

SERVICES ACQUISITION IN THE DEPARTMENT OF DEFENSE: ANALYSIS OF OPERATIONAL AND PERFORMANCE DATA TO IDENTIFY DRIVERS OF SUCCESS

*Uday Apte, Graduate School of Business and Public Policy, Naval Postgraduate School,
555 Dyer Road, Monterey CA 9394, umapte@nps.edu*

Over the last few decades, services acquisition in the Department of Defense (DoD) has continued to increase in terms of both scope of services acquired and the dollars obligated, with the current annual spending reaching over \$200 billion. According to the General Accounting Office (GAO), the poor management of service contracts has undermined the government's ability to obtain a good value for the money spent and has contributed to the GAO's decision to designate management of services contracts as a high-risk area for the Department of Defense (DoD). The DoD has responded to these problems by improving services acquisition in several different ways, but even with these improvements, services acquisition still has problems in the areas of procurement planning, source selection, and contract administration.

We have addressed the need for research in this increasingly important area of services acquisition by completing a series of research projects over the past several years, with the current research focusing on the determinants of contract success. Federal acquisition regulations require agencies to collect contractor past performance information and to make this data available for use in evaluating contractors on negotiated procurements. We are using contractor past performance information as an indicator of a successful contract. If a contractor receives favorable past performance assessment, we consider that the contract was successful. The use of contractor performance information is a critical facet of services acquisition. During the source selection phase of the contract management process, specifically proposal evaluation, the DoD relies on the Past Performance Information Retrieval System (PPIRS) to obtain a contractor's past performance information, which is a required evaluation factor in source selections. Additionally, during the contract closeout phase, specifically after the contract period of performance, the DoD assesses the contractor's performance and reports this assessment in the Contractor Performance Assessment Reporting System (CPARS).

Under sponsorship of the Army Mission and Installation Contracting Command (MICC), we were granted access to the Army CPARS database. In 2014, we accessed that CPARS database to collect contractor performance ratings on 715 completed Army services contracts to determine if the contracts were successful or not successful. Using statistical analysis we investigate whether there exist any relationships between contract variables (type of service, contract dollar value, level of competition, contract type) and contract success based on CPARS ratings (quality of product/service, schedule, cost control, business relations, management of key personnel, and utilization of small business). Our research findings reveal that contract dollar value and level of competition affect the success of a service contract. The findings also reveal that the failure rate in CPARS is lower than expected. We note that as the percentage of 1102 filled billets increased, the contract failure rate decreased. We also observe that as workload dollars per filled billet increased, contractor performance ratings also increased, and thus contract failure ratings decreased. In this paper, we discuss research findings and their managerial implications, and provide recommendations for improving services acquisition in the DoD.