



ACQUISITION  
SOLUTIONS®

# Managing the Business of Economic Recovery

## Creative Ideas, Successful Practices, and Lessons Learned

By Catherine Poole

*This Advisory discusses the challenges ahead and shares lessons learned and creative thinking regarding how the promises of the recent economic stimulus legislation can be realized.*

**A**s President Barack Obama was signing the \$787 billion American Recovery and Reinvestment Act into law on February 17, Acquisition Solutions assembled a group of six federal acquisition and program executives along with six of our own former federal acquisition officials to discuss the challenges ahead, share lessons learned, and engage in creative thinking around how the promises of the act can be met, given that the size of many agencies' discretionary budgets will have grown many times over in the blink of an eye. Together, the group represented defense and civilian agencies, program offices and contracting organizations, as well as grants and financial assistance organizations.

The result is a compilation of collective lessons learned, successful practices, and creative ideas worth considering. We share the group's thoughts and observations as follows, without attribution.

**1 Get visibility into what is coming.** Based on our discussions with a variety of agencies, it is clear that some agencies already have good visibility into the projects they will be pursuing, while others have much less current visibility into the specifics. As one participant noted, "You've got to start with an understanding of the expectations and the objective." The ultimate high-level objectives are twofold: (1) create jobs, as quickly as possible, and (2) achieve outcomes in support of the agency's mission. An interesting question raised in the discussion: "To the extent that there is not clarity or specific direction required or provided, what should the vetting process be for determining which projects to pursue?" The group concluded that the primary difference between "recovery" spending and all other spending is whether the project meets the goal of creating jobs in the short-term. In other words, are the projects "shovel-ready"?

**2 Use the existing investment review structure to prioritize investments.** Agencies will need a way to quickly prioritize the specific projects they will pursue with the economic recovery funding. For example, construction spending for many agencies comes with the requirement that the spending occur quickly and for projects that are either in backlog or shovel-ready or both. But which projects should be pursued first? Which ones will provide the best return on investment in terms of potentially creating new jobs and satisfying an agency need? One suggested strategy is to "leverage the investment review boards that your agency already has in place." One participant noted, "One best practice is to use the existing [chief financial offi-

cer] structure to rack and stack the potential discretionary projects.” Many agencies have review boards in place for information technology investments as well as construction investments. For a project to get funded, it must be approved by the appropriate investment review board.

**3 Identify the metrics of success.** It is important to understand—both in the selection and management of the projects—what metrics of success the Offices of Inspector General (OIGs) and oversight boards will be using a year, two, or three from now when they evaluate the government’s performance on the recovery initiative. As one participant asked, “How will we know if we are successful? How does the administration and its oversight community intend to measure success?” It will be important in your planning efforts to ensure you develop clear and appropriate measures of success for each program and project and incorporate them into each contract along with the appropriate reporting requirements. For example, if one measure of success is the creation of “x” number of jobs, make that clear, and indicate the reporting requirements against that metric.

**4 Engage in intense strategic acquisition planning.** This was one of the key “lessons learned” in our review of many of the post-Hurricane Katrina Government Accountability Office reports: While speed is important, before you run full speed ahead, pause for a moment to be strategic and to develop a clear roadmap and plan of action. Take a reasonable amount of time to assess the collective needs, the required timeframes, and the overall objectives, to map a strategic plan for acquiring the full range of requirements. There may be ample opportunities to combine requirements, accelerate requirements that were planned for next year, or at a minimum, to be strategic in advertising the requirements via a single solicitation with the anticipation of multiple awards.

**5 Engage all stakeholders.** This was a theme stressed by many at our forum discussion. In an initiative as significant as this one, it is important—rather, absolutely critical—to engage all agency stakeholders in the planning and execution of the agency’s plan. One participant specifically and positively referred to the stakeholder organizations as “partners,” stressing the practice of “bringing in our in our partners from environmental, congressional affairs, and other organizations” in standing up the new program management organization (PMO). “Bringing in our partners and all making real-time decisions is going to be the model,” he noted. Another

participant told a similar tale of meetings already being held in which “every major support function is represented in that meeting. It is amazing collaboration.” The stakes are high. “People are so worried about this that they are being really honest brokers at the table!”

**6 Engage the field offices in the planning efforts.** The forum participants agreed that it is important to start planning at the point of execution. One participant noted, “We can sit in headquarters and develop implementation plans and launch them in the field and then watch them fail. If they didn’t start at the execution point and work their way back, they weren’t going to be successful. Starting at the point of execution, inviting the procurement office in the field into discussions about vehicles they can use, and talking to them about the resource challenge at the execution point is all important. It is going to be the field procurement office that is the heart of this.”

One forum participant noted that his organization had developed a data form and asked the field offices to provide detailed information on their envisioned contract pathways. As a senior procurement executive, he has personally engaged in meetings, discussing every major transaction through which a significant amount of the funding will travel. “We want to ensure that where they are putting huge sums of money, that it is legitimate. We are going to bring a bunch of smart people into a room, analyze each requirement and assess the definitization path.” Another participant, thinking back to post-Katrina concerns, suggested that the data sheet collect information on how many jobs each contract was expected to create and where.

**7 Reexamine your internal review processes.** Take the opportunity to assess your internal review processes and be prepared to strategically modify them in the interest of agility. One forum participant noted that his agency is already looking at its internal review processes, with an eye toward implementing revised requirements that are meaningful and value-added to the current situation without hampering productivity. “We are able to look at the approaches and agree as to what degree headquarters’ review requirements will apply. For example, with block grants, we will review those in real time. We will waive certain pathways and reviews up front, and agree with the field office that if you perform a certain way, we’ll remove some of the process, without giving up some of the rigor that is needed. This will provide an appropriate level of control that will also save resources and save time.”

**8 Invite your OIG to the table.** The oversight that will be associated with recovery spending will be “unprecedented,” but what exactly will that mean? And what will your agency’s OIG be focusing on? One way to find out: Ask. One forum participant noted, “We’d like to see the OIG come to the table and talk to us about what they envision improved oversight to mean. Really, I think this is one case in which the OIG ought to step up and help the agencies before the horse gets out of the barn door.” Another participant noted, “When Hurricane Katrina called, I had a pretty good OIG at the department. I called the OIG on August 30 and said I was about to do some pretty interesting things, why don’t you send some people over to watch? Not that he was part of the solutions, but he was observing the process, and it did make a lot of difference. We found it useful to engage the OIG early, so he could understand the context of the issues.”

**9 Carefully (but speedily) flesh out your requirements.** While time is of the essence in all economic recovery initiatives, it is critical that the objectives of each project be clearly solidified before moving forward. What are the outcomes the agency is seeking, beyond creating jobs? One forum participant noted, “We are going to have 25 to 30 simultaneous project starts; our challenge is getting the user to lock down their operational requirements of what they want their ports to do. We’ve already had a session to try to collect their requirements, and to a major extent we did that. We now need to deliver those requirements to the end users to ensure they are on board. Imagine if we started these requirements and they didn’t have the latest requirements of the user.”

**10 Develop design standards for repeatable projects.** For major projects that require repetitive implementation or in multiple locations, “design once, build many” is a good mantra. One forum participant stressed the importance, efficiency, and overall effectiveness of prototype design standards: “Having prototypical design standards, which we now have, is going to be the key. If people are relocated from station to station, people will recognize it.” Also aim for scalability: “the basic standard design can be used at small, medium and large ports without much additional effort.” This philosophy has potential widespread application to infrastructure projects.

**11 Strive for fixed-price contracts, using competitive procedures.** Be prepared to develop the requirements in such a way that they can be fixed-price. The economic recovery law retains a pro-

vision included in the House version of the bill that mandates that contracts funded under the act be awarded as fixed-price through the use of competitive procedures, to the maximum extent possible. Contracts that are not fixed-price and not awarded using competitive procedures must be posted on a special section of the Recovery.gov Web site.

**12 Ensure your employees are well versed in FAR flexibilities and contracting process specifics.** The Federal Acquisition Regulation (FAR) offers a lot of flexibility in how services can be acquired. The key is to ensure your team is fully aware of the various regulations and understands their appropriate application and associated documentation. One forum participant specifically pointed to the “fair opportunity” provisions of FAR subpart 16.5. He recommended, “Do a deep analysis of fair opportunity, ensure you’ve got your employees trained to look at and understand the level of documentation required for fair opportunity, for sole source justifications, etc. . . . make sure you are not going to have a landmine there.”

**13 Maximize the use of existing competitively awarded contracts that provide for competition at the task level.** Don’t act so quickly that you rush into the mode of establishing a new contract. Take the time to do the market research to identify potential existing vehicles against which you may be able to conduct a limited, but effective, and much more speedy, acquisition. Ensure your acquisition team is well versed in procedures and documentation required when ordering from existing contracts—whether government-wide acquisition contracts (GWACS), multiple-agency contracts (MACs), or your own agency’s indefinite-delivery, indefinite-quantity (IDIQ) contracts.

**14 Shop around for acquisition support providers.** There was a collective expectation in the room that most agencies would be heading to the General Services Administration (GSA) for surge acquisition support. There also was recognition that GSA might not be able to meet the full demand, so some creative thinking is in order. One participant noted, “We have a long history with GSA, but with other stimulus activity, we think they will have capacity challenges. We are going to be competing with other users of their services. We want to creatively explore our own internal capacity to do design-build contracts. We want to be smart but quick.” Another attendee noted, “By the time you execute an in-

teragency agreement, and educate another agency on your requirements, you are not going to be moving as quickly as you need to be.”

### **15 Think creatively on filling your need for human resources.**

Many agencies will need additional human resources to assist with the increasing workload. Yet agencies across the government, and particularly those in the Washington, DC, area, recognize that there simply aren't enough acquisition professionals around to meet the need. One forum participant suggested, based on recent shifts in his agency, “thinking geographically.” While the Washington area has a limited pool of resources and minimal extra capacity, there may be field offices or acquisition centers in other areas of the country that either already have additional capacity or might be in a better position to recruit quickly. Another participant cited an example that supports this position. “In our DC office, we'd get less than a handful of applicants for 10 vacancies. When we moved the positions down to Huntsville, we'd get 30 applications for 2 vacancies.”

A similar suggestion: if there is extra capacity in a field office, leverage those individuals remotely for a short period of time. “There is no need to have them travel to DC to do the work. We can easily handle these transactions remotely. If you can find a couple of people during a surge period, [depending on the organization], that may be all that you need to do to get through the surge situation.” Another possibility: Reach out to retired annuitants. Even if they have moved outside the area, they might be willing to work remotely for a short time to help through the surge situation.

### **16 Recognize that there will be competing goals and you may have to prioritize.**

Achieving small business goals is a perpetual challenge for many agencies, but achieving the same percentage goals relative to a significantly higher volume of funding poses a huge challenge . . . and some questions. One participant noted that his agency has been challenged to meet the small business goals in the past. “Now we're adding \$40 billion more dollars to that, most going to financial assistance, but there is still a lot going through contracts. That will impact our goal in a significant way. We are not going to be able to award contracts to small businesses in many of these deals. The result is that we're going to tank on our 6 percent small business goal. This is an example of the attendant baggage that we are sweating just as much as getting the money out the door.” A key question to ask is this: “At the end of the day, how do

we determine whether we've been successful here?” With this initiative, the key outcomes are related to job creation and accomplishment of the program and project objectives. Yet small business contracting remains an ancillary objective that must be factored into the decision making as well.

### **17 Beware the hidden costs of transparency.**

A special Web site—Recovery.gov—went live on February 17 to promote transparency related to the economic stimulus initiative. The site will be managed by the Recovery Accountability and Transparency Board, which will ensure that the recipients and uses of all recovery funds are transparent to the public, and that the public benefits of these funds are reported clearly, accurately, and in a timely manner. The details of what exactly will be posted on the site are still in flux, however. One participant noted, “At one time, the requirement was to physically put copies of every financial assistance award on recovery.gov. That went away. There were lots of proposed requirements that had hidden costs, making implementation problematic. It is the ‘add-ons’ that are nontraditional that we are not set up to handle. And the sheer volume makes this problematic.”

Similar concern was expressed around the impact of transparency on protests and their associated workload. One participant noted a 20-fold increase in protests for the previous fiscal year, stating, “We were successful in every one. In fact, many struck me as ridiculous, but they are ‘desperation’ protests. In OMB's guidance, there is one new thing, if we issue a change order, we have to advertise it on FedBizOpps before we issue it and once we award it. We are getting protests just because people are aware of it, they are interested. Now we're going to get protests because more people will know about it. This additional transparency is going to hurt us from a workload standpoint. Of course, people have a right to protest, but from the agency perspective, it takes a lot of resources to accommodate this level of transparency and we are not able to hire people to help us with this increase in transparency-related workload.”

### **18 Request to OFPP: Be reasonable and realistic with contracting guidelines and reporting requirements.**

The group engaged in thoughtful discussion around some of the guidelines, processes, and reporting requirements that the Office of Federal Procurement Policy (OFPP) currently is considering but has not yet finalized. The primary sentiment is that this situation will be challenging enough, without

added constraints, such as additional or duplicate reporting requirements, that may lead to a need to pull people from executing awards to fulfill a higher level or frequency of reporting requirements. One participant commented on a potential interpretation of draft guidance that would require even small purchase card orders to be entered into both the Federal Procurement Data System and the Recovery.gov Web site. Another participant summarized the concerns about the potential increase in workload associated, noting, "There are valid concerns that this whole thing could get choked. This whole idea of transparency is what is new. We need to try to implement in a way that doesn't slow everything else down."

## Conclusion

The ink is barely dry on the economic recovery act and many agencies already are well into assessing their capabilities and developing their strategies, while others are just getting started. What is clear is that the acquisition community—albeit already challenged with heavy work-

loads and limited human resources—is determined to do its part, and do it well, in support of the economic recovery efforts. The key is to strike the right balance, so that you can move both strategically and swiftly, while ensuring adherence to a full range of statutory and regulatory requirements.

For acquisition and grant professionals, this is an opportunity to use the science and art of acquisition to meet some very important objectives: in this case, job creation and economic recovery for the country, while achieving programmatic objectives of the government. Our recommendations: Keep the objectives in mind at all times, use good business judgment, look for opportunities to update your policies, practices, and reviews in a way that can fast-track acquisitions while maintaining a reasonable level of control; and maximize the flexibilities inherent in the FAR to achieve the objectives.

We express our thanks to the many acquisition professionals who came together to share their ideas and lessons learned in the interest of more expedient, yet effective, acquisition for all. ♦

The *Advisory* is published monthly as part of the Virtual Acquisition Office™ subscription service, made available by Acquisition Solutions, Inc., 1655 North Fort Myer Drive, Suite 1000, Arlington, Virginia 22209, 703-253-6300, fax 703-253-6301, [www.acquisitionsolutions.com](http://www.acquisitionsolutions.com). Information and opinions are based on best available information, but their accuracy and completeness cannot be guaranteed. Layout by Julie Olver. Contents ©2008 by Acquisition Solutions, Inc. All rights reserved. Single copies and volume discounts are available from Acquisition Solutions, Inc.