



THE UNDER SECRETARY OF DEFENSE

3010 DEFENSE PENTAGON
WASHINGTON, DC 20301-3010

AUG 21 2014

ACQUISITION,
TECHNOLOGY
AND LOGISTICS

MEMORANDUM FOR: SEE DISTRIBUTION

SUBJECT: Actions to Improve Department of Defense Competition

Competition is the most valuable means we have to motivate industry to deliver effective and efficient solutions for the Department of Defense (DoD). When we create and maintain a competitive environment, we are able to spur innovation, improve quality and performance, and lower costs for the supplies and services we acquire. Over the past four years, the Department has not met its competition goals. In fact, we have experienced a declining competition rate, and we must take action to reverse this trend. Specifically, we will implement the following actions to improve the competitive environment.

First, each quarter we will address progress to expand and improve our use of competition at the Business Senior Integration Group meetings. We will collaborate to understand best practices that have been successfully employed to either achieve direct competition or realize the benefits and effects of indirect competition. To facilitate our analysis, we will be deploying business intelligence tools that enable us to use data to identify opportunities for improvement.

Second, I am issuing the "Guidelines for Creating and Maintaining a Competitive Environment for Supplies and Services in the Department of Defense" (see <http://bbp.dau.mil/>). These guidelines are intended to provoke thought about the various approaches that may be used to competitively fulfill DoD requirements. The techniques and examples should be considered in developing acquisition strategies to tailor an approach that creates and maintains a competitive environment throughout the life cycle of a given product or service. We plan to publish the "DoD Competition Handbook, A Practical Guide for Program Managers" in September 2014. This product will update and expound upon the Defense Systems Management College handbook published in 1984 for program managers, "Establishing Competitive Production Sources." The updated Handbook will provide case studies and examples that address all phases of the weapon system life cycle, including new chapters on technology maturation and risk reduction; engineering, manufacturing and development; and operations and support.

Third, for competitive solicitations in which more than one company expressed interest during the market research phase but only one offer or a lesser number of offers were ultimately received, the contracting officer will seek feedback from those companies who originally expressed interest to understand why they did not submit an offer. We will use this feedback to consider how we might overcome barriers to competition for future requirements.

Fourth, contracting officers will be required to use Requests for Information (RFI) or Sources Sought (SS) notices before soliciting non-competitive acquisitions that cite FAR 6.302-1 – "Only One Responsible Source." The results of this inquiry will be included in

the Justification and Approval (J&A) document. This technique is already used in many instances, but expanded use will inform our ability to maximize use of competitive procedures. In certain limited circumstances, it may be inappropriate or unnecessary to use an RFI or SS notice as a market research method for a particular acquisition; therefore, waivers to this requirement are permitted. The waiver authority is the Head of the Contracting Activity, or designee. The authority may not be delegated lower than a general/flag officer or SES.

Finally, we will amend our procedures for completing non-competitive J&A documents. Current policy already requires that J&As describe actions, if any, the agency may take to remove or overcome barriers to competition for subsequent acquisitions of the same supplies or services. Our policy does not require tracking of such plans or actions taken to remove barriers to competition. As a result, approval authorities may be missing opportunities to learn why non-competitive acquisitions are not overcoming barriers to competition for subsequent acquisitions of the item. To address these missed opportunities, we will require follow-on acquisitions of the same supply or service to include the previous J&A as part of the approval package. To the extent the planned actions cited in the prior J&A were not completed, the subsequent J&A must be approved at one level above the prior J&A. The approving official has the discretion to determine if the planned actions were completed, and J&As approved at the Senior Procurement Executive level will remain at that level.

Given the declining trend in competition in the Department and in light of today's limited resources, we must maximize our use of direct and indirect competition. Every dollar saved through competition benefits the Warfighter and the taxpayers. The aforementioned guidance and requirements will be incorporated in the Defense Acquisition Guidebook and Defense Federal Acquisition Regulation Supplement.

A handwritten signature in black ink, appearing to read 'Frank Kendall', with a long horizontal flourish extending to the right.

Frank Kendall

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