemptions. Each contracting requirement—whether regulatory or statutory—had been written with differently worded exemptions.

> Planning, by definition, is a continuous process; yet, by virtue of the evidence provided in this study, it is clear that planning for contracting in an emergency environment is sporadic or nonexistent. If this situation remains uncorrected, the Department of Defense acquisition community may find itself unprepared and unable to fulfill its obligation of procuring the necessary supplies and services to successfully prosecute a war. (Britt and Miles, 1985)

**Statutory, regulatory and policy impediments**

Killen and Wilson (1992) asked respondents what statutory or regulatory waivers would have enabled their organizations to work more effectively in meeting Gulf War contracting needs. Specific responses included modification or waiver of:

- small purchase threshold;
- Service Contract Act – wage determinations;

- synopsis publication and response time;
- Competition in Contracting Act (CICA);
- Undefinitized Contractual Action (UCA) approval level and expenditure limit; and
- requirement for a small business subcontracting plan.

Many of the items mentioned above were particularly troublesome when the CONUS contracting organizations tried to purchase commercial items. One respondent noted:

> Try getting a subcontracting plan from a firm that rarely does business with us—and the vehicles were built 6 to 8 weeks earlier. It's a totally meaningless exercise. You're not going to change the way the item was built. (And if it is commercial, do you want to impose those requirements? Is it still the commercial item if it's changed in order to comply with subcontracting goals?) (Killen and Wilson, 1992)

Because of the high volume and short suspense time, many CONUS contracting organizations purchased commercial items for immediate shipment to the Gulf area. As one respondent in the Killen and Wilson study noted, "There was an operational need that was not met by current assets and no time to develop MIL-STD equipment to meet the need" (p. 143). Results were mixed. In some cases the commercial equipment worked fine, but in others, the commercial items were just not rugged enough for the military application.

**Wars start with spares**

One of the greatest challenges of the Gulf War was supplying needed spares. In an attempt to reduce costly inventory, many defense organizations had gone to virtually a Just-In-Time (JIT) inventory system. Compounding the problem was the fact that many of the most critically needed items were not expected to be problems. During the Cold War, many of the wartime readiness plans and military exercises focused on wartime scenarios in Europe. In the desert environment, the equipment faced different environmental challenges that caused unexpected shortages in some spares. For example, the air filters in the M-1 tanks became a critical item—what some referred to as a "war stopper"—because they were quickly clogged by the fine desert sand.

At TACOM, a special team was put together during the Gulf War to develop a Critical Items List (CIL) for each weapon system managed by TACOM (Wells, Wilson, Killen, and Pappas, 1992). Critical items were identified for each weapon system which—like the M-1 air filters—could stop the weapon system from functioning properly. The special TACOM team then could adopt a proactive approach of checking inventory levels, contractual instruments, and production status. Action could be taken before spares problems became acute. Members of this team have recommended:

> . . . that this CIL be established in the future for all weapon systems. The critical items could vary with environmental and climatic factors. For example, certain parts would be critical in a desert environment that would not be essential in a jungle or arctic environment. The IMT has also recommended that critical items on these lists be monitored during peacetime with periodic briefings by weapon system. This would add visibility to potential supply problems, enhance supply availability, and improve mission capable rates. (Wells, Wilson, Killen, and Pappas, 1992)

A similar recommendation was to develop lists of commercial equivalent items that could be acquired for immediate use in lieu of specific critical spares. The commercial items might not be appropriate for inclusion in the peacetime inventory because of shelf life problems such as corrosion, but would be sufficient for immediate use in a conflict.

**Empowerment – Not!**

When Killen and Wilson asked about statutory and regulatory impediments, they heard from several respondents that higher organizational levels would not permit them to use the exemptions which existed in laws and regulations. In other words, the impediments were not the laws and regulations; the impediments were the people (intermediate and headquarters staff) who would not permit exemptions to be used.

This was particularly true with regard to approval to use letter contracts to save time and a class Justification and Approval (J&A) to save duplicate paperwork. A J&A is required under CICA each time a contracting organization anticipates procuring by other than full and open competition. A class J&A would permit one document to cover all procurements for a "class" of items—in this case procurements for the Gulf War. Without a class J&A, an individual J&A would have to be accomplished for each procurement action at an enormous increase in paperwork, review, coordination—and time.

One organization requested authority from its higher headquarters during the first week of Desert Shield to use a class J&A for procurements which could be clearly identified in support of the Gulf War; this is unquestionably permitted by CICA. Personnel at the higher headquarters returned the request without action two weeks later. A respondent in that organization noted:

> We did a J&A for every file. We followed all the board rules, all the cost accounting rules, all the social program rules. . . But if the outcome had been different, and we all ended up in front of a senate subcommittee explaining, can you imagine the disgust, if lives had been lost, because of the delays due to the time associated with filling out that paperwork. (Killen and Wilson, 1992)

This example was reflected in the experiences of several other CONUS contracting organizations when dealing with higher headquarters. Many reported a lack of any sense of urgency by people in staff positions at higher headquarters. Below are representative comments received by Killen and Wilson from different organizations:

> During ODS we would get calls from headquarters and when we offered to return the call on a Saturday, their answer was typically, "No, it can wait until Monday." There was never any sense of urgency at headquarters. And they certainly weren't working Saturdays. Nor were they trying to make things easier!

And, from another organization:

> There was no contracting leadership in Washington. Nothing we could see or feel that meant we would probably have to do all the work of writing a waiver and supporting it, without any likelihood they (headquarters, service department, and DoD contracting) would push it through. If you're working as many hours as we were and talking directly to Saudi, the attention was on serving the folks in the area of operations, whose lives were at stake—not on being responsive to people who had let us down.

Not all respondents indicated this kind of experience with higher headquarters staff. Most notably, contracting personnel at the Defense Logistics Agency (DLA) buying activities, the Defense Mapping Agency,

and the Naval Air Command praised the staff personnel at higher headquarters for their support.

**CONUS Contracting Summary**

1. The CONUS contracting role in supporting the Gulf War was significant, both in terms of dollars spent and in terms of providing urgently needed support to U.S. military in the theater of operations.

2. Advances in telecommunications made it possible for CONUS contracting personnel to have direct phone links with U.S. military personnel in the area of operations.

3. The CONUS contracting organizations needed legislative relief as much as contingency contracting officers in the theater of operations. This is particularly important in the areas of the small purchase threshold, small business sub-contracting plan requirements, and socio-economic provisions.

4. To prevent lengthy research time, uniform wordings for exemptions should be applied to statutory and regulatory contracting requirements. This should be done in a manner similar to the wording now used for "small purchase threshold" instead of identifying specific dollar thresholds.

5. Mandatory contracting courses should highlight how CONUS contracting personnel should respond in the time of national emergency or war. Simulations would be particularly effective.

6. Military exercises should include CONUS contracting personnel in a capacity in which they are most likely to interact with military forces.

7. During peacetime, critical item lists should be developed for weapon systems *tailored to different geographic and environmental conditions*. Procurement strategies should be developed for these critical items. These should be matched with lists of commercial equivalent items.

8. In a time of military conflict or national emergency, higher headquarters staff must empower the CONUS contracting professionals to do their jobs, and at the very least, not become impediments.

## CONTINGENCY CONTRACTING

Compared to the dearth of literature on CONUS contracting, a wealth of information exists for contingency contracting. There are recurrent themes in lessons learned from contingency contracting going as far back as the Vietnam War. Lessons learned from each conflict address problems related to actions permitted short of declaration of a national emergency as well as problems related to language, cultural differences, training, disbursements, market surveys, consolidated contingency contracting guidance, record keeping, and regulatory impediments.

### Actions permitted short of declaration of a national emergency

The Defense Resource Act (DRA) (P.L. 85-804 as amended by P.L. 93-155) gives authority to perform extraordinary contractual actions. The DRA is summarized in FAR 50.101(a):

> The Act empowers the President to authorize agencies exercising functions in connection with the national defense to enter into, amend, and modify contracts, without regard to other provisions of law related to making, performing, amending, or modifying contracts, whenever the President considers that such action would facilitate the national defense.

There are express limitations in the DRA; for example, it is not an authority for "Providing for other than full and open competition for award of contracts for supplies or services (FAR 50.203(a)(3))." However, the major drawback is that it has not been implemented in recent low-intensity conflicts. As Mason (1988) noted, "The Defense Resources Act . . . relies too heavily on declaration of war prior to deployment. There is a lack of information regarding contingency contracting without declaration of a national emergency."

Thus, contingency contracting officers must be prepared to operate without the statutory relief that could be granted under the DRA if a national emergency had been declared.

***Language.*** Bell (1990) described his personal experiences as a contingency contracting officer accompanying his units into Honduras. Language was a major problem. There had been no foreign language training for new contracting officers. The FAR states that the English language meaning of contract terms translated into another language is the correct meaning; however, a contracting officer without language training is never sure that the foreign supplier really under-

stands the transaction. Almas, Estes, Shero, and Jordan (1992) described a similar situation in the Gulf.

> Most people with whom we did business had a limited command of written English. They signed contracts because we told them they must. The majority never read what they signed nor did they fully comprehend what they had read even if they did sign. One of the elements of a binding contract is competent parties. If a competent party must be capable of comprehending the written contract, then we are not sure we had any legally binding contracts.

Compounding the language problem was the difficulty in contracting for translators because of the restrictions on contracting for personal services (Bartlett, 1994).

***Cultural differences.*** Not only is language a barrier in most contingency contracting situations, but cultural differences cause numerous complications. Koster (1991) noted:

> More emphasis needs to be placed on the courtesies, customs, traditions, and security threats that can be expected in the country within which the contracting organization is deploying. This is important for contracting organizations because they must operate among the general population. To require an individual to procure from local businesses in a foreign country without the proper orientation, can severely degrade the contracting effort. The insensitivities of Americans to foreign cultures can result in vendors not doing business with the offender. Additionally, not understanding the possible terrorist threats or the dark parts of the town could place the contracting officer in an unnecessary life threatening situation.

***Lack of training.*** A recurring theme throughout all the lessons learned was the lack of training to prepare contingency contracting officers for their specific duties. Although there are several mandatory training courses for contracting people, none of them provide specific training for contingency contracting officers.

***Lack of comprehensive guidance.*** In 1985, Britt and Miles conducted an extensive research project in which they identified 126 provisions from stat-

utes, regulations, or directives which might impede the contracting process in the event of a national emergency/full mobilization. They noted:

> An in-depth review of the literature of the last ten years revealed that no comprehensive national emergency guidance has been developed for the contracting community. A comprehensive document is needed which clearly delineates the laws, directive, and regulations useful or deleterious to contracting functions in a national emergency environment.

The research report by Britt and Miles, *Contracting Under Conditions of National Emergency/Full Mobilization*, contains detailed information that could have been used as a foundation for consolidating guidance for contingency contracting. The Army Procurement Research Office published the *Contingency Contracting Smart Book* (August 1987) and the Air Force Logistics Management Center (AFLMC) published the *Wartime Contingency Contracting Handbook* (1986). However, neither became official documents.

## CONTINGENCY CONTRACTING INITIATIVES

The good news is that several contingency contracting initiatives have been implemented within the DoD since the end of the Gulf War. These show promise of making improvements in the acquisition process which should facilitate contingency contracting during future conflicts.

### U.S. Army

As this research paper was being completed in Spring 1994, the U.S. Army published contingency and field contracting procedures as a supplement to the Army Federal Acquisition Regulation Supplement (AFARS). This document was based on a comprehensive collection of information compiled under the direction of COL Charles D. Bartlett, USA, the Principal Assistant Responsible for Contracting (PARC) and Commander, ARCENT Contracting Command. This collection of information included lessons learned from all Army units involved in the Gulf War as well as fact sheets on contingency contracting during Operation Just Cause (Panama), Granada and Vietnam.

Based upon these lessons learned, Colonel Bartlett (1994) offered observations and recommendations in regard to contingency contracting. Several of these observations and recommendations with broad application across DoD contingency contracting are paraphrased below:

- ***Small purchase threshold.*** Raise the small purchase threshold from $25,000 to $100,000 for any contract "to be awarded and performed,

or purchase to be made in support of any contingency declared by Secretary of Defense."

- ***Personal services contracts.*** Provide a deviation to allow contracts for laborers, translators, and consultants required in the theater of operations.

- ***Market surveys.*** Identification of sources by on-site surveys would have alleviated time and turmoil in search for adequate suppliers.

- ***Automated Data Processing Equipment (ADPE).*** Laptop computers with large hard drive storage capacity and contracting software should be developed to accompany the incoming contracting activity.

- ***Personnel.*** The following personnel arrangements were recommended in support of contingency contracting:

  - A significant number of key positions in the contingency contracting organization could be filled by preselected, specially qualified reserve NCOs and officers called Individual Mobilization Augmentees (IMAs).

  - Finance and accounting and disbursement capability must be co-located with the contracting activity.

  - Resource management and fund certification must be co-located with the contracting activity.

  - Legal advice must be available to the contingency contracting officer from the start.

  - Civilians should be included in the contingency contracting operations. "Civilians were utilized in the Operation Desert Shield/ Storm performing admirably."

  - NCOs should be included in the procurement field so they can accomplish the education requirements for appointment as contracting officers.

  - The Acquisition Corps should include Installation and Contingency contracting people.

- ***Proposed legislative relief.*** A Crisis Action Package (CAP) would be submitted to Congress upon declaration of an emergency which would, for the DoD:

  - Suspend the requirement to prepare a J&A when the procurement is urgent and the U.S. would be seriously injured.

  - Raise the small purchase ceiling to $100,000.

  - Raise the threshold for requiring certified cost and pricing data to $500,000 and permit waivers by the Head of the Contracting Activity (HCA).

  - Suspend requirement for referral of determination of non-responsibility of a small business to the Small Business Administration (SBA).

  - Suspend the requirements for and approving of subcontracting plans for each contract to large business over $500,000.

  - Suspend the requirement for small business goaling and reporting.

  - Align threshold for affirmative action to employ the handicapped, disabled veterans, and Vietnam veterans with the small purchase threshold.

- ***Proposed Regulatory Relief.*** The following emergency revisions would become a part of the FAR and DFARS:

  - Raise the Blanket Purchase Agreement (BPA) ceiling to match the revised small purchase threshold.

  - Waive the Buy American Act, Equal Employment Act, and Balance of Payments requirements.

**U.S. Air Force**

Based upon lessons learned during the Gulf War, the Air Force completely revised Air Force Regulation (AFR) 70-7 (1992), initiated a Contingency Contracting Officer course, updated a contingency contracting handbook (Robinson, 1991, 1992), and developed software with predrafted Statements of Work (SOWs) (AFLMC, April 1992). The Air Force actions represent a comprehensive improvement to prior contingency contracting guidance.

The revised AFR 70-7, "Contingency Operational Contracting Support Program" (June 1992), clearly sets forth the statutory and regulatory authority for contingency contracting as well as for exceptions and waivers permitted under certain conditions. Local contingency operational contracting support plans and deployment/mobility kits are discussed. Organizational responsibilities are identified; training and planning are discussed. The regulation is supplemented by a practical, hands-on Air Force Management Center (AFLMC) publication, *Wartime Contingency Contracting Handbook Update* (Robinson, 1992).

**Defense Contract Management Command (DCMC) Initiatives.**
The DCMC is part of the Defense Logistics Agency (DLA) and has responsibility for post-award defense contract management both domestic and international. Naval reservist CAPT Steve Morgan described a recent DCMC initiative involving deployable contract management teams comprised of Tri-Service reservists assigned to DCMC. Each team consists of 17 reserve officers representing all three military services (Air Force and Army IMA's and Navy reservists) as well as three civilian volunteers from DCMC International. Many reservists are involved in international business in their civilian careers; several have fluency in other languages.

The teams train together and would deploy together in the event of an overseas contingency. They would not make purchases, but would be involved in all other aspects of contract management possibly to include source selection, transportation within theater, and disbursement.

At this time there are three teams, but the plans are to increase the number of teams and to have each team dedicated to specific geographical areas. For example, the team in Dallas would be dedicated to Central and South America; the team in San Francisco would be dedicated to the Pacific area.

When U.S. troops left Somalia in the Spring 1994, the U.S. military contracts were novated to NATO forces. A DCMC reservist team stayed in Somalia to administer the contracts—not for the U.S., but for NATO.

## RECOMMENDATIONS

The contracting system will be challenged to provide critically needed support during future military action. Planning needs to be done now. Based on the results of this research, the following recommendations are offered:

**Executive agent.** An executive agent for contracting readiness should be appointed. The executive agent would perform the role of advocate for contracting readiness within the DoD. In this capacity, the executive agent would:

- articulate a set of core values for contracting readiness (see below);
- be the focal point within DoD for reviewing lessons learned, observations, and recommendations;
- develop a coordinated action plan for implementation of contracting readiness reforms across DoD;
- become the proponent for contracting readiness training—for both CONUS and contingency contracting personnel.

**Core values for contracting readiness reform.** A set of core values for contracting readiness must be clearly articulated throughout the DoD and within Congress. These core values would then become the foundation on which any reform efforts are based. The core values are:

- The objective of contracting readiness is to support the soldiers, sailors, airmen and marines who are going in harm's way. U.S. lives are at risk.
- The contracting system must respond differently during contingencies than during peacetime, whether the contingencies are national emergencies or low-intensity conflicts.
- CONUS contracting actions are vital to support during contingencies.
- Mandatory contracting training must address wartime support; contracting personnel must be included in war gaming exercises and simulations.
- As DoD resources decrease, we must continue to develop innovative ways to strengthen contracting readiness. For example, innovative groups like the DCMC reserve deployable teams may take on expanded roles in performing market surveys, coordinating critical items lists for different environmental conditions, and helping contingency contracting officers with language and cultural problems.

## SUMMARY

In summary, the information is available on which to base meaningful contracting readiness reform. Lessons learned have been documented after each conflict. In-depth research has been completed. The problem is that action has been slow, non-existent, or subordinated to other pri-

orities. We know what to do; we just do not put a priority on doing it! During the Cold War, there were higher priorities for the DoD. With the end of the Cold War, the current global unrest, and a national strategy that focuses on preparation for regional conflicts, contracting readiness can no longer be considered a subordinant issue.

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