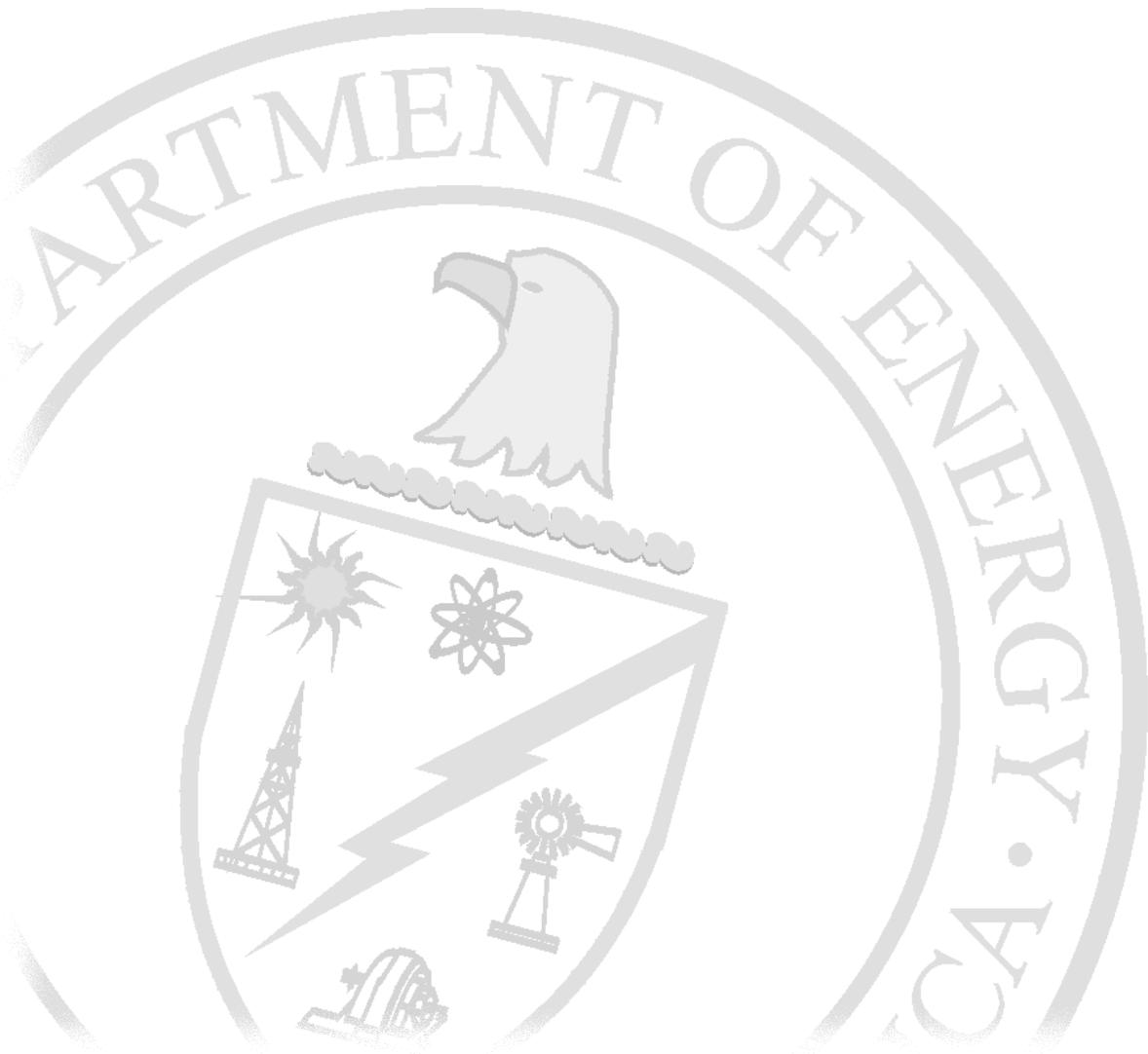


Practice 2

Acquisition Strategy and Plan

ACQUISITION
STRATEGY AND
PLAN

2



2 ACQUISITION STRATEGY AND ACQUISITION PLANNING

2.1 OVERVIEW

The acquisition process is of such importance to DOE projects that a basic Acquisition Strategy must be developed and then be continuously reviewed to ensure that it is both being properly implemented and that it always reflects current project needs. Initially the strategy is a top-level description of proposed project activities required to produce a system or project. There should be sufficient detail to enable Department decision-makers reporting to the SAE to assess whether it makes good business sense, effectively implements laws and policies and reflects the Government's priorities. The strategy, which subsequently be reflected in an Acquisition Plan, is required for all projects; however, its complexity and content will be tailored to the project's size and technical requirements. In the case of smaller and less technically demanding projects it may be sufficient to combine the strategy and plan requirements in a single document.

Once the strategy has been approved it will become the basis for the Acquisition Plan which contains the more detailed procurement strategies and supporting assumptions by which a system, project or product is obtained by the Government. An Acquisition Plan is required for all acquisitions greater than \$1M. The Plan is initially prepared in advance of the Project Execution Plan (PEP) but may subsequently become included as a key element of the PEP. As acquisition planning matures through the project's phases the acquisition strategy is reviewed and periodically updated.

Development of the acquisition strategy and the preparation of the Acquisition Plan begins as soon as practicable after the system/project is identified and in preliminary form, is part of the Mission Need Decision (CD-0) documentation. Since this will generally be well in advance of the fiscal year in which contracts are expected to be awarded the content of the Plan must be treated with a degree of sensitivity. An updated plan is provided at subsequent Critical Decisions either independently or as an integral part of the PEP. The Plan, after approvals, becomes the guidance document for future contracting and procurement actions.

2.2 RESPONSIBILITIES AND APPROVALS

The Strategy or the combined document provides input for the Mission Need decision; however, for major systems the strategy may have already been pre-viewed by the PSO and AE to pave the way for the subsequent decision. As soon as the project has received Mission Need approval and cognizant personnel are assigned, including the HQ Program Manager, Federal Project Manager and the nucleus of the IPT, the Plan is more fully developed. Drawing on the definition of the project developed during conceptual design the IPT expands the Plan to the point that it is complete to the extent possible based on the information available. The Plan is signed off by the IPT (which must include Contracts participation) and is included in the Preliminary Baseline Range Approval (CD-1) package. This approval is also the SAE/PSO approval of the Plan and it becomes direction to the Field Contracting Officer to implement as appropriate.

The Plan will be maintained current by the IPT and subsequent approvals will normally be performed as part of the PEP approvals. However; when significant changes to the Acquisition Strategy effecting the Plan occur between CD cycles, the revision will be concurred in by the IPT and submitted to the cognizant Change Control authority for approval prior to implementation. Adequate lead times must be provided for approval turnarounds to allow for the initiation of proposal and bid packages.

2.3 ACQUISITION STRATEGY

The Acquisition Strategy establishes the framework within which later detailed planning and execution are accomplished. The Strategy describes at the summary level, the process through which the government will acquire capital assets and is required for all major systems. The Strategy process may also be applied to Other Line Item Projects if technical or other factors indicate the early, top-level visibility is warranted. The establishment of the Acquisition Strategy is a responsibility of the Federal government. The unique aspect of the Strategy, that sets it apart from the Acquisition Plan, is its orientation toward the relationship of essential program elements including management, technical requirements, resources, testing, safety, procurement, third party interests, etc. The strategy is to select from the many possibilities, the approach which will best serve the project, Government and ultimately the taxpayer. After approval the Strategy may become an

integral part of, and is the basis for, the Acquisition Plan which in turn may become an element within the PEP. The IPT with concurrence of the SAE/AE will determine the sequencing of the documents in the best interests of the project.

2.4 ACQUISITION PLAN

The Acquisition Plan delineates in ever increasing detail the processes by which the Government and/or its contractors will acquire a system, project or product or portions of such systems. These include many factors and contracting or procurement strategies which must be tailored to the requirements of the procurement including technical capability, cost and schedule for delivery.

The Plan provides a description of the means by which the projects contracting and procurement will be carried out and helps ensure consistency and timeliness in the preparation of contractual execution documents. The Plan then spells out the item to be procured, e.g. A&E services, and the best method for procuring such services. In terms of the service, it may be fixed price or some form of incentive award contract; it may be competitively bid or be a captive contractor already in place. In addition and depending again on a variety of conditions, this contractor may in turn provide contracting services for the Government. It is common practice for the A&E to become the contracting authority for construction and inspection services. Likewise it has been common practice for the M&O/M&I contractor to procure technical or operating equipment since they often possess the skills to make such procurements. Each project's Acquisition Plan specifies the performing organization, DOE or contractor, identified in the Strategy to execute the procurement activity.

The Acquisition Plan outlines the requirement and the recommended solutions as well as the alternatives. This may be very preliminary at the time of CD-0 but will be expanded as the project itself is better defined in Conceptual Design. As this definition matures, so does the strategy which then may be folded into the Acquisition Plan which will be submitted for approval at CD-1 and will be the vehicle for initial contracting actions. If separate Acquisition Strategy and Acquisition Plans are prepared, the acquisitions may not be approved until the Acquisition Strategy has been approved by the Critical Decision authority.

An Acquisition Plan prepared in accordance with Federal Acquisition Regulations (FAR) is required for every project contract or system of project contracting that will be accomplished by direct DOE placement. For contracts that will be placed by the M&O/M&I contractors, the DOE Contracting Officer shall insure that the contractor's procurement system requires a written acquisition plan that is tailored to the requirements and value of the award.

The Acquisition Plan and/or parent PEP will be maintained current throughout the life of the project and will be updated as necessary, usually in support of a CD; however, if intermediate changes are of significant magnitude, the revision may be processed through the Change Control authority after signoff by the IPT.

ELEMENTS OF AN ACQUISITION STRATEGY

The following is a sample format for the development of an Acquisition Strategy:

I. Requirement

- A. Summary Description
- B. Identification of authoritative source documents (e.g., Operational Requirements document (ORD), Acquisition Program Baseline (APB) *)
- C. Status of requirement definition (e.g. not yet complete; complete and current; being revised, etc.)

II. Program Structure

- A. Summary Diagram
- B. Acquisition Phase
 - 1. For Each Phase:
 - a. Name
 - b. What is to be Accomplished
 - 1) Exit Criteria
 - 2) Maturity of system design and system specification at end of phase
 - 3) Other Products of Phase
 - c. Critical Events (e.g., design reviews; tests)
 - 2. Concurrency

III. Risk Assessment

IV. Approach to Managing Program/Project Cost and Performance

- A. Establishing Cost Objectives
- B. Managing Tradeoffs between Cost and Performance
 - 1. Anticipated Evolution of trade space
 - 2. How tradeoffs will be encouraged
 - 3. Government role in Managing or approving Tradeoffs

V. Program Management

- A. General Philosophy and Approach
- B. Responsibilities
- C. Resources
 - 1. Funding
 - 2. Staffing
 - a. Government
 - b. Contractor support
- D. Internal Controls
- E. Tailoring and Streamlining Plans
 - 1. Requests for relief or exemption from requirements
 - 2. Other tailoring or Streamlining Plans

VI. Business and Contracting Strategy

- A. Industry Involvement in the Program/Project to Date
- B. Competition
 - 1. Market Research Conducted and/or Planned
 - 2. Potential Sources
 - 3. Plans for Full and Open Competition
- C. Contracting Strategy
 - 1. Major Contract(s) Planned
 - 2. Contract Structure
 - a. Basic Contract (what it buys; how major deliverable items are defined)
 - b. Options if any
 - 3. Contract Type
 - a. Basis for selection (in terms of FAR Part 16)
 - b. Linkage to program risk assessment

4. Incentives
 - a. Cost Control
 - b. Meeting or exceeding program cost objectives
 - c. Performance
 - d. Other
5. Special Contract Terms and Conditions

D. Component Breakout

VII. Other Important Considerations

ELEMENTS OF ACQUISITION PLAN

The following is a sample format for the development of an Acquisition Plan. For smaller projects and products a tailored approach is used to provide only that information necessary for useful management.

I. ACQUISITION BACKGROUND AND OBJECTIVES

A. Program Description

1. Program Authority and Identification
2. Statement of Need
3. Background
4. Acquisition Alternatives
5. Milestone Chart Depicting the Objectives of the Acquisition
6. Milestones for Updating the Acquisition Plan

B. Applicable conditions

C. Cost

1. Life Cycle Cost
2. Design-to-cost
3. Application of Should Cost
4. Contract Pricing

D. Capability or Performance

E. Delivery or Performance Period Requirements

F. Trade Offs

G. Risks

H. Acquisition Streamlining

II. Plan of Action

- A. Sources
- B. Competition
 - 1. Competition, Component Breakout
 - 2. Competition, Spares and Repair Parts
 - 3. Competition, Subcontracts
 - 4. Multiple Sourcing
- C. Source Selection Procedures
- D. Contracting Considerations
 - 1. Contract Type
 - 2. Warranties
 - 3. Contract Administration/management
- E. Budgeting and Funding
 - 1. Program Funding
 - 2. Contract Funding
- F. Product Descriptions
- G. Priorities, Allocations and Allotments
- H. Contractor Versus Government Performance
- I. Inherently Governmental Functions
- J. Management Information Requirements
- K. Make or Buy
- L. Test and Evaluation
- M. Logistics Considerations
 - 1. Assumptions Concerning Contractor or Agency Support
 - 2. Quality Assurance, Reliability and Maintainability Warranties
 - 3. Requirements for Contractor Data
 - 4. Standardization Concepts
 - 5. Continuous Acquisition and Life cycle and support (CALS)
- N. Government Furnished Property
- O. Government Furnished Information
- P. Environmental Considerations
- Q. Security Considerations
- R. Other considerations
- S. Milestone for the Acquisition cycle
- T. Identification of Participants in Acquisition Plan Preparation

This page is intentionally blank.