

# Commercial Practices Working Group Acquisition Advisory Panel

## Draft Findings

*These slides contain preliminary working group findings for discussion purposes only. They have not been approved by the Acquisition Advisory Panel.*

# Commercial “Best Practices”

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## *Finding 1:*

Commercial “best practices” include a clear definition of requirements, reliance on competition for pricing and innovative solutions, definite preference for fixed-price contracts (as opposed to time and materials, and cost-based contracts), and use of short-term contracts.

# Commercial Market Competition

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## *Finding 2:*

Commercial buyers rely extensively on competition when acquiring goods and services. Commercial buyers further facilitate competition by defining their requirements in a manner that allow services to be acquired fixed-price in most instances.

# Commercial Contract Terms

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## *Finding 3:*

Commercial buyers generally require sellers to use the buyers' standard terms and conditions. This allows all offerors to compete from a common baseline. The use of standard terms and conditions streamlines the acquisition process, making it easier to compare competing offers, eliminating the need to negotiate individual contract terms, and facilitating contract management.

# Pricing of Commercial Contracts

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## *Finding 4:*

Commercial buyers rely extensively on competition for the pricing of goods and services. They avoid noncompetitive acquisitions whenever possible. Some commercial buyers consider competition so important that they develop new strategic sources for the sole purpose of creating future competition. Most contracts for services are competed on fixed-price basis (*i.e.*, fixed-price or fixed-rate).

# Government's "Commercial" Practices

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## *Finding 5:*

The government has adopted various competitive procedures in buying commercial items and commercial services in an attempt to mirror the commercial marketplace. These procedures facilitate procurements with a constrained acquisition workforce but do not always achieve the same benefits that commercial buyers achieve in the commercial marketplace.

# Government Commercial Market

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## *Finding 6:*

The government market for commercial goods and services does not always reflect the commercial marketplace. In noncompetitive awards, the government does not always benefit from commercial market forces.

# Time and Materials Contracts

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## *Finding 7:*

Commercial buyers avoid the use of time and materials contracts if possible. The federal government makes extensive [*to be quantified*] use of time and materials contracts.