

Nash & Cibinic Report

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Competition & Award

**POSTSCRIPT: STREAMLINING SOURCE SELECTION BY
IMPROVING THE QUALITY OF EVALUATION FACTORS**

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We received the following letter from **Bryan Wilkinson**, Director, Compliance Guidelines, Teledyne, Inc., commenting on Vern Edwards' guest column at 8 N&CR ¶ 56:

Vernon J. Edwards' column in your October 1994 issue was so clear and sensible that I doubt it will have any impact on the procurement process.

When I was doing my doctoral work in psychology and statistics 45 years ago, the validity and reliability of ratings and rankings were a major concern, both in psychology and statistics. There was much literature published back then on the problem. There are some techniques to improve the process. Factor analysis of the rating elements is one that comes to mind. The conclusion reached by many, including myself, was that ratings or rankings will come out the way the rater wants them to, no matter the rating scheme.

When I got into the Government contracting area, I was astounded and “horrified” at the evaluation schemes used to award Government contracts. The extent of the overruns and product inadequacies should make it obvious that the selection process does not work properly.

Mr. Edwards has it right (from both a statistical and psychological standpoint) when he says use the offerors' records of experience, reputation for past performance, the qualifications of its key people, and price or cost and fee. (Though the first three factors are probably highly correlated.) These appear to provide rating factors which will result in valid and reliable ratings.

As a child of the Depression, I hate to see my tax dollars go for essay contests.

We also received the following letter from **Steven Kelman**, Administrator of the Office of Federal Procurement Policy:

I read with great interest the Vern Edwards article in the October issue of the report regarding streamlining evaluation factors. I strongly agree with Vern that most of our source selection process takes on the character of an essay writing contest. I also strongly agree with Vern that evaluation criteria should be centered around price/cost and past performance. I am very pleased Vern took the initiative to write this article for you, and I look forward to its arousing great interest in discussions within the procurement community--and to watching some agencies try out his suggested approach.

• **OUR TURN** • We are pleased to have received two ringing endorsements of an idea to which we fully subscribe. However, we are not as pessimistic as Mr. Wilkinson. We are already hearing rumblings within the Government that there are a number of agencies eager to pare down their evaluation factors and greatly shorten the time required to award competitively negotiated

contracts. We believe that streamlining best value procurements will be the next major initiative in the ongoing effort to make the procurement process efficient and effective.

The Federal Acquisition Streamlining Act of 1994, P.L. 103-355, also contains some interesting language on this topic. Sections 1011 and 1061 rewrite 10 USC § 2305(a)(3) and add a new paragraph to 41 USC § 253a stating as follows (since the substantive language is identical, we have used the subparagraph leads from 10 USC):

(3)(A) In prescribing the evaluation factors to be included in each solicitation for competitive proposals, the head of an agency--

(i) shall clearly establish the relative importance assigned to the evaluation factors and subfactors, including the quality of the product or services to be provided (including technical capability, management capability, prior experience, and past performance of the offeror);

(ii) shall include cost or price to the Federal Government as an evaluation factor that must be considered in the evaluation of proposals; and

(iii) shall disclose to offerors whether all evaluation factors other than cost or price, when combined, are--

(I) significantly more important than cost or price;

(II) approximately equal in importance to cost or price; or

(III) significantly less important than cost or price.

(B) The regulations implementing clause (iii) or subparagraph (A) may not define the terms “significantly more important” and “significantly less important” as specific numeric weights that would be applied uniformly to all solicitations or a class of solicitations.

There are two fascinating features to this new language. First, the parenthetical illustrations of *quality* in subparagraph (i) are all capability factors. The list contains no essay contest factors such as the plan for accomplishing some element of the work. While this language is not prescriptive, is it possible that someone in Congress is dropping a hint? We don't know but are intrigued by the language used.

The second interesting feature is the adoption in subparagraph (iii) of a shortened version of the language we suggested back in 1988 in *Source Selection: The Request for Proposal Language*, 2 N&CR ¶ 57. We don't know who in Congress found our proposal and put it in the statute, but we certainly would conclude that he or she used uncommon good sense! Unfortunately, we have not had the same effect at the regulatory level. We have probably made 50 suggestions for improvement to the Federal Acquisition Regulation (FAR), and we believe we are batting .000. Nonetheless, we continue to believe that such language should be in the FAR not in the U.S. Code--where language is difficult to change and has to be said twice.