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## THESIS

A UNIVERSAL DICTIONARY OF  
ACQUISITION AND CONTRACTING  
TERMS

by

Jack L. Stern

June 1993

Thesis Advisor: David V. Lamm

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A Universal Dictionary of  
Acquisition and Contracting Terms

by

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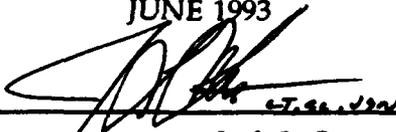
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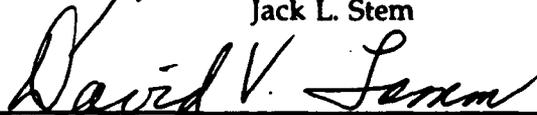
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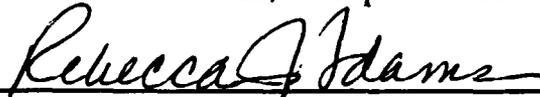


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### ABSTRACT

This thesis is the initial effort to establish a universal dictionary of acquisition and contracting terminology. As a continuation of research initiated by LCDR Daniel Ryan, SC, USN to establish a basis for defining words and terms used in the field of contracting, the fifty terms selected for this thesis were taken from the dictionary of acquisition and contracting terms which is maintained through thesis research conducted within the National Contract Management Association. This work differs from previous research in that it takes the terms from those efforts and attempts to attain, through questionnaire results from four national acquisition and contracting professional associations, a general consensus for commonly held terminology. This research is the initial effort conducted by students at the Naval Postgraduate School, Monterey, California.

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## I. INTRODUCTION

### A. BACKGROUND

This thesis will expand on earlier research studies conducted by students at the Naval Postgraduate School (NPS), Monterey, California, and the Air Force Institute of Technology (AFIT), Wright-Patterson Air Force Base, Dayton, Ohio. Lieutenant Commander Daniel F. Ryan, SC, USN initiated this study as his thesis in 1988, and produced a thesis entitled A Dictionary of Acquisition and Contracting Terms. The purpose of this study, which is supported by the National Contract Management Association (NCMA), is to synthesize and standardize the meaning of the vocabulary used in the acquisition and contracting field by comparing like terms from the different facets of the acquisition and contracting community. The results of this research effort will be used to establish a formalized and uniform vocabulary between the various national acquisition and contracting associations. When the study is completed, the consolidated list of terms and phrases will be published as a universal dictionary of acquisition and contracting terminology.

The assembly and determination of a common language for the national acquisition and contracting community is imperative. In order for the various facets of the Government

and industry acquisition and contracting community to speak a common language, all participants must be using and interpreting terms consistently. No national effort in this regard has been undertaken to date. This research effort utilizes an extremely broad base of previously researched and published definitions, graduate student synthesis, as well as constructive criticism from procurement professionals, in which to develop a common, unified language. With support and input from the National Association of Purchasing Management (NAPM), the American Production and Inventory Control Society (APICS), the National Institute of Governmental Purchasing (NIGP), the National Property Management Association (NPMA) and the National Contract Management Association (NCMA), this research effort has the best opportunity of any previously undertaken effort to meet with the approval of the overall professional procurement community.

The objective of this thesis is to provide a part of that common language by researching definitions and presenting the findings, via questionnaires, to procurement professionals across the nation for clarification and validation. The synthesis of these findings will provide a common base of acquisition and contracting terminology.

## **B. SCOPE AND ASSUMPTIONS**

The scope of this thesis is to develop and synthesize fifty terms utilized by recognized acquisition and contracting associations. The terms studied in this thesis were selected from the Dictionary of Acquisition and Contracting Terminology currently developed and maintained by students at both the NPS and AFIT. All fifty of these terms have been previously subjected to thesis analysis by questionnaire evaluation and synthesis within the National Contract Management Association (NCMA) membership. Consensus was reached for each of these terms. This thesis expands the application of this consensus to the broader national association base of acquisition and contract management. As such, the overall assumption of this thesis is that sufficient agreement on the specific meanings of terms as they apply to the national inter-associational acquisition and contracting community does not exist. In addition, it was assumed that no single authoritative source of acquisition and contracting definitions exists. The consensus method for evaluating and defining acquisition terminology, as was determined by Ryan and the previous researchers, is the most effective method for establishing this common national working base. [Ref. 13:p. 7-8]

## **C. RESEARCH QUESTIONS AND BENEFITS**

Since this is an extension of previous research efforts, similar research questions will be used. The primary research

question studied in this thesis is: To what extent can standard meaning be arrived at between the various working vocabularies currently utilized by national acquisition and contracting professional associations?

The following are supporting subsidiary research questions:

- \* What are the fundamental differences between the terminology used in the various acquisition and contracting associations?
- \* What agreement can be reached between the professionals in the various acquisition and contracting associations?
- \* To what extent should there be a national standard for terminology utilized by the acquisition and contracting corps of professionals?

The primary benefits, as perceived by the researcher and those previously involved in this effort within the NCMA, and the extension of this work to the national plane include:

- \* To move closer to the ultimate goal of developing a comprehensive national contracting dictionary.
- \* In its completed state, this dictionary will be a valuable tool to help train new contracting personnel.
- \* In its completed state, this national dictionary will serve as a valuable, homogeneous reference tool for those in the national acquisition and contracting field. [Ref. 10:p. 3]

#### **D. RESEARCH METHODOLOGY**

The researcher extended the qualitative approach used by previous researchers to include the same review, personal observations, and questionnaire synthesis as well as a committee review by acknowledged acquisition and contracting professionals.

The following methodology was utilized:

1. Select fifty terms from the NCMA's Dictionary of Acquisition and Contracting Terms with an emphasis on homogeneous application to both the Government and industry associations.
2. Prepare five separate questionnaires, each containing ten term definitions.
3. Mail each questionnaire to fifty qualified professionals within NAPM, NIGP, NPMA and APICS for a total of one thousand questionnaires.
4. Analyze questionnaire responses and establish the fundamental similarities and differences.
5. Synthesize and compile the common meanings of inter-association acquisition and contracting terminology.
6. Conduct a review by a committee of recognized acquisition and contracting professionals to determine the validity of syntheses made by the researcher. Members of the committee are Jay Sheba, CPCM and Stephen Zirschky, JD.

7. Establish the initial compilation of terms as the beginnings of a standardized professional vocabulary for use by the national acquisition and contracting community.

The fifty terms selected from the NCMA's Dictionary of Acquisition and Contracting Terminology were:

- \* Amendment
- \* Best and Final Offer (BAFO)
- \* Bidder
- \* Bid Withdrawal
- \* Bill of Lading
- \* Breakeven Analysis
- \* Buyer
- \* Cardinal Change
- \* Commercial Off-the-Shelf
- \* Competitive range
- \* Contingency
- \* Contract, Letter
- \* Cost Objective
- \* Deviation
- \* Dispute
- \* Dual Source
- \* Engineering Change Proposal
- \* Excusable Delay
- \* First Article
- \* "Grass Roots" Estimate

- \* Implied Contract
- \* Incentive Arrangement
- \* Latent Defect
- \* Learning Curve
- \* Market Analysis
- \* Materials Management
- \* Multiple Award
- \* Performance Bond
- \* Not-to-Exceed Price
- \* Offeror
- \* Other than Full and Open Competition
- \* Post-Award
- \* Pre-Award
- \* Pre-Award Survey
- \* Price Competition
- \* Privity of Contract
- \* Profit Analysis
- \* Proprietary data
- \* Prudent Businessman Concept
- \* Qualified Bidders List
- \* Quality Control
- \* Random Sampling
- \* Residual Value
- \* Scope of Work
- \* Statement of Work (SOW)
- \* Termination for Default

- \* Unilateral (modification)
- \* Variable Cost
- \* Value Engineering
- \* Weighted Guidelines

Five separate questionnaires containing ten definitions each were distributed. This is the same procedure that was first utilized by Lieutenant Michael Robinson. [Ref. 10:p. 6] In contrast to previous researchers, Robinson separated the terms in the belief that the fewer the amount of terms per questionnaire the better the response rate. This, in fact, proved to be true. For Robinson, a response rate of 54% was achieved. The aggregate response rate attained in this research was 36%. Individual questionnaire response rates of 39%, 38%, 36%, 32% and 34% were achieved. Although the response rates in this research did not exceed Robinson's, the researcher considered the responses received to be of high caliber with detailed input provided. As such, the researcher considers the questionnaire response more than adequate to complete the research effort.

#### **E. THESIS ORGANIZATION**

The organization of this research effort will be centered on the deficiencies identified by the questionnaire response. This chapter presented an introduction and a brief background of the research effort. It also stressed the need for a uniform national acquisition and contracting vocabulary and

listed the fifty terms which were studied in this research effort as well as the methodology utilized. Chapters II and III will lay out the definition synthesis process and evaluate the results of the questionnaire responses. Chapter II centers on terms deemed, as a result of the questionnaire responses, to be "controversial" by the researcher. The researcher considered a term controversial if more than ten percent of those responding to the questionnaire disagreed with the NCMA definition included in the questionnaire. Chapter III analyzes the remaining terms. Chapter IV contains conclusions, recommendations, answers to the research questions and areas for further research.

## **II. ANALYSIS OF CONTROVERSIAL TERMS**

### **A. INTRODUCTION**

This chapter is the first of two chapters that deal with the results of the questionnaire. The results are divided into two chapters in order to facilitate analysis and follow the format which was established by Ryan and utilized by Brown and other researchers. This chapter contains the ten terms which were considered controversial. The researcher considered a term controversial if more than ten percent of those responding to a particular term on the questionnaire stated that the proposed definition was unacceptable and made either minor revisions or completely revised the proposed definition.

Each subsection of the following two chapters is formatted the same way. Subsection "a" lists the synthesized definition taken from previous thesis work. Subsection "b" lists the results of the questionnaire responses. Subsection "c" offers a proposed definition revision as well as recommended synonyms and antonyms to be included in a dictionary of contracting terms based upon consensus.

## **B. TERM ANALYSIS**

### **1. BIDDER**

#### **a. Synthesized Definition:**

BIDDER: A firm offering to sell goods or services to a buyer in response to a solicitation.

Synonyms: Seller, Proposer.

Antonyms: Buyer.

This definition was taken from a thesis completed in December of 1991 by Jon F. Cotters entitled A Dictionary of Acquisition and Contracting Terms. The definition, based upon thirty seven questionnaire responses, was revised by dropping the general definition found in four sources identified by the researcher.

#### **b. Results:**

Agreement with the synthesized definition was very good (87%) with a significant percentage of respondents providing comments (30%). Fifty five of the seventy nine respondents agreed with the survey definition without comment. Of the remaining twenty four who provided comment, ten disagreed with the definition as presented. The breakdown of those who disagreed with the proposed definition included seven who somewhat disagreed and three who strongly disagreed. There was one complete definition revision and nine significant definition alterations submitted. The following recommendations were submitted:

- \* Use of word "firm" is confusing. Could be a firm offer. Suggest you use "Company or individual qualified to" and amend by adding "... a solicitation by submission of a bid."
- \* No offer is firm until closed.
- \* Use of the word firm can be interpreted to mean company, business, etc. or a bid which is unlikely to change, fixed, etc. (Definition is confusing)
- \* Revise definition to read "One who submits a response to an invitation for bid (IFB)." Bidder generally refers to a respondent to a competitive sealed bid as opposed to an offeror responding to competitive negotiation.
- \* Not selling to buyer. We use only if solicitation was an IFB, not RFP. They are called offerors.
- \* Not all offerors are firms. Individuals such as consultants could respond to a solicitation. Also, I prefer offeror rather than bidder.
- \* A firm offering under an RFP is usually an offeror. Bidder is used when award will be based solely on price. (i.e., IFB)

The terms "firm" and "offering" provided confusion within the context of this definition. The researcher agrees that the use of "firm" should be clarified to include a company or individual. This would preclude the further confusion of interpreting "firm" as "unlikely to change."

Another significant issue here is the use of bidder as a firm that responds to a solicitation. Solicitations include IFBs and RFPs. Generally, the term "bidder" is associated with the IFB process while "offeror" applies to firms which respond to RFPs. However, upon review by the term committee, it was decided that only the revisions applying to "firm" and the issue of qualification would be implemented in deference to national inter-association application.

**C. Proposed definition based on results:**

**BIDDER**

A company or individual qualified to sell goods or services to a buyer in response to a solicitation.

\* **Synonyms:** Seller, proposer.

\* **Antonyms:** Buyer.

**2. BREAKEVEN ANALYSIS**

**a. Synthesized Definition:**

BREAKEVEN ANALYSIS: (1) In a general sense, computing different projected production or sales volume to determine the point at which costs equal revenues.

(2) In a procurement sense, analysis of all potential costs to establish one or more additional sources as compared to the potential savings or benefits received from the establishment of the additional source(s).

Synonyms: None.

Antonyms: None.

The synthesized version of this definition was taken from a thesis completed in June of 1992 by Mark A. Brown entitled A Dictionary of Acquisition and Contracting Terms. The definition, based on thirty responses, was refined slightly by adding "production or sales volume" in place of "production volumes" found in two previously published

definitions researched by LCDR Brown. The unique aspect of this definition was that it addressed both the general and procurement applications of the term. Of the thirty respondents to his questionnaire, six did not concur and, of those six, two disapproved of the second procurement related definition.

**b. Results:**

Of the seventy nine respondents, four (5%) were not familiar with the term. Of these four, two were from APICS and two were from NIGP. Overall, the researcher was surprised by the good inter-association concurrence with the term (88%). Of the seventy five respondents who were familiar with the term, sixty-six concurred with the synthesized definition and nine did not. Fifteen (20%) of the respondents provided comment on this term with the sixty in agreement with the survey definition providing no comment. Of the nine respondents who did not concur with the definition, seven somewhat disagreed and two strongly agreed with the definition provided. Six of these respondents specifically disagreed with the procurement application of the definition. Some of the responses included:

- \* Delete Part 2 of the definition. Change Part 1 to read: "Computing the point at which costs equal revenues."

- \* I don't understand #2 at all in the context of the phrase breakeven analysis. I have never heard it described that way.
- \* Change to read "...point at which total costs equal total revenues."
- \* In definition 1 you are talking about comparing revenue and costs. In definition 2 you are talking about sources. One and two do not compare.
- \* ....a general sense, the act of computing.... In a procurement sense you cannot determine all potential costs.

The results of the questionnaire responses convinced the researcher that two definitions were not appropriate for this term. The common thread in the disagreement with this term was found in the procurement application of the term. It is apparent that those who disagree with this application either are not familiar with the procurement application or are not working in a field that utilizes breakeven analysis in the procurement sense. The 88% concurrence rate indicated general consensus with the exception of points already underlined. Upon review by the term committee, it was decided that the procurement related application restricted the overall usage of the term and provided confusion to some elements of the acquisition and contracting community. Hence, the second application of the

term was dropped in favor of a clarified revision of the general application.

**c. Propose definitions based upon responses:**

**BREAKEVEN ANALYSIS**

The computation of different projected production or sales volumes to determine the point at which costs equal revenues.

\* **Synonyms:** None.

\* **Antonyms:** None.

**3. BUYER**

**a. Synthesized Definition:**

BUYER: (1) As a role or function: An assistant to a purchasing manager or contracting officer, generally responsible for processing bids and conducting negotiations with sellers; normally recommends procurement actions on large dollar procurement actions while having limited authority to award small dollar contracts. (2) As an entity in the buyer-seller relationship: one who buys or contracts to buy goods/services.

Synonyms: Procurement specialist, contract specialist.

Antonyms: Seller.

This definition was taken from a thesis completed in December of 1991 by Jon F. Cotters entitled "A Dictionary of Acquisition and Contracting Terms". The definition synthesis was based upon a review of forty one questionnaire responses and expanded the scope of the original definition derived from five sources by Cotters. Specifically, it expanded the role of the buyer with respect to awarding contracts.

**b. Results:**

Agreement with the synthesized definition was very good (87%) with a significant percentage of the respondents providing comments (38%). Forty one of the seventy nine respondents agreed with the survey definition without comment. Of the thirty who provided comment, ten did not agree with the definition as presented. The breakdown of those who disagreed with the proposed definition included six who somewhat disagreed and four who strongly disagreed. There was one complete definition revision and eight significant definition alterations submitted. The following recommendations were submitted:

- \* Rewrite definition (1) to read: "A person who is responsible for the development of solicitation; obtaining quotes, bids or offers; evaluating proposals, awarding or making recommendations for award of contracts, administering contracts and closing contracts."
- \* Under definition (1) add "under specified dollar amounts" to the end to reflect the law of agency (i.e., specific authority and amount of dollars authorized to contract for).
- \* A buyer has final authority to place orders with suppliers. A buyer is not an assistant to the manager. An assistant is a buyer's clerk.
- \* In definition (1) delete the first word "procurement"

and the second word "actions." Also in definition (1) delete "award small dollar contracts" and replace with "legally bind the organization."

- \* In definition (1) one could receive direction from a higher level position who is not a purchasing manager or contracting officer if in a small organization.
- \* How could a buyer be responsible for large procurements and have limited authority for small procurements. The wording seems backwards.
- \* In definition (1) the buyer also assists purchasing agents.
- \* Buyers who award contracts are called contracting officers - no longer a buyer.
- \* I feel the buyer would have more than limited authority to award small dollar contracts.

The survey results indicate some disagreement with the role of the buyer and his or her authority. Consequently, the definition has been expanded to include the development of solicitations, obtaining of quotes/bids, evaluation and processing of bids and negotiations with sellers. Review by the term committee determined that the second application was not necessary as this role is implicit. Also, the committee recommended that the role or function definition be completely revised to be more in line with the third respondent's remarks.

**c. Proposed definition based upon responses:**

**BUYER:**

A person who is responsible for the development of solicitations; obtaining quotes, bids or offers; evaluating proposals, negotiating, awarding or making recommendations for award of contracts, administering contracts and closing contracts.

- \* **Synonyms:** Procurement specialist, contract specialist.
- \* **Antonyms:** Seller.

**4. CARDINAL CHANGE**

**a. Synthesized Definition:**

**CARDINAL CHANGE:** A change which involves performance outside the scope of the contract.

**Synonyms:** Out-of-scope change.

**Antonyms:** None.

The synthesized version of this definition was taken from a thesis completed in December of 1991 by Russell G. Roe entitled A Dictionary of Acquisition and Contracting Terms. The definition, based on thirty six questionnaire responses, was revised by including "outside" in place of "beyond" in the original definition extracted from six literature sources.

**b. Results:**

The researcher was surprised by lack of recognition of this term with respect to the national acquisition and contracting community. Of the seventy nine responses to the questionnaire, twenty five (32%) had either no knowledge or no recognition of the term. Of these twenty five, fifteen (60%) of the non-recognition responses were received from the National Institute of Governmental

Purchasing, four (16%) were received from the National Association of Purchasing Management, four (16%) were received from the National Property Managers Association, and two (8%) were received from the American Production and Inventory Control Society. The state and local municipality procurement community obviously has not been exposed to this term on a regular basis as evidenced by the lack of recognition of this term by the NIGP respondents.

Of the fifty four respondents who recognized the term, however, agreement was excellent (96%) with only two responses in disagreement with the term. One respondent strongly disagreed and one respondent somewhat disagreed with the questionnaire as presented. Forty six of the fifty four respondents who recognized the comment agreed with the survey definition without comment. The following recommendations were submitted:

- \* We call it a "Scope Change."
- \* Rewrite the definition to read: "A change which is major in nature to the scope of the contract."
- \* Could be within or outside scope of the contract - should be defined as "Any major change to the terms or conditions of the contract no matter what source or reason."

Based on the high concurrence (96%) of those who recognized the term, the researcher can find no reason to alter the definition as published. The term committee

concurred with the researcher's assessment. It is interesting to the researcher that the state and local municipalities have had little or no exposure to the term.

**c. Proposed definition based upon responses:**

**CARDINAL CHANGE**

A change which involves performance outside the scope of the contract.

\* **Synonyms:** *Out-of-scope change.*

\* **Antonyms:** *None.*

**5. DEVIATION**

**a. Synthesized definition:**

DEVIATION: A specific written authorization to a contractor, granted prior to or during the manufacture of an item or the performance of a service, to depart from a particular performance or design requirement of a contract, specification or a referenced document for a specific number of units or a specific period of time.  
Synonyms: Alteration, Departure.  
Antonyms: None.

The synthesized version of this definition was taken from a thesis completed in December of 1991 by Jon F. Cotters entitled A Dictionary of Acquisition and Contracting Terms. This definition was based on forty one questionnaire responses. Basically, the term was expanded, from the original definition synthesized from five literature sources, to include departures authorized after production has begun and to include services within the application of the term.

**b. Results:**

The synthesized definition resulted in a very high degree of agreement (88%), with 34% of the respondents

providing comment. Of the seventy six respondents, four (5%) strongly disagreed and five (7%) somewhat disagreed with the questionnaire definition. Fifty of the seventy six respondents agreed to the synthesized definition without comment while sixteen agreed with comment. Comments received included:

- \* Introduces another term already covered in practice by the term "Change Order."
- \* This is also used in bidding phase - prior to formation of contract and performance. It appears you described an "authorized written deviation."
- \* We do not use the term as an authorization, but rather as a description of a characteristic of the item or in a request to furnish an item not conforming to requested standards.
- \* A change order is generally called an addendum when changed prior to shipment or completion of the contract.
- \* A deviation is not an authorization. It is an aberration from a pre-defined standard or specification.
- \* A deviation may occur with or without authorization. Perhaps "Deviation Authorization" or "Notice" is a more accurate phrase for the definition.
- \* Should include vendor delivery of substitute material.

The comments correctly point out that a deviation may or may not be authorized. It is the written deviation authorization itself that allows for the deviation. Consequently, the researcher has changed the term from "Deviation" to "Deviation Authorization" and slightly clarified the definition. "Addendum" was correctly identified as a synonym by one of the respondents. The term committee agreed with the researcher's assessment with the sole exception of striking the word "written" to provide for a broader application to the national acquisition and contracting community.

**c. Proposed definition based upon responses:**

**DEVIATION**

*A specific authorization granted to a contractor, prior to or during the manufacture of an item or the performance of a service, to depart from a particular performance or design requirement of a contract, specification or referenced document for a specific number of units or a specific period of time.*

\* **SYNONYMS:** *Departure, Addendum, Deviation Authorization.*

\* **ANTONYMS:** *None.*

**6. FIRST ARTICLE**

**a. Synthesized definition:**

**FIRST ARTICLE:** A model unit, lot, or sample manufactured under normal production conditions either before or during the initial stages of contract production, which is used to test for contract conformance.

**SYNONYMS:** Preproduction sample, initial production sample, test sample, first lot, pilot model, pilot lot.

**ANTONYMS:** None.

This definition was taken from a thesis completed in December of 1991 by Russell G. Roe entitled A Dictionary of Acquisition and Contracting Terms. Based on forty two questionnaire responses, Roe's definition expanded the original synthesized definition, based on several literature sources, to include the requirement that first articles be produced in a normal production environment.

**b. Results:**

Concurrence with the synthesized definition was excellent with sixty eight (89%) of the seventy six respondents in agreement. Two (3%) of the respondents, (one from APICS and one from NIGP), did not recognize the term while fifty three (70%) of the respondents agreed without comment. Twenty one (27%) of the respondents provided comment on this definition. Seven respondents did not agree with the published definition with two in strong disagreement and five somewhat in disagreement with the term. Comments received included:

- \* First article can be at any point of development or production.
- \* Suggest "Prototype" instead.
- \* We call these "Production Samples." It gives us a benchmark for production quality in lieu of a prototype.
- \* How would the term "Prototype" fit in here?
- \* Change end of definition to read: "...to test for conformance to specification." "Contract conformance"

is broader than the spectrum dealt with by first article submission. "Conformance to spec." is more accurate. Synonym - Initial Sample Inspection.

- \* Add "...and is to be representative of what will be produced in future units."

The researcher agrees that the phrase "Contract conformance" is too broad when applied to the term first article. "Conformance to contract specifications" will replace this phrase to clarify the definition. The researcher also believes that the definition should address the expectation that future units should be represented by the quality and production techniques applied to the first article. The definition has been changed to reflect these points and to clarify the overall meaning. The term committee agreed with the researcher's findings.

**c. Proposed definition based upon responses:**

**FIRST ARTICLE**

*A model unit, lot, or sample manufactured under normal production conditions either before or during the initial stages of contract production, which is used to test for conformance to contract specifications and is representative of what will be produced in future units.*

- \* **Synonyms:** *Preproduction sample, initial production sample, test sample, first lot, pilot model, pilot lot.*
- \* **Antonyms:** *None.*

**7. GRASS ROOTS ESTIMATE**

**a. Synthesized Definition:**

"GRASS ROOTS" ESTIMATE: A top-level estimate developed by collecting and combining estimates from functional

organizations within a company or agency for a specific statement of work or task. An airframe grass roots estimate, for example, would be costed at the manufacturing, engineering, quality control, tooling and material levels. Usually developed by a combination of many estimating methods and techniques, including manloading, engineering standards, and actual cost data. The underlying assumption of the grass roots methodology is that future costs for a system can be accurately predicted based on historical costs of that system.

SYNONYMS: Engineering estimate, engineering build-up, detailed estimate.

ANTONYMS: Direct estimate, ROM (rough order of magnitude) estimate.

The synthesized definition was extracted from a thesis completed in September of 1992 by Michael J. Cushing and Mary R. Spalding entitled Defining Contract Terms. Of the eighty two respondents, fourteen (17%) were unfamiliar with the term. In their thesis, the researchers attributed the high rate of unfamiliarity to the fact that "grass roots" estimate is a pricing term and a large percentage of their respondent pool did not list pricing as a primary expertise. Overall, only fifty three percent of the respondents agreed with the proposed definition. The overriding disagreement seemed to lie with the use of "top level" in the first sentence. The essence of the argument is that a "grass roots" estimate is actually an aggregate of bottom-up estimates from the functional organizations. Other respondents simply disagreed with the premise and disliked the use of jargon.

**b. Results:**

The researcher was pleased by the agreement with the term (89%). Of the seventy six respondents, only four

(5%) disagreed with the survey definition. Of these four, only one strongly disagreed while three somewhat disagreed with the term. Fifty four respondents agreed to the term without comment while eighteen (24%) provided comment. Surprisingly, only four (5%) of the respondents did not recognize the term. Of the four, three were from APICS and one was from NIGP. This was in direct contrast to the Cushing/Spalding thesis results in which fourteen percent of the respondents failed to recognize the term. [Ref 5:p. 64] It was rather surprising to the researcher that three of the four who were not familiar with the term were from APICS. Comments received included:

- \* Words "Grass Roots" totally misses mark for technical documents.
- \* The term "Grass Roots" has too many additional meanings, such as grass roots support in the political arena. A better term may be "Developmental Estimate."
- \* Some concern relating to accurate prediction of cost at completion.
- \* Recommended synonym: "Preliminary Estimates."
- \* Add after "...tooling and material levels" "with appropriate allowances for manufacturing/General & Administrative overheads and learning curve."
- \* Rewrite...sounds like rough estimate.
- \* Can you build in a contingency for increased future inflation during production.

- \* Replace "...manufacturing, engineering, quality control, tooling and material levels." with "...product design, manufacturing process and material stages."

The researcher was surprised with the level of agreement with the term. Of the seventy four respondents who recognized the term, sixty eight (92%) agreed with the definition. Overall, the researcher can find no reason to significantly alter the synthesized definition based on the questionnaire results. The example, found in the second sentence of the definition, has been clarified to reflect some of the questionnaire comments. Also, the synonym "Developmental Estimate" has been added. The thesis committee is in concurrence with the researcher's findings.

**c. Proposed definition based upon responses:**

**"GRASS ROOTS" ESTIMATE**

A top-level estimate developed by collecting and combining estimates from functional organizations within a company or agency for a specific statement of work or task. An airframe grass roots estimate, for example, would be costed at the product design, manufacturing, engineering, tooling, quality control and material levels with appropriate application of manufacturing/general and administrative overhead and the learning curve. Usually, developed by a combination of many estimating methods and techniques, including manloading, engineering standards, and actual cost data. The underlying assumption of the grass roots methodology is that future costs for a system can be accurately predicted based on historical costs of that system and applied indexing of inflation.

- \* **Synonyms:** Engineering estimate, developmental estimate, engineering build-up, detailed estimate.
- \* **Antonyms:** Direct estimate, ROM (rough order of magnitude) estimate.

## **8. MATERIALS MANAGEMENT**

### **a. Synthesized definition:**

**MATERIALS MANAGEMENT:** An integrated management approach to the complete life cycle of an item's material flow from the raw material state to the finished product state.

**SYNONYMS:** None.

**ANTONYMS:** None.

The synthesized definition, extracted from a thesis completed in December of 1989 entitled A Dictionary of Acquisition and Contracting Terms by Daniel Lee Downs, was based on thirty seven responses. The nine comments received from the response basically had no change effect on the original definition extracted from the literature sources.

### **b. Results:**

Agreement with the synthesized definition was very good (88%) with a significant percentage (44%) providing comments. Forty of the seventy one respondents agreed with the survey definition without comment. Eight of the respondents somewhat disagreed with the survey definition while no one strongly disagreed. The source of disagreement with this term lies with its limited scope and the use of the term "life cycle" with respect to the materials management process. Comments included:

- \* Conflicts with the GAAP rules. Should be better defined.
- \* Replace second half of definition to read, "...an item's material flow from the purchase of the raw material to the finished product state."

- \* Life cycle has nothing to do with the manufacturing of a product. Materials management includes managing the complete processing/manufacturing planning of a product by overseeing purchasing, production, and inventory control.
- \* It also includes functions beyond the manufactured state such as traffic, shipping, receiving, warehousing, inventory control, and material purchasing and control. Need to think beyond the manufacturer level.
- \* First, Materials Management is an organizational structure/philosophy! Second, It does not deal with a life cycle but the flow of your material. It does not always control or monitor the flow of material when it is in the manufacturing process or operation.
- \* Should mention something about procurement of material.
- \* The statement should be modified to include product disposal.
- \* Definition is too narrow. Does not address inventory strategy, etc.
- \* Embraces all functions of acquisition, standards and quality control, and surplus property management.
- \* Include pre production life including vendor selection/purchasing.
- \* Should include some reference to anticipating, planning or forecasting future requirements.

The researcher was impressed with the quality of comments presented in the responses. Overall, there is concern by the respondents that the scope of this definition is too narrow. The researcher agrees that the purchasing strategy and overall management coordination of all processes in the flow of materials from the raw state to product disposal should be clarified in the definition. In addition, the researcher agrees that the term "life cycle" can easily be confused or misinterpreted within the context of materials management. As such, this phrase was removed. The thesis committee concurred with the researcher's findings and made only one clarifying revision to the researcher's proposed definition.

**c. Proposed definition base upon responses:**

**MATERIALS MANAGEMENT**

*An integrated management philosophy which plans the acquisition strategy and flow of material from the raw material state to final product delivery or disposal.*

\* **Synonyms:** None.

\* **Antonyms:** None.

**9. VALUE ENGINEERING**

**a. Synthesized Definition:**

Value Engineering: An organized effort concerned with the elimination or modification of anything that contributes to the acquisition, operation or support cost of an item or task but which improves or maintains needed performance, quality, maintainability, reliability or interchangeability.

SYNONYMS: Value analysis.

ANTONYMS: None.

The synthesized definition was taken from a thesis completed in September of 1989 by John E. Cannaday entitled Determination of Baseline Definitions for Contracting Words and Phrases. Approximately sixty eight percent of the respondents agreed with his initial synthesized definition based on three sources of literature. The main alteration made to this definition was to underscore the VE reduction in cost premise as well as the enhancement of capability within systems.

**b. Results:**

Agreement with the synthesized definition was very good (87%) with twenty (29%) of the respondents providing comment. Nine (13%) of the respondents disagreed with the questionnaire definition. Of those who disagreed, six strongly disagreed and three somewhat disagreed with the definition. Forty nine of the sixty nine respondents agreed with the survey definition without comment. The primary complaint with the synthesized definition was that it was too verbose. Comments received include:

- \* Too long. Strike the last half of the definition.
- \* Rewrite definition to read: "A disciplined approach to the elimination of waste from products or processes through an investigative process that focuses on the function(s) to be performed and whether such function adds value". Def. taken from APICS dictionary.

- \* Too wordy and confusing. Needs to be rewritten to simplify. Replace with: "An organized procedure which eliminates or reduces the cost of an item or task without reducing or improving needed performance".
- \* Much too vague - where does the value come in? Specify value.
- \* Change to read: " Any change that reduces the total cost of a deliverable that meets specification requirements, or improves the performance characteristics without any increase in total cost."
- \* Add phrasing "elimination of non-value added steps throughout the process."
- \* The above definition is a paragraph too long.

The researcher considered the respondent comments on this definition to be of very high quality. The researcher also agrees that, although the definition covers the topic, it can be simplified. The overwhelming majority of respondents who provided comment said that the definition was too wordy or vague. The researcher has simplified the definition to enhance the overall readability with the concurrence of the term committee.

***c. Proposed definition based upon responses:***

**VALUE ENGINEERING**

*The organized approach to the elimination or reduction of the cost of an item or task which maintains or improves its required performance, quality, maintainability, reliability or interchangeability.*

**Synonyms:** Value analysis.

**Antonyms:** None.

## 10. WEIGHTED GUIDELINES

### a. *Synthesized Definition:*

WEIGHTED GUIDELINES: A structured approach for developing profit or fee negotiation objectives that provides consideration of the relative value of performance risk, contract type risk, and facilities capital employed.

SYNONYMS: None.

ANTONYMS: None.

The synthesized definition was taken from a thesis completed in September of 1989 by John E. Cannaday entitled Determination of Baseline Definitions for Contracting Words and Phrases. Only fifty six percent of the respondents to his questionnaire agreed with the definition. The primary disagreement with his synthesized definition was a failure to address risk within the context of weighted guidelines. Another comment challenged the phrase "ensures consideration of the relative value" primarily because objectives are set by management and not by weighted guidelines. Consequently, the above definition reflects these alterations.

### b. *Results:*

Overall, the agreement with the synthesized definition was good (86%) with only nine of the sixty nine respondents disagreeing with the term. Six respondents strongly disagreed and three somewhat disagreed with the term definition. One respondent did not recognize the term while

fifty two respondents agreed with the term without comment. The respondent who failed to recognize the term was from NAPM. Sixteen respondents (23%) provided comment on the questionnaire definition. Of those who strongly disagreed with the term, the overriding concern was the applicability of this term to their area of expertise. Comments received included:

- \* "Weighted Guidelines" apply to a lot of different disciplines as well as many with contracts. Maybe it should be termed "Profit or Fee Negotiation Weighted Guidelines."
- \* Cannot apply this approach to industrial procurement. We solicit bids from suppliers based on set guidelines and/or specifications, select the supplier on total value - cost, delivery, quality, etc. The price paid need not be the lowest price. We pay premiums for delivery and/or quality.
- \* What are you trying to say. This makes no sense.
- \* This opens a door better left closed. It is the beginnings of monopoly and hints of protecting some vendors. Let your vendor determine these things as outlined in his quote.
- \* Again, too wordy and confusing. This only provides more work for lawyers.
- \* This may be a good definition, but to me it is the kind of jargon that doesn't add anything. Why not

publish guidelines with verbiage describing how to evaluate risk?

The comments of those who disagreed with the questionnaire definition reflect familiarity with the term but also reflect a lack of practical understanding as it is applied in the acquisition sense. It is obvious that some elements of industry do not agree or apply weighted guidelines to vendor purchases. The researcher, with consent from the term committee, made only minor alterations to the synthesized definition to improve clarity.

**c. Proposed definition based upon responses:**

**WEIGHTED GUIDELINES**

*A structured approach for developing profit or fee negotiation objectives that provides for consideration of the relative values of performance risk, contract type risk, and facilities capital employed.*

**Synonyms:** None.

**Antonyms:** None.

**C. SUMMARY**

This chapter included a discussion of the definition synthesis process, data collection and analysis, as well as the proposed revised definitions for the ten controversial terms included in this research. A summary of all the proposed definitions along with synonyms and antonyms can be found in Appendix B. The following chapter will present the remaining forty terms in the same manner.

### **III. ANALYSIS OF REMAINING TERMS**

#### **A. INTRODUCTION**

This chapter is the second of two chapters that deal with the results of the questionnaire. The terms in this chapter represent the remaining forty terms which were not covered in the previous chapter. These terms produced a consensus among the questionnaire respondents, in that at least ninety percent of those responding to each term either strongly agreed with the definition as written or somewhat agreed with minor revisions. The revisions that the researcher made as a result of the questionnaires and the recommendations of the board of recognized acquisition and contracting specialists were made to further refine the definition. Therefore, they did not alter the consensus because the basic meanings of the proposed synthesized definitions were not changed.

The format remains unchanged from the previous chapter. Subsection "a" identifies and evaluates the source of the initial synthesized definition. Subsection "b" examines the results of the questionnaire, including selected input from respondents concerning the synthesized definitions. Subsection "c" offers a proposed definition based on the responses as well as recommended synonyms and antonyms.

## **B. TERM ANALYSIS**

### **1. AMENDMENT**

#### **a. Synthesized definition:**

AMENDMENT: (1) A revision or change to correct, clarify, or add to an existing document. (2) In Government contracting it is an instrument used to correct, clarify, or add to a solicitation document.

Synonyms: Revision, alteration, correction.

Antonyms: None.

The synthesized definition was pulled from a thesis entitled A Dictionary of Acquisition and Contracting Terms completed in December of 1990 by Michael W. Robinson. Based on fifty seven respondents, the synthesized definition accommodated the comments by addressing both the general and Government contracting applications of the term. As such, this definition is more encompassing than the original single application definition. Also, the more generic term "solicitation" replaced "invitation for bid."

#### **b. Results:**

Of the seventy nine respondents, only seven (9%) disagreed with the synthesized definition. Of the seventy two respondents who agreed with the definition, sixty one agreed without comment. Eighteen (23%) of the respondents provided comment on the term. Some of the comments included:

- \* I think a better word for bid document revision is addendum.

- \* The word "add" on the 2nd definition should be changed. An amendment corrects, clarifies or changes. It can also delete therefore add is the wrong word here.
- \* We use "addendum" to correct a solicitation document not yet awarded and an "amendment" to an existing contract in force.
- \* Government is too broad; there is vast difference between Federal and state/local government. Suggest use "Federal system." Addendum is the word most frequently used in our system.
- \* I somewhat disagree with definition (2). An amendment to a solicitation is made by an "addendum" instrument.
- \* We use the word "change order" to keep the contract addition or deletions in numerical order.

Five of the seven respondents who disagreed with the questionnaire definition were from NIGP. It is apparent to the researcher that "addendum" is the term used in this arena and that it should be distinguished within the definition that, in the Government application, the term is addressing the Federal system. Overall, there were twelve comments from NIGP respondents who took issue with some or all of the definition. The use of "addendum" to address changes prior to contract award and "amendment" to address post award changes clearly set the state and local municipality contracting community in a unique position. In all, the 91% approval of the definition dictated only minor changes in the

synthesized definition. The term committee concurred with the researcher with the exception of removing a contrasting illustration in the second application of the definition.

*c. Proposed definition based upon responses:*

**AMENDMENT**

(1) A revision or change to correct, clarify, or add to an existing document.

(2) In Federal contracting it is an instrument used to correct, clarify, or add/subtract to a solicitation document.

\* **Synonyms:** Revision, alteration, correction, addendum.

\* **Antonyms:** None.

**2. BEST AND FINAL OFFER**

*a. Synthesized definition:*

**BEST AND FINAL OFFER:** An offeror's final revised proposal submission which should reflect the offeror's best and most favorable terms to the Government. Such a proposal is submitted after the conclusion of meaningful written and oral discussions, negotiations, and in response to a contracting officer's request for such offer by a common cut off date, by all contractors in the competitive range.

**Synonyms:** None.

**Antonyms:** None.

This definition was taken from a thesis completed in September of 1990 entitled Dictionary of Contracting and Acquisition Terms Related to the Pre-Award Phase of Contracting by Randal G. Indvik. This definition was based on thirty nine questionnaire responses. Only four respondents disagreed with Indvik's original definition.

*b. Results:*

Of the seventy nine respondents, seventy six (96%) agreed with the synthesized definition. Only three

respondents disagreed with the term definition. Two respondents somewhat disagreed and one strongly disagreed with the presented definition. Twelve respondents (15%) provided comment. Comments included:

- \* BAFO not acceptable - Offer always open for negotiation until agreement is concluded and accepted by both parties.
- \* Meaningful is a subjective word. I would delete it and it does not change the intent.
- \* BAFO does not have to be a revision - could be only one submission.
- \* I'm not sure what is meant by "common" cut off date.

The high level of agreement with this term indicates that no significant changes are warranted. The researcher, with concurrence of the term committee, revised the definition to make it more applicable to the overall acquisition and contracting community. As such, "contractor" was replaced with "offeror" and "Government" was replaced with "buyer." In addition, as was correctly pointed out in the comments, the revised definition underscores the point that it is the offeror's most recent proposal. This revised definition incorporates these changes and the recommendations of the respondents in order to clarify the meaning.

**c. Proposed definition based upon responses:**

**BEST AND FINAL OFFER**

An offeror's most recent proposal, made after the conclusion of competitive range negotiations/discussions, which reflects the offerors best and most favorable terms to the buyer.

\* Synonyms: None.

\* Antonyms: None.

**3. BID WITHDRAWAL**

**a. Synthesized definition:**

**BID WITHDRAWAL:** The act of removing a bid (by the bidder) from the buyer's consideration.

Synonyms: None.

Antonyms: None.

The synthesized term was taken from a thesis completed in September of 1991 entitled Defining Contract Terms by Stephanie Shelley. Based on eighty two respondents, the questionnaire definition resulted in an eighty seven percent agreement rate. The basic thrust of the comments were to clarify who was removing the bid. Shelley revised the definition to reflect this clarification.

**b. Results:**

The inter-association concurrence with this term was outstanding (99%). Only one respondent somewhat disagreed with this definition with only six (7%) providing comment. Seventy three (92%) strongly agreed with the survey definition without comment. Comments included:

\* Buyer should be Government.

\* Include "offeror."

- \* Replace "removing" with either "retracting" or "withdrawing."
- \* Rewrite definition to read: "An overt action by the bidder to remove his bid from the buyer's consideration."
- \* Should add to the definition the context of time.

The researcher agrees with the respondent from NAPM who underlines that the action is overt. Also, the researcher believes that the context of time should be included. Since a bid withdrawal is not allowed, by law, after bid opening, the researcher believes that this element should be included. The term committee agreed with the researcher's revisions on this term.

**c. Proposed definition based upon responses:**

**BID WITHDRAWAL**

*An overt action by the bidder to remove a bid from the buyer's consideration prior to bid opening.*

- \* **Synonyms:** None.
- \* **Antonyms:** None.

**4. BILL OF LADING**

**a. Synthesized definition:**

**BILL OF LADING:** A written receipt or contract specifying the terms under which a carrier agrees to transport and deliver goods to a designated person or consignee for compensation based upon conditions stated therein.

Synonyms: Manifest.  
Antonyms: None.

This definition was researched and synthesized in a thesis entitled A Dictionary of Acquisition and Contracting

Terms completed in June of 1992 by Mark A. Brown. Based on thirty responses, Brown attained an 83% concurrence rate with his synthesized literature definition taken from eight published definitions. Brown basically refined the definition, as a result of the responses, to make it more readable.

**b. Results:**

Ninety one percent of the seventy nine respondents concurred with the synthesized definition, either without comment or with minor changes. All seven (9%) of the individuals who somewhat disagreed with the definition made only minor revisions to the definition. No one strongly disagreed with the questionnaire definition. Seventeen (21%) of the respondents provided comment on the definition. Two respondents disagreed with the use of "or" in the first sentence indicating that a bill of lading should serve as both a receipt and contract. Comments received included:

- \* Add to the definition: "and the nature of the goods to be transported."
- \* I don't think it's an "either/or" document. I think it is both.
- \* The bill of lading is both the receipt for the goods to be transported as well as the contract specifying the terms. The use of the word "or" is objected to as is the vagueness relative to what the bill is a receipt for.

- \* The term "receipt" is probably not appropriate in this case.
- \* Bills of lading that I came in contact with were silent as to compensation.
- \* Not necessarily a contract. Only a receipt for goods shipped and delivery instructions. Bills of lading often have no rates or delivery schedules included.
- \* I would look for more detail in the definition. BOL should indicate who pays freight charges, indicate weight, number of pieces and a brief description of the goods.
- \* A bill of lading should also list the goods.

The researcher feels that the comments are correct in identifying a distinction a difference between a receipt and a contract in the case of bill of lading. Accordingly, the researcher has altered the first sentence to expand its use. The high concurrence percentage combined with other recommended revisions that did not change the general meaning of the term indicated that only clarifying revisions were required. The term committee was in agreement with the researcher.

**c. Proposed definition based upon responses:**

**BILL OF LADING**

*A written receipt and/or contract specifying the terms under which a carrier agrees to transport and deliver goods to a designated person or consignee for compensation based upon conditions and descriptions stated therein.*

\* **Synonyms:** Manifest.

\* **Antonyms:** None.

## **5. COMMERCIAL OFF-THE-SHELF**

### **a. Synthesized definition:**

COMMERCIAL OFF-THE-SHELF: Existing items (either supplies or services) that are sold or traded to the general public in the course of normal business operations at prices based on catalog or market prices, and at most require minor modifications to meet the requirements of the procuring agency.

Synonyms: Non-development item.

Antonyms: Development item.

The synthesized definition was taken from a thesis completed in September of 1992 entitled Defining Contract Terms by Michael J. Cushing and Mary R. Spalding. The thesis basically concluded that the definitions of "commercial product" and "commercial-type product" better address the subject and that further research should be completed in this area. Of the seventy eight respondents sixty one (79%) of the respondents agreed with the synthesized literature definition based on four sources.

### **b. Results:**

Seventy three (92%) of the seventy nine respondents agreed with the questionnaire definition. Of the six respondents who disagreed with the definition, five somewhat disagreed and one strongly disagreed. Twelve (15%) of the respondents provided comment while sixty seven agreed to the definition without comment. Two comments specifically

stated that inclusion of services in the context of commercial off-the-shelf was incorrect. Comments included:

- \* Definition should read: "Low cost items procured on a repetitive, ongoing basis that can be obtained via a blanket purchase order or term contract.
- \* Change definition to read: "Products or services that are sold or traded to the general public in the course of normal business operations and may require minor modifications to meet the requirements of the procuring agency."
- \* "Readily available, normally stocked items or services" are not necessarily sold to general public and at not necessarily published prices.
- \* Clarify last portion of definition to read: "... and which meet at least the minimum requirements of the procuring agency."
- \* Off the shelf means no changes. No services should be considered off-the-shelf.
- \* Would not include services - would not allow even minor modifications.
- \* Why talk about modifications? Don't encourage that practice.

The researcher was surprised by the excellent concurrence with the questionnaire. Of the dissenting comments, two disagreed with the commercial off-the-shelf application to "services" and three disagreed with the term

"modification." Slight modifications may be required in the use of commercial off-the-shelf products in order to comply with minimal state or Federal regulations or specifications. In addition, some commercial services are within the context of the commercial off-the-shelf application. As such, the researcher, based on the high concurrence rate of the questionnaire responses and evaluation of the term committee, made only clarifying revisions to the term definition.

**c. Proposed definition based upon responses:**

**COMMERCIAL OFF-THE-SHELF**

*Existing goods or services that are sold or traded to the general public in the course of normal business operations at prices based on catalog or market prices, and at most require minor modifications to meet the requirements of the procuring agency.*

\* **Synonyms:** *Non-development items.*

\* **Antonyms:** *Development items.*

**6. COMPETITIVE RANGE**

**a. Synthesized definition:**

COMPETITIVE RANGE: The offers which meet, or through discussions can be revised to meet, the requirements of a solicitation and have a reasonable chance of being selected for award as determined by an evaluation of technical, management, cost/price considerations, and other factors stated in the solicitation.

Synonyms: None.

Antonyms: None.

This definition has been analyzed in two separate theses. The first was a thesis completed in September of 1989 entitled Determination of Baseline Definitions for Contracting Words and Phrases by John E. Cannaday. The literature review definition, based on the responses, was modified by deleting

"minimum" before the word "requirements" and by adding "reasonable chance of being selected for award." The second thesis, entitled A Dictionary of Acquisition and Contracting Terms completed in December of 1992 by Marco Furfuro and George Omechevarria, clarified the definition further and added "or through discussions can be revised to meet."

**b. Results:**

Seventy five (95%) of the seventy nine respondents agreed with the questionnaire definition. Only one respondent strongly disagreed while two somewhat disagreed with the definition. Interestingly, all three of these respondents were members of NIGP. In addition, the only respondent to not recognize the term was from NIGP. Six of the nine respondents providing comment were from NIGP. It is obvious to the researcher that state and local municipalities either have a different interpretation or they are altogether unfamiliar with the term. Sixty nine (87%) of the respondents agreed with the definition without comment. Some of these comments include:

- \* I assume that this is the way the Government-services choose their bidders. We, as a State agency (WVA) cannot "choose" our vendors. We must advertise for bids over \$5,000.00 and have to take any vendor who "requests" bidding documents.
- \* The word proposal should be inserted. There is no competitive range on a straight bid request.

- \* In this situation, you are discussing an RFP in which price should be one of the stated factors for consideration of award and thereby can be ranked by the evaluation committee along with any other factors set forth in the RFP.
- \* Revising of bids is not acceptable, unless 2 step bidding is the method being used. See NIGP manuals.
- \* Delete everything after "selected".

The researcher was surprised by the degree of inter-association concurrence with the term. Even with the few dissenters from NIGP, agreement was excellent. Consequently, with the concurrence of the term committee, the researcher made no revisions to the definition.

**c. Proposed definition based upon responses:**

**COMPETITIVE RANGE**

*The offers which meet, or through discussions can be revised to meet, the requirements of a solicitation and have a reasonable chance of being selected for award as determined by an evaluation of technical, management, cost/price considerations, and other factors stated in the solicitation.*

\* **Synonyms:** None.

\* **Antonyms:** None.

**7. CONTINGENCY**

**a. Synthesized definition:**

**CONTINGENCY:** A possible future event or condition arising from presently known, unknown, or suspected causes which may impact such contractual items as cost, schedule, quantity, or other contract elements.

Synonyms: None.

Antonyms: None.

The synthesized definition was taken from a thesis completed in December of 1991 entitled A Dictionary of Acquisition and Contracting Terms by Russell G. Roe. Of the thirty six respondents, twenty seven (75%) agreed with the questionnaire definition. Roe revised the synthesized literature definition to include the specific contractual items which could be impacted because of a contingency.

**b. Results:**

The researcher was astounded at the one hundred percent agreement with the questionnaire definition. Of the seventy six respondents, sixty (79%) agreed without comment while sixteen (21%) agreed with comment. Three comments indicated that the term "presently known" should be deleted from the definition. There were also two comments indicating that quality should be addressed specifically in the contract elements. Comments received on "contingency" include:

- \* This term does not only apply to contractual items or elements. Very narrow application.
- \* If the event or condition were known it would become a budgetary concern - not a matter for contingency.
- \* Should include the concept of risk and risk analysis.
- \* Replace the first half of the definition with: "An event that may occur but is not likely or intended which may impact..."
- \* Since this term is used widely, your definition limits

it to contract use. I suggest you delete the "contract" words.

- \* Strike "presently known, unknown, or suspected" and replace with "incidental."
- \* Delete "known."
- \* Add quality to elements.
- \* Add "quality" as a contract element.
- \* Remove words "presently known." Presently known events or conditions should be addressed under "allowance."

The researcher agrees that additional contract elements should be listed in the definition. However, the researcher does not agree with the comments that suggest that known causes do not impact future contingencies. The researcher also believes that the contracting application of this term should remain as is since it is the purpose of this and other thesis research to develop a broad based dictionary of acquisition and contracting terminology. As such, the researcher made only minor revisions to the synthesized definition with the concurrence of the term committee.

**c. Proposed definition based upon responses:**

**CONTINGENCY**

*A possible future event or condition arising from presently known, unknown, or suspected causes which may impact such contractual items as cost, risk, schedule, quantity, quality, performance, or other contract elements.*

- \* **Synonyms:** None.
- \* **Antonyms:** None.

## **8. LETTER CONTRACT**

### **a. Synthesized definition:**

LETTER CONTRACT: A written preliminary contractual instrument that authorizes the immediate commencement of activity under its terms and conditions, pending negotiation and definitization of contractual details including the pricing arrangement for the work to be done. It must specify the maximum financial liability of the buyer and be superseded by a definitive contract within a specified time. In Government contracting it is generally not used except when a written determination is made by the head of the contracting activity that no other type of contract is suitable.

Synonyms: None.

Antonyms: None.

This definition was taken from a thesis completed in December of 1990 entitled A Dictionary of Acquisition and Contracting Terms by Michael W. Robinson. Forty one (80%) of the fifty one respondents concurred with the synthesized literature definition. Of the twenty six respondents who provided comment, ten disagreed and sixteen concurred with minor revisions. The overriding area of dissent was the amplifying portion of the definition. Robinson made only minor revisions to the literature definition.

### **b. Results:**

Of the seventy six respondents, seventy (92%) agreed with the synthesized definition while three (4%) disagreed and three (4%) did not recognize the term. All three of the individuals who did not recognize the term were from NIGP. None of the individuals disagreed strongly with the definition. A strong twenty nine (38%) of the respondents

provided comment on the term with twenty six of these revisions. Most of the comments were directed at the last sentence of the definition which discusses the Government application of the term. The comments received were varied and included:

- \* The first sentence is fine. Correct last sentence to explain that this letter is only temporary and that a formal contract will follow.
- \* Replace "financial liability" in second sentence with "obligation."
- \* I am not involved in "Federal" procurement. From a "state and local" contracting basis, this definition fits nothing at all that I'm aware of. It sounds like a "letter of intent."
- \* This might be better defined as a "letter of intent." Then contractor can proceed, but with risk.
- \* "Definitization" is not a word. Replace with "conclusion."
- \* Simply call it a "letter contract."
- \* A better term may be "Contract Notification". The word "letter" can connote informality.
- \* Definition is OK. Letter of Intent, Notice of Conditional Award, Notice to Proceed are other possible terms.
- \* Revise last sentence to read : "...is often used to expedite commencement of tasks to be done."

- \* "generally not used" is a fairly strong statement. In these days of cost cutting it is becoming more prevalent. Synonym - "technical direction."
- \* The word "preliminary" indicates that this is more like a letter of intent rather than an actual contract.
- \* Last sentence is confusing. Is it a letter to proceed or a contract?

The researcher was impressed with the quality and diversity of the comments received. Almost all of the comments received from NIGP indicated the preference for the use of "letter of intent." State and local municipality contracting do not utilize "letter contract" on a regular basis. The researcher concurs that the last sentence of the definition is a bit confusing. "No other type" should be clarified to underline urgency or time considerations. The researcher also agrees that, while those within NCMA are familiar with the term "definitized", it should be replaced for the broader national community. Other comments received did not alter the meaning or direction of the term. Minor clarifying revisions, other than those listed above, were made by the researcher with the concurrence of the term committee. The committee did recommend the deletion of the synonym "Letter of Intent" in that this document does not constitute a contract but an intention.

**c. Proposed definition based upon responses:**

**LETTER CONTRACT**

A written contractual instrument that authorizes the commencement of activity under its terms and conditions, pending negotiation and clarification of contractual details including the pricing arrangement for the work to be done. It must specify the maximum financial liability of the buyer and be superseded by a definitive contract within a specified time. In Government contracting it is used when a written determination is made by the head of the contracting activity that time constraints or urgency indicates that no other type of contract is suitable.

- \* **Synonyms:** Letter agreement, authority to proceed.
- \* **Antonyms:** Definitized contract.

**9. COST OBJECTIVE**

**a. Synthesized definition:**

COST OBJECTIVE: (1) A function, organizational subdivision, contract, or other work unit for which cost data is desired and for which provision is made to accumulate and measure the cost of processes, products, capitalized projects, and so forth. (2) Cost goal established for the completion of an element of work. (3) Goal established for contract cost to be achieved during contract negotiations.  
Synonyms: Cost center, cost goal, target cost.  
Antonyms: None.

The synthesized definition was taken from a thesis completed in December of 1991 entitled A Dictionary of Acquisition and Contracting Terms by Russell G. Roe. Twenty eight (78%) of the thirty six respondents agreed with the synthesized literature definition taken from seven sources. Based on the comments received, Roe divided the definition into three areas; contract or division of work, cost goal for element of work, and contract cost goal for negotiations.

**b. Results:**

Seventy (92%) of the seventy six respondents agreed with the questionnaire definition. Of the six who disagreed, three strongly disagreed and three somewhat disagreed. Seventeen (22%) of the respondents provided comment with fifty nine respondents agreeing without comment. All but four of the comments were directed at the first definition. Specifically, the respondents addressed the issues of clarity, application and lack of understanding. Comments received included:

- \* #1 appears totally unrelated to the subject at hand. Cost goal or target cost or budget limit seem to more useful terms.
- \* #1 very poor. #'s 2 and 3 OK.
- \* 2 and 3 are fine. 1 is too obtuse or hard to understand.
- \* Agree with 2 & 3. Item 1 is somewhat vague however.
- \* Interesting definition of a project budget- Perhaps an ideal price to be achieved.
- \* Strike definition 1.
- \* I strongly agree with definitions 2&3 but am completely unfamiliar with how it is applied here to #1.
- \* Delete "organizational subdivision, contract, or other work unit."

The researcher was surprised by the inter-association agreement with the term definition. There were,

however, an obvious majority of comments that objected to the first application of the definition. The researcher agrees that definition one should be clarified and simplified for better understanding. Definitions two and three showed unanimous agreement and therefore will not be revised. The term committee recommended the deletion of "function or work unit" for replacement with "contract or other division of work." The proposed definition represents the term committee recommendations and those of the respondents as articulated by the researcher.

**c. Proposed definition based upon responses:**

**COST OBJECTIVE**

(1) A contract or other division of work for which cost data are desired and for which provision is made to accumulate and measure the applicable costs of processes, products, etc.

(2) Cost goal established for the completion of an element of work.

(3) Goal established for contract cost to be achieved during contract negotiations.

\* **Synonyms:** Cost goal, cost center, target cost.

\* **Antonyms:** None.

**10. DISPUTE**

**a. Synthesized definition:**

**DISPUTE:** A conflict of claims or rights, or an assertion of a right, claim, or demand on one side which 1) is met by contrary claims or allegations on the other side and 2) cannot be resolved through informal discussions and negotiations.

**Synonyms:** Conflict, controversy.

**Antonyms:** None.

The synthesized definition was taken from a thesis completed in September of 1990 entitled Defining Acquisition

and Contracting Terms Associated with Contract Administration  
by Laureli Mazik Moyle. This synthesized literature definition was based on six sources and narrowed in scope, in response to the questionnaire responses, to include only the contract dispute application. Since this thesis is concerned with both the commercial and Federal application of the term, the researcher has decided to utilize Moyle's synthesized literature search definition to arrive at inter-association consensus. Based on sixty nine responses, fifty six (82%) of the respondents agreed with Moyle's questionnaire definition. The main point of contention, with those who disagreed, was the distinction between commercial and Federal dispute resolution. Particularly, the disputes clause requirement in Federal contracts which provides for a statutory dispute resolution mechanism, (as a result of the Contract Disputes Act of 1978), and the lack of any such mechanism in commercial contracting.

**b. Results:**

Agreement with the questionnaire definition was excellent with seventy two (95%) of the seventy six respondents in concurrence. Of the four respondents who disagreed, no one disagreed strongly. Sixteen (21%) of the respondents provided comment while sixty agreed to the questionnaire definition without comment. There was excellent overall agreement with the definition. The majority of

comments addressed the second portion of the definition and the wording "cannot be resolved." Comments received included:

- \* Replace "claims or rights" in the first sentence with "position." Delete the #2 application of the definition.
- \* In commercial world a dispute or disagreement can be resolved through negotiations, informal discussions or arbitration.
- \* Dispute is a conflict and has nothing to do with the process of resolution of issues.
- \* Number 2 is not necessary. A dispute is a dispute until it is resolved.
- \* Delete "cannot" in the second definition and replace with "has not been."
- \* The ability to resolve the dispute, either formally or informally, should have no bearing on the definition. Usually a well written contract will have a clause defining the resolution process.
- \* It may not be that the conflict "cannot" be resolved through routine activities, but is "unresolved through informal discussions and negotiations."

The researcher was somewhat surprised by the excellent agreement with the literature definition. The inter-association agreement was, in all, a consensus. The researcher agrees that the word "unresolved" should replace the word "cannot" in the second definition. Also, the researcher believes that the word "arbitration" should not be

included with "informal discussions and negotiations" because arbitration is a form of dispute resolution in which both sides agree to the decision outcome. It is not the same as informal discussion or negotiation. Dispute resolution takes the form of Boards of Contract Appeals, U.S. Claims Court or various forms of arbitration. The researcher believes that this aspect should be generally described in the definition, as it was in Moyle's synthesized definition, without specific Government or commercial reference. The term committee, for clarification sake, recommended the deletion of the second half of the definition altogether. The researcher made this revision and consolidated the definition for better national inter-association application.

**c. Proposed definition based upon responses:**

**DISPUTE**

*A conflict of claims or rights and/or disagreements concerning the position, legal rights, claims or demands between contracting parties.*

\* **Synonyms:** *Conflict.*

\* **Antonyms:** *None.*

**11. DUAL SOURCE**

**a. Synthesized definition:**

DUAL SOURCE: Two independent contractors intentionally developed to produce similar or identical components or end items in order to foster competition and/or enhance the industrial base.

Synonyms: None.

Antonyms: None.

The synthesized definition was taken from a thesis completed in December of 1991 entitled A Dictionary of

Acquisition and Contracting Terms by Russell G. Roe. Thirty two (76%) of the forty two respondents agreed with the synthesized literature definition. Roe expanded this definition, based on the responses, to underline that the development of the additional source is an intentional move designed to foster competition or enhance the industrial base.

**b. Results:**

The researcher was surprised by the excellent inter-association agreement with the synthesized definition. Seventy two (95%) of the seventy six respondents agreed with the synthesized definition while only four somewhat disagreed. Twenty three (30%) of the respondents provided comment while fifty three agreed to the definition without comment. Two areas were identified in the comments as needing revision. A majority of those who provided comment took issue with the use of the term "intentionally" in the first sentence. Some indicated that it should be deleted while others indicated that existing sources may already be there and not need developing. The second area identified in the comments was the utilization of the term industrial base. Many of the respondents indicated that terms should be deleted and replaced with some sort of terminology that indicates the need for material or services availability. The researcher was perplexed by this line of logic since industrial base development implies the availability of goods and services. Comments included:

- \* "intentionally developed" implies that you select the contractors without competition.
- \* The contractors may or may not be "intentionally developed."
- \* Add after "to produce", "or capable of producing."
- \* Delete "intentionally."
- \* Two or more independent contractors...intentionally developed or existing in the marketplace to produce...
- \* It may not be intentional.
- \* Need to define contractors. I would replace with "vendors", especially with manufacturers. They don't always consider themselves as contractors.
- \* Add to the end of the definition : "and/or ensure availability of components or end items."
- \* The wording after the term "end items" is opinion.
- \* In the municipal arena multiple sources are desirable.
- \* Change term to address multiple sourcing and delete "intentionally developed."
- \* Add "or to ensure the availability of a critical component or service."

The researcher was impressed with the comments received and the overall inter-association agreement. The researcher also believes that the use of the term "intentional" should remain because the effort to develop a second source to provide competition and/or future availability of goods and service is, by definition,

intentional. To accommodate the respondents, the researcher will include the phrase "or already existing" to underline that sources may already exist but may not have been discovered or utilized. The term committee also recommended this revision to broaden the application of the definition. The second area of concern, with respect to the comments, centered around the use of the term industrial base. The researcher also believes that this term should remain. The health of the industrial base implies the availability of goods and services therein. The researcher, citing the high level of agreement with the term, made only minor clarifying revisions to the definition other than those already discussed.

**c. Proposed definition based on responses:**

**DUAL SOURCE**

*Two or more independent contractors, intentionally developed or already existing, which are capable of producing similar or identical components or end items in order to foster competition, ensure availability of goods or services and/or enhance the industrial base.*

\* **Synonyms:** None.

\* **Antonyms:** None.

**12. ENGINEERING CHANGE PROPOSAL**

**a. Synthesized definition:**

**ENGINEERING CHANGE PROPOSAL:** A document which proposes a change in the physical or functional characteristics of a system or item. It requires revision to contract specifications or engineering drawings, if accepted by the buyer. It includes both a proposed engineering change and its documentation.

**Synonyms:** Class I change, value engineering change proposal.

Antonyms: Class II change.

The synthesized definition was taken from a thesis completed in December of 1989 entitled A Dictionary of Acquisition and Contracting Terms by Daniel Lee Downs. Downs achieved a good consensus based on the questionnaire responses. The term "if accepted by the buyer" was added to reflect that no revision would be required on an engineering change proposal that was not accepted. In addition, Downs deleted the phrase "by which the change is described and suggested" to clarify meaning.

**b. Results:**

The researcher was impressed by the outstanding national agreement achieved on this term. Seventy five (99%) of the seventy six respondents agreed with the questionnaire definition. Only one individual somewhat disagreed with the definition as presented. Thirteen (17%) of the respondents provided comment with sixty three (83%) in agreement with the term without comment. There were no significant changes proposed in the comments. Comments included:

- \* Why limit change to buyer and not seller. Last line should also include cost evaluation on imports.
- \* Just another form of contract modification.
- \* The term "proposal for change" may be more definitive. Use of the word "engineering" sounds limiting.
- \* Change that proposes form, fit or fundamental revision to specification or engineering.

- \* Form, fit or function and reliability.
- \* A document including a proposed engineering change and its documentation to change a physical or functional characteristic of a system or item. If accepted by the buyer, revisions to contract specifications or engineering drawings are required.
- \* Most companies buyers have little say in ultimate implementation of ECP. Final decision rests with ECP committee.
- \* ECPs can and are used after award of contract to make required engineering changes without changing drawings until multiple changes are incorporated in one revision.

The researcher could find no reason to alter the synthesized definition. The comments suggest only minor changes, most of which are unique to the various national acquisition and contracting disciplines. The researcher has deleted Class I and Class II as a synonym and antonym comparison because these are simply variances of engineering changes and not opposites. As a whole, the ninety nine percent consensus with the definition indicates that there is general understanding of the definition as written. With the concurrence of the term committee, the researcher made only clarifying revisions to the synthesized definition.

**c. Proposed definition based upon responses:**

**ENGINEERING CHANGE PROPOSAL**

A document which proposes a change in the physical or functional characteristics of a system or item. If accepted by the buyer, it requires revision to contract specifications or engineering drawings and includes both a proposed engineering change and its documentation.

- \* **Synonyms:** Value engineering change proposal.
- \* **Antonyms:** None.

**13. EXCUSABLE DELAY**

**a. Synthesized definition:**

EXCUSABLE DELAY: An unforeseeable event which inhibits contract performance and arises from causes beyond the control and without the fault or negligence of the contractor. A determination that such an event is excusable normally protects the contractor from penalties and termination for default.

Synonyms: Force majeure.

Antonyms: Unexcusable delay.

The synthesized definition was taken from a thesis completed in December of 1991 entitled A Dictionary of Acquisition and Contracting Terms by Russell G. Roe. Thirty seven (88%) of the forty two respondents agreed with Roe's synthesized literature search definition. Only minor clarifying revisions were made to the literature search definition.

**b. Results:**

Sixty nine (91%) of the seventy six respondents agreed with the questionnaire definition. Of the seven respondents who disagreed, three disagreed strongly and four somewhat disagreed. Eighteen (24%) of the respondents

provided comment with fifty eight agreeing to the definition without comment. There was no specific center for disagreement in the definition. Most of the comments added or deleted a word in such a manner as not to change the overall meaning of the definition. Comments received include:

- \* The most common term for circumstances beyond one's control is "force majeure". The circumstance is such that non-fulfillment of the contract is excusable.
- \* Delete the terms "unforeseeable" and "beyond the control."
- \* Agree if delay is verifiable and permitted in the contract language.
- \* Leaves a lot of room. Whether contractor informed the customer or not in time or reacted.
- \* Justified delay would be my preference.
- \* Excusable delay could be a result of either party.
- \* I do not do "penalties"; I do invoke "liquidated damages" and they are different.
- \* Add after event "as determined by the contracting agency."
- \* Event may or may not be foreseeable.
- \* Generally the term "acts of God" is used, (i.e., floods, storms, etc.).

The researcher was pleased with the agreement on this definition. The national acquisition and contracting community has, in general, embraced this definition as a

consensus. Most of the comments reflected only minor or non-dynamic revisions. In short, the researcher and the term committee consider the definition presented to provide an excellent coverage of the topic as it applies to all of the national disciplines. Only clarifying revisions were made to the synthesized definition.

**c. Proposed definition based upon responses:**

**EXCUSABLE DELAY**

*An unforeseeable event which inhibits contract performance and arises from causes beyond the control and without the fault or negligence of the contractor. Such a determination normally protects the contractor from penalties, liquidated damages and termination for default.*

- \* **Synonyms:** Force majeure.
- \* **Antonyms:** Unexcusable delay.

**14. IMPLIED CONTRACT**

**a. Synthesized definition:**

**IMPLIED CONTRACT:** A bilateral understanding evidenced by the implicit agreement of the parties. Contract formation is inferred by law, as a matter of reason and justice from the acts or conduct of the parties involved. The surrounding circumstances imply that a contract existed between the affected parties.  
Synonyms: Verbal agreement, verbal contract, implied agreement.  
Antonyms: Expressed contract.

The synthesized definition was taken from a thesis completed in December of 1990 entitled A Dictionary of Acquisition and Contracting Terms by Michael W. Robinson. Forty two (82%) of the fifty one respondents agreed with the synthesized literature search definition. Based on the recurring respondent comments which challenged that implied

contracts were not binding in Government contracting, Robinson deleted this discussion from the literature definition amplifying remarks. This did not, however, alter the basic thrust of meaning within the definition.

**b. Results:**

National agreement on the term was outstanding. Sixty nine (97%) of the seventy one respondents agreed with the definition. Fifteen agreed with minor modification while fifty four agreed to the definition without comment. Overall, seventeen (24%) of the respondents provided comment. Of the only two respondents who disagreed with the survey definition, one strongly disagreed and one somewhat disagreed. There was no recurring theme to the comments provided. Some of the individuals indicated that the definition was too "legal" in nature. Comments provided include:

- \* The agreement does not have to be implicit, however, it cannot be so general that a contract is implied by "surrounding" circumstances.
- \* I prefer the term "intent" to "implicit agreement" and although this definition addresses actions (or "acts") I feel this is the key action and reliance on the agent.
- \* Do I assume that it is a valid contract (e.g., includes all six elements to create a binding contract) and is considered legal by the courts?
- \* Replace "surrounding circumstances" with "Historical and

existing circumstances."

- \* Too "legal." Same statement could be made which doesn't look like one is trying to hide or elude some point.
- \* Delete the middle sentence. It is gibberish.
- \* In the implied contract, the contractual relationship results from acts of the parties which indicate an intent to create a contract even though they have failed to express themselves either orally or in writing on the matter.

Several of the comments were helpful in clarifying the definition. However, citing the ninety seven percent consensus achieved on this definition, the researcher was hesitant to modify the definition drastically. The researcher believed that the issue of valid contract should be introduced into the definition. The term committee considered this revision and decided that this would only provide for further confusion as to what constitutes a valid contract. As such, the committee recommended the use of "bilateral agreement" and the deletion of the remainder of the first sentence in order to provide for broad based understanding. The researcher has revised the definition to reflect this change.

**c. Proposed definition based upon responses:**

**IMPLIED CONTRACT**

*A bilateral understanding whereby contract formation is inferred by law, as a matter of reason and justice from the acts or conduct of the parties involved. The surrounding circumstances imply that a contract exists between the affected parties.*

- \* **Synonyms:** Verbal agreement, verbal contract, implied agreement.
- \* **Antonyms:** Expressed contract.

## 15. INCENTIVE ARRANGEMENT

### a. Synthesized definition:

INCENTIVE ARRANGEMENT: A contract structure which is intended to financially motivate the seller, through the use of a profit/fee adjustment formula, to emphasize particular aspects of the overall contract (e.g. cost control, accelerated delivery, quality or technical improvements). This approach utilizes objective measurement (as opposed to subjective measurement as is used under an "award fee" approach) for calculating the amount of incentive to be received.

Synonyms: None.

Antonyms: None.

The synthesized definition was taken from a thesis completed in September of 1992 entitled An Analysis of Contracting Terms: Expanding the Body of Knowledge Within the Contract Management Profession by Marilyn J. Bayless and John H. Padgett. Sixty three (84%) of the seventy five respondents agreed with the synthesized literature search definition. As a result of the comments, Bayless and Padgett expanded the literature definition by expanding the intent and methods of incentive arrangement and by defining objective and subjective measures for establishing a basis for measurement.

### b. Results:

Concurrence with the synthesized definition was outstanding. Sixty nine (97%) of the seventy one respondents agreed with the definition while only two disagreed. Only twelve (14%) of the respondents provided comment with fifty

nine agreeing to the definition without comment. Of the two respondents who disagreed, one somewhat disagreed and one strongly disagreed. There were no major issues brought out by the comments. The addition of non dynamic revisions were the main thrust. Comments received include:

- \* The term incentive arrangement should include both the objective and subjective arrangements. Other terms should be used to differentiate between them. (i.e., "Objective Incentive" or "Subjective Incentive.")
- \* Could also be applied to buyer for price concessions based on quantities purchased throughout the contract term.
- \* I agree with the first part but I think you could be more specific in explaining this incentive amount or leave it off altogether.
- \* Should include "in no event shall permit final price or fee to exceed the maximum price or fee stated in the contract."
- \* ...and usually establishes a ceiling or maximum amount of incentive to be received.
- \* Replace "cost control" with "cost reductions or price reductions."

The researcher was impressed with the quality of comments received and the degree of concurrence achieved in the survey. The researcher agrees that the issue of maximum price or fee ceiling should be addressed in the definition.

Other than that, the ninety seven percent agreement indicates that only some possible clarifying revisions are required. The term review committee recommended the deletion of "accelerated" for delivery since acceleration of delivery is not incentivized and, in most cases, not desired. Also, the committee recommended the deletion of the discussion of subjective measurement for brevity sake. It is not the purpose of this research to expand definitions to apply to every unique aspect of the national acquisition and contracting community, but rather to find some plane of consensus within that realm. As such, the researcher implemented only the revisions recommended by the term committee.

**c. Proposed definition based upon responses:**

**INCENTIVE ARRANGEMENT**

*A contract structure which is intended to financially motivate the seller to emphasize particular aspects of the overall contract (e.g., cost control, delivery, quality or technical improvements). This approach utilizes objective measurement for calculating the amount of incentive to be received based on a maximum profit/fee.*

\* **Synonyms:** None.

\* **Antonyms:** None.

**16. LATENT DEFECT**

**a. Synthesized definition:**

**LATENT DEFECT:** A defect in a good or item that existed at the time of buyer acceptance, but was not discovered by reasonable inspection.

Synonyms: Concealed defect, hidden defect, dormant defect.

Antonyms: Patent defect, obvious defect.

The synthesized definition was taken from a thesis completed in December of 1991 entitled A Dictionary of Acquisition and Contracting Terms by Jon F. Cotters. Thirty (79%) of the thirty eight respondents agreed with the synthesized literature search definition. Comments received centered on the issues of receipt, acceptance and "reasonable inspection". Cotters incorporated these aspects into the synthesized definition and basically combined the Government and general applications of the term in one homogeneous definition.

**b. Results:**

Agreement with the questionnaire definition was outstanding. Seventy (99%) of the seventy one respondents were in concurrence. Only one respondent disagreed with the definition as presented. Sixteen (22%) of the seventy one respondents provided comment while fifty five agreed with the questionnaire definition without comment. Three of the comments recommended the use of "delivery" rather than "buyer acceptance." Other comments were minor in nature and did not alter the overall meaning of the definition. Comments received included:

- \* There is no such thing as a latent defect in the private business world. The level of inspection is determined by both parties. It's either accepted or rejected.

- \* Add: "under the circumstances of the particular contract."
- \* You should define "reasonable inspection." Example: 100% inspection of the entire lot or an acceptable random inspection.
- \* The defect does not have to "exist" at the time of acceptance.
- \* I think that it is a defect that must have been present at the time of "delivery."
- \* Replace "buyer acceptance" with "delivery."
- \* Insert "inherent" before defect.
- \* Replace "buyer acceptance" with "delivery."

The researcher was surprised by the high level of acceptance with the synthesized definition. Based on the literature search conducted by Cotters, the researcher agrees that the word "delivery" should replace "buyer acceptance." Many firms have a receiving area where goods await inspection. A latent defect would have to have existed at the time of delivery and not been the result of conditions within the receiving/staging area. The term review committee, however, believed that this change could provide confusion to some elements of the acquisition and contracting community and recommended that the change reflect acceptance or delivery. The researcher, based on the ninety nine percent concurrence rate, made no other revisions to the definition other than the revision underlined above.

**c. Proposed definition based upon responses:**

**LATENT DEFECT**

A defect in a good or item that existed at the time of acceptance or delivery, but was not discovered by reasonable inspection.

**Synonyms:** Concealed defect, hidden defect, dormant defect.

**Antonyms:** Patent defect, obvious defect.

**17. LEARNING CURVE**

**a. Synthesized definition:**

LEARNING CURVE: A quantitative method for projecting resource requirements, typically expressed as labor hours or material quantities, based on the observation that as an effort is repetitively performed there is a constant percentage decrease in the resources required.

**Synonyms:** Improvement curve, experience curve, learner's curve.

**Antonyms:** None.

The synthesized definition as taken from a thesis completed in June of 1992 entitled A Dictionary of Acquisition and Contracting Terms by Mark A. Brown. Thirty (83%) of the thirty six respondents agreed with the synthesized literature search definition. Brown revised the literature definition by replacing "graphic representation of a mathematical calculation" with "quantitative method" to expand the use to other methods of development. Brown also simplified and clarified the overall meaning.

**b. Results:**

Agreement with the survey definition was excellent. Sixty seven (94%) of the seventy one respondents were in concurrence. Twenty three (32%) somewhat agreed with

while forty two (59%) strongly agreed with the definition without comment. Only four respondents disagreed with the questionnaire definition. Three strongly disagreed and one somewhat disagreed with the definition as presented. A surprising twenty nine (41%) respondents provided comment. The focus of these comments centered on the use of the word "constant" within the definition. The argument is basically that the decrease is not a constant in that it does not go on forever but levels off at a certain production level. Some of the comments included:

- \* There is not a "constant" decrease. It's a curve which levels off after the learning phase. Your definition implies prices should keep dropping indefinitely without considering labor and materials.
- \* Repetition does not necessarily decrease resources required.
- \* Delete "for projecting resource requirements, typically expressed as labor hours or material quantities."
- \* Replace "constant" with "predictable" and end the definition with "...to a certain level of production."
- \* Technically correct but I would like to see this definition refer to "productivity." A common concept in manufacturing and economics.
- \* Good definition but does not have to be quantitative.

It may be subjective.

- \* The percentage decrease doesn't go on forever. The big improvements are in the early stage. Therefore the statement should include some time reference.
- \* Quantification is not always specific. Also, the % decrease is not constant.
- \* I have a problem with the word quantitative. It implies an arithmetically calculated answer to a question that cannot truly be defined with mathematics. It always requires some qualitative analysis.
- \* Redefine as: "A growth curve used to project requirements, labor or material, during successive periods of operation; the reduction in time and material accrued after repeated production runs."

The researcher was surprised with the quality and quantity of responses received. The researcher does not agree with the respondents who objected that the use of "constant" should be revised within the context of the definition. The learning curve, by definition, applies to a constant percentage decrease and not a constant cost decrease. It is here, the researcher feels, that there is some obvious confusion by the respondents. Also, the researcher believes that the term "qualitative" should be added to reflect the opinions of those respondents who correctly pointed out the relevance of subjective and/or qualitative analysis when

projecting resource requirements based on the learning curve. The term committee recommended, for clarity sake, the deletion of both "quantitative" and "qualitative". The above comments were considered when revising the definition.

**c. Proposed definition based upon responses:**

**LEARNING CURVE**

*A method for projecting resource requirements, typically expressed as labor hours or material quantities, based upon the observation that as an effort is repetitively performed there is a constant percentage decrease in the resources required based upon the level of production and experience.*

\* **Synonyms:** *Improvement curve, experience curve, learner's curve.*

\* **Antonyms:** *None.*

**18. MARKET ANALYSIS**

**a. Synthesized definition:**

**MARKET ANALYSIS:** Analysis which measures the extent and nature of a market and determines its characteristics (e.g. product availability, market alternatives, prices, trends).  
Synonyms: Market research, market survey.  
Antonyms: None.

This definition was taken from a thesis completed in December of 1989 entitled A Dictionary of Acquisition and Contracting Terms by Daniel Lee Downs. Twenty nine (85%) of the respondents agreed with the synthesized literature search definition and only eight individuals provided comment. Based on these comments, Downs made only clarifying revisions to the literature definition.

**b. Results:**

Overall agreement with this definition was extremely high with sixty eight (96%) of the seventy one respondents in concurrence. The two individuals who disagreed only somewhat disagreed with the questionnaire definition. Only ten (14%) of the respondents provided comment while an amazing sixty one (86%) of the respondents agreed with the definition without comment. There was no clear line of consistency within the comments. There were two comments which desired a more specific definition. Comments received included:

- \* In this case the definition is simple but not very effective. Quantitative and qualitative issues relative to both goods and services are not clarified much by this definition.
- \* The two words are very broad. I believe a MA needs to show the specific purpose. (I may be wrong here)
- \* Should also include examination of need and desire for product.
- \* Other factors relate to geographic region, local economic environment.
- \* Should read: " An attempt to ascertain whether qualified sources capable of satisfying the Government's requirement exist."

The researcher was astounded at the agreement with this term. An obvious inter-association consensus has been

reached. Comments basically eluded to specifications of the synthesized definition. The researcher and the term committee can see no reason to modify the synthesized definition.

**c. Proposed definition based upon responses:**

**MARKET ANALYSIS**

*Analysis which measures the extent and nature of a market and determines its characteristics (e.g., product availability, market alternatives, prices, trends).*

\* **Synonyms:** Market research, market survey.

\* **Antonyms:** None.

**19. MULTIPLE AWARD**

**a. Synthesized definition:**

**MULTIPLE AWARD:** Contracts awarded to more than one supplier from a single bid or solicitation. Awards are made for the same or comparable generic types of items or services at various prices where the award to a single supplier would be impractical, fail to satisfy the total contract requirement or would not support the industrial base or future requirements for competition.

Synonyms: Split award.

Antonyms: Single award.

This definition was taken from a thesis completed in June of 1992 entitled A Dictionary of Acquisition and Contracting Terms by Mark A. Brown. Thirty one (86%) of the thirty six respondents agreed with the synthesized literature search definition. Sixteen (44%) of the respondents provided comment. The comments received centered on the areas of a multiple award being made from a single solicitation or bid and that maintaining competition or the supplier base could be a reason for multiple award. Brown incorporated these aspects into the synthesized definition.

**b. Results:**

Agreement with the questionnaire definition was excellent. Sixty eight (96%) of the seventy one respondents agreed with the definition. Two respondents somewhat disagreed with the questionnaire definition. Only ten (14%) of the respondents provided comment while sixty one (86%) agreed to the definition without comment. There was no single area of concentration for the comments. Comments received include:

- \* Cannot have multiple contractors from a single bid. Supplier implies material, may be services. Reward to more than one offeror from a single solicitation. Do not understand "for competition"-delete.
- \* Delete, "...or would not support the industrial base, or future requirements for competition."
- \* Isn't your first sentence adequate?
- \* I am not sure - but I think compliance to meeting small business, minority owned establishment should be included.
- \* We often use multiple awards in service contracts to promote competition, on an ongoing basis, between service providers. (i.e., we have three travel agencies under contract.) This is a public university.
- \* Replace "bid or solicitation" with "requirement."

The researcher was surprised with the degree of agreement achieved. The comments, although of high quality,

identify no specific area that would alter the meaning of the definition. The researcher believes that the synthesized definition achieves a national consensus. The term committee correctly identified the use of "bid" in the definition as incorrect. The proper term would have been "invitation for bid." The committee recommended the sole use of the term "solicitation" as a broader application.

**c. Proposed definition based upon responses:**

**MULTIPLE AWARD**

Contracts awarded to more than one supplier from a single solicitation. Awards are made for the same or comparable generic types of items or services at various prices where the award to a single supplier would be impractical, fail to satisfy the total contract requirement or would not support the industrial base or future requirements for competition.

\* **Synonyms:** Split award.

\* **Antonyms:** Single award.

**20. PERFORMANCE BOND**

**a. Synthesized definition:**

PERFORMANCE BOND: A financial guarantee indemnifying the the buyer, executed in connection with a contract, which secures the performance and fulfillment of the contractor's obligations under the contract.

Synonyms: Surety bond.

Antonyms: None.

The synthesized definition was taken from a thesis completed in June of 1992 entitled A Dictionary of Acquisition and Contracting Terms by Mark A. Brown. Twenty one (91%) of the twenty three NCMA respondents agreed with the synthesized literature definition based on three sources. Based on the comments received, Brown deleted "bid bond" as a synonym,

identified a performance bond as securing performance and reflected the concept of "financial indemnification" in the definition. The synthesized definition reflects these changes.

**b. Results:**

Agreement was excellent for this term. Sixty eight (96%) of the seventy one respondents concurred with the questionnaire definition. Three individuals somewhat disagreed with the definition. Sixty one (86%) of the respondents agreed with the definition without comment while only ten (14%) provided comment. The comments concentrated on the issue of "securing" versus "guaranteeing" or "assuring" payment of a contractor's obligation which indemnifies a buyer via a third party (commercial firm or SBA guarantee). The comments received included:

- \* Delete "indemnifying the buyer" and replace "secure" with "insures."
- \* Does not secure performance as such, but assures payment for any losses.
- \* Indemnification of the buyer is weak in this case. I would not use this term to define.
- \* This is OK but doesn't refer to the 3rd party with the bond. (A commercial firm or SBA guarantee).
- \* Insert "indemnifies the buyer and" after "which."
- \* Replace "secures" with "guarantees" and add to the end "or monetarily compensates the buyer."

The researcher was extremely impressed with the national consensus achieved on this term. The comments provided some new insight to the researcher with respect to the third party participation in the performance bond. Also, the researcher agrees that the term "secures" should be replaced with "insures" to clarify the meaning. Only slight simplifying revisions, other than the ones listed above, were made to the synthesized definition. The term committee concurred with the researcher's findings.

**c. Proposed definition based upon responses:**

**PERFORMANCE BOND**

*A financial guarantee, executed in connection with a contract, which indemnifies the buyer and insures the performance and fulfillment of the contractor's obligations under the contract or monetarily compensates the buyer's loss with a secured bond.*

\* **Synonyms:** Surety bond.

\* **Antonyms:** None.

**21. NOT-TO-EXCEED PRICE**

**A. Synthesized definition:**

NOT-TO-EXCEED PRICE: A dollar limit set on a contract when the contractor begins work on a project or contractual amendment (e.g., a change order) before price negotiations are completed. The final price negotiated for the contract cannot be greater than the not-to-exceed price.

Synonyms: None.

Antonyms: None.

The synthesized definition was taken from a thesis completed in September of 1991 entitled Defining Contract Terms by Stephanie Shelley. Sixty seven (82%) of the eighty two respondents agreed with the literature search definition

taken from several sources. There was no overriding issue addressed by the thirty two respondents who provided comment. Based on the eighty two percent concurrence and the diversity of comments, Shelley did not alter the synthesized literature search definition.

**b. Results:**

National agreement with the definition was excellent. Sixty eight (96%) of the seventy one respondents concurred with the questionnaire definition. Only three respondents disagreed with the presented definition. One disagreed strongly while two somewhat disagreed with the terminology. Fourteen (20%) of the respondents provided comment while fifty seven individuals agreed with the definition without comment. Five of the respondents commented that the final price can be greater than the not-to-exceed price as long as there is a written bilateral agreement to exceed the price. Most of the other comments related to this point. Comments received included:

- \* The dollar limit cannot be extended without the agreement of both parties.
- \* In reality the price can be (and often is) negotiated upward. You might want to emphasize that going over the rate is at the contractor's risk.
- \* Delete "before price negotiations are completed." All contracts should be negotiated and complete before work begins.

- \* Not-to-exceed prices can be based on unit costs from which total costs are computed by measurement when work is completed.
- \* The final price can be greater than the NTE price. A NTE price is put in place to restrict the contractor until final negotiations are complete.
- \* Do not like "before price negotiations are completed." If not completed, only allow a contract what has been negotiated. Award contract on balance as negotiated.
- \* Not to exceed unless otherwise agreed in writing by both parties.
- \* Add "change order" after contract.

The researcher was impressed with the agreement achieved on this definition. It is obvious to the researcher that exceeding the NTE ceiling and the bilateral agreement required for this provision should be included in the definition. This will satisfy the majority of comments on this definition. The term committee agreed with the researcher's findings with the exception of one minor clarifying revision to the researcher's phrasing.

**c. Proposed definition based upon responses:**

**NOT-TO-EXCEED PRICE**

*A dollar limit set on a contract when the contractor begins work on a project or contractual amendment (e.g., a change order) and before contract negotiations are completed. The final negotiated price for the contract or change order cannot exceed the not-to-exceed price unless otherwise agreed upon in writing by both parties.*

\* **Synonyms:** None.

\* **Antonyms:** None.

## **22. OFFEROR**

### **a. Synthesized definition:**

OFFEROR: The organization(s) or individual(s) presenting a bid or proposal to a potential buyer for acceptance or rejection.

Synonyms: Proposer, bidder.

Antonyms: Buyer.

The synthesized definition was taken from a thesis completed in September of 1991 entitled Defining Contract Terms by Stephanie Shelley. Seventy seven (94%) of the eighty two respondents agreed with the synthesized literature search definition taken from several sources. Based on the comments received, Shelley revised the literature definition by replacing "The one" with "The organization(s) or individual(s)" and to replace "another" with "a potential buyer." The above definition reflects these changes.

### **b. Results:**

National consensus was reached on this term. Seventy (99%) of the seventy one respondents agreed with the questionnaire definition. Only one individual disagreed with the term. A whopping sixty four (90%) agreed with the term without comment while only seven provided comment on the definition. The only dissenting comment was directed toward the interpretation of the word organization and the submission of a "bid" rather than an "offer" against others. Other

comments made only minor word or context recommendations.

Comments received included:

- \* The word obscures the process. The organization or individual does not offer but "bids" against others. The term "offeror" implies an illicit transaction.
- \* Replace "organization(s) or individual(s)" with "party or parties."
- \* Add to the end "...or further negotiations for best and final offer."

The researcher was impressed by the national consensus achieved. The only dissenting comment did not apply within the context of the definition. The researcher made no changes to the synthesized definition citing the ninety nine percent approval rate, concurrence of the term committee and the nature of the revision recommendations presented.

**c. Proposed definition based upon responses:**

**OFFEROR**

*The organization(s) or individual(s) presenting a bid or proposal to a potential buyer for acceptance or rejection.*

- \* **Synonyms:** Bidder, proposer.
- \* **Antonyms:** Buyer, purchaser.

**23. OTHER THAN FULL AND OPEN COMPETITION**

**a. Synthesized definition:**

**OTHER THAN FULL AND OPEN COMPETITION:** The condition that exists when a contract is contemplated or awarded on a basis other than that of (1) full and open competition, or (2) full and open competition after exclusion of sources. Contracting with the only responsible source is an example of use of other than full and open competition as the basis for award.

FAR 6.302 contains the seven statutory authorities for use of other than full and open competition,  
Synonyms: None.  
Antonyms: Full and open competition.

The synthesized definition was taken from a thesis completed in September of 1992 entitled Defining Contract Terms by Michael J. Cushing and Mary R. Spalding. Sixty three (80%) of the seventy eight respondents agreed with the synthesized literature search definition based on three sources. Cushing and Spalding altered this definition, based on the questionnaire responses, by deleting the term "all of the sources are not permitted to compete for the award of a contract." and replacing it with the above synthesized definition. The majority of comments addressed the "holes" identified in the literature search definition. The synthesized definition further clarified these points.

**b. Results:**

Agreement with the definition was excellent. Sixty (92%) of the sixty five respondents concurred with the definition as presented. Five respondents somewhat disagreed with the definition while none of the respondents strongly disagreed. Eighteen (28%) of the respondents provided comment while forty seven concurred with the definition without comment. The comments centered on the lack of definition for full and open competition to define other than full and open competition. Other small revisions were recommended. Comments received include:

- \* Cannot use a term to define itself in (1) an (2) does not make sense.
- \* Should be pre-qualified or some other positive description rather than the negative to describe the limits on the competition.
- \* A definition of what "full and open competition" should be presented to denote what this definition is taking exception to.
- \* Add "when dollar amount is below the required bidding amount."
- \* You may offer contract for open competition only to find you have a "sole source" situation.
- \* Does not define.
- \* I question whether or not the term "responsible source" should be revised to read "approved source."

The researcher agrees that the term "full and open competition" should be defined in order to fully define "other than full and open competition." The other comments were more concerned with minor semantics and did not alter the overall definition meaning. Also, the researcher replaced "authorities" with "exceptions" to clarify that the use of other than full and open competition is not the norm. The researcher was pleased with the national consensus achieved. Other than the revisions underlined above, only minor clarifying changes were made to the synthesized definition. The term committee agreed with the researcher's findings.

**c. Proposed definition based upon responses:**

**OTHER THAN FULL AND OPEN COMPETITION**

A condition that exists when a contract is contemplated or awarded when competition is restricted in any way. There are seven statutory exceptions for use of other than full and open competition.

- \* **Synonyms:** Exemption from competitive bid process, sole source.
- \* **Antonyms:** Full and open competition, pure competition.

**24. POST AWARD**

**a. Synthesized definition:**

POST AWARD: Any time after contract award through contract completion and close-out. Examples of post award activities may include a post award conference, contract administration, closeout, or possibly a termination action.

Synonyms: None.

Antonyms: Pre award.

The synthesized definition was taken from a thesis completed in September of 1992 entitled An Analysis of Contracting Terms: Expanding The Body of Knowledge Within The Contract Management Profession by Marilyn J. Bayless and John H. Padgett. Sixty two (84%) of the respondents agreed with the synthesized literature search definition based on two sources. Most of the comments were directed toward the application of examples to the literature definition which read; "Any time after contract award." Bayless and Padgett also added the phrase "through contract completion and close-out" as a result of the comments. The synthesized definition reflects these changes.

**b. Results:**

Agreement with the synthesized definition represents a national consensus on the term. Sixty three (97%) of the sixty five respondents concurred with the questionnaire definition. Only two respondents did not agree, (somewhat disagree), with the definition. Fifty two (80%) of the respondents agreed with the definition without comment while thirteen (20%) respondents provided comment. There was varied opinion, within the comments provided, of how long the post award period lasts. It is obvious, from the NIGP comments received, that there is a divergence from other associations on the duration of post award. Comments received include:

- \* To me, post award activity is the time period after a contract has been awarded, but not implemented. In our state, we have a 10 day period in which bidders may file a protest or notice to protest. This is provided for in Florida Statutes. Post award includes notification of award to the successful and all other bidders and allows for this 10 day period of time.
- \* I would say that post award refers to the time after award but prior to execution of contracts. At that point, the time could be referred to as under-contract. Possible synonym-Pre contract. Possible antonym-Pre bid.
- \* Add "when dollar amount is below the required bidding

amount."

- \* Your term should be "post award activities." Post award by itself would be "anytime" after award of the contract, including after the contract is closed.
- \* Also referred to as "implementation meeting."
- \* I think functions like contract administration, closeout, termination, etc. are contract functions and not post award functions. I agree they are post award. However, after a period of time it is the contract as a point of reference; the award is in the past.
- \* Administration is all inclusive.

The researcher was impressed with the diverse viewpoints on this term. The ninety seven percent agreement indicates a national consensus. However, the comments from some of the NIGP respondents indicate an alternate perception of the term. The researcher, citing the high concurrence rate, has made only minor clarifying revisions to the synthesized definition. The term committee recommended a deletion of the first sentence and the replacement with a simple, more widely encompassing phrase. It was decided that the sentence "Any time after contract award." would replace the first sentence of the definition for clarity purposes. This revision is included in the proposed definition.

**c. Proposed definition based upon responses:**

**POST AWARD**

Any time after contract award.

\* **Synonyms:** None.

\* **Antonyms:** Pre award.

**25. PRE-AWARD**

**a. Synthesized definition:**

PRE-AWARD: All activities and efforts, performed by either the Government or contractor, that directly relate to the award of a contract and occur prior to the award of said contract are preaward. Examples are acquisition planning, solicitation preparation, proposal preparation and submission, and proposal evaluation.

Synonyms: None.

Antonyms: Post award.

The synthesized definition was taken from a thesis completed in September of 1992 entitled Defining Contract Terms by Michael J. Cushing and Mary R. Spalding. Seventy (91%) of the seventy eight respondents agreed with the synthesized literature search definition. Comments received indicated that more pre-award activities were desired for listing. Cushing and Spalding, for brevity sake, only added the example of proposal preparation and submission to the literature definition. The above synthesized definition includes this change.

**b. Results:**

The agreement with the synthesized definition was outstanding. Sixty two (95%) of the sixty five respondents concurred with the questionnaire definition. Two respondents

somewhat disagreed and one strongly disagreed with the definition. Only fourteen (21%) of the respondents provided comment while fifty one agreed with the definition without comment. Two comments, both from NIGP, take issue with the time frame of pre-award. According to them, pre-award is the time period after the bid opening but prior to contract award. This definition is a constricted version of the synthesized definition. The researcher believes the broader application is more appropriate. Comments received include:

- \* Preaward is the time period after a bid or proposal has been opened, but the contract has not been awarded. Synonym: Evaluation period.
- \* Pre-award occurs in the time between bid receipt (opening) and award. -Prior to that it would be considered pre-bid.
- \* Add "pre-award/bidder's conferences" after "submission."
- \* Once again, the term should be "Pre-Award Activities."
- \* To include acquisition in "pre-award" often, due to FAR clauses, to all intents make activity "post award."
- \* Add "pre-award surveys" to the list of activities.

National consensus was achieved on this term. The researcher was impressed with the inter-association concurrence and the quality of the responses. NIGP again had a narrowed view on the definition. The researcher felt that "Government" and "contractor" should be replaced with "buyer"

and "seller" for wider term application. The recommendations for additional examples of pre-award activities were not added for brevity sake. The term committee recommended, in contrast to post award, that the first sentence be changed to read: "Any time prior to contract award." and that the example portion of the definition be deleted. These revisions, as well as clarifying revisions, were made to the synthesized definition.

**c. Proposed definition based upon responses:**

**PRE-AWARD**

*Any time prior to contract award. This includes all activities and efforts performed by either the buyer or seller that directly relate to the award of a contract.*

\* **Synonyms:** None.

\* **Antonyms:** Post award.

**26. PRE-AWARD SURVEY**

**a. Synthesized definition:**

PRE-AWARD SURVEY: An evaluation of a prospective contractor's ability to perform a specific contract, performed by the contract administration office or the purchasing office, with assistance from DCAA at the request of either office. The evaluation addresses the physical, technical, managerial, and financial capability of the prospective contractor. Also addressed are the adequacy of the contractor's systems and procedures and the contractors past performance record.

Synonyms: None.

Antonyms: None.

The synthesized definition was taken from a thesis completed in September of 1990 entitled Dictionary of Contracting and Acquisition Terms Related to the Pre-Award Phase of Contracting by Randal G. Indvik. Thirty six (92%) of

the thirty nine respondents agreed with the synthesized literature search definition taken from four sources. Of the thirteen suggestions made, the majority attempted to further expand the definition. As such, synthesized definition reflects these additional elements.

**b. Results:**

This definition generated an extremely high level of agreement. Sixty four (98%) of the sixty five respondents concurred with the synthesized definition. Only one person disagreed with the definition. Fifteen (23%) of the respondents provided comment while fifty agreed with the definition without comment. Most of the comments attempted to specify further the association unique applications of pre-award survey. The purpose of this research is to find a homogeneous application. Comments received include:

- \* Vendor Qualification or Vendor Survey.
- \* Definition is OK if technical and quality evaluation is done as part of the contract administration or purchasing office.
- \* Disagree with pre-award time frame.
- \* In the RFP process this is referred to as a "Request For Information."
- \* The terminology "survey" does not seem appropriate. Surveys are for the purpose of collection of data.
- \* Add after DCAA "or other agencies including the prime contractor."

The researcher was impressed by the national consensus achieved on this term. The comments reflected no specific area concern. The researcher does believe, however, that other agencies than DCAA can assist with the pre-award survey. Once again, one NIGP respondent did not agree with the pre-award time frame. The term committee recommended the deletion of all phrasing after the word "contract" because this phrasing merely represents illustrative remarks and underlines responsibilities and tasks unrelated to the definition and its application. The researcher agrees with these observations and has implemented this revision in order to broaden the application of the term.

**c. Proposed definition based upon responses:**

**PRE-AWARD SURVEY**

*An evaluation of a prospective contractor's ability to perform a specific contract.*

\* **Synonyms:** None.

\* **Antonyms:** None.

**27. PRICE COMPETITION**

**a. Synthesized definition:**

**PRICE COMPETITION:** The process of two or more offerors, capable of satisfying the buyer's requirements, independently competing for a contract to be awarded to the responsible offeror submitting the lowest evaluated priced offer responsive to the solicitation's expressed requirements.

**Synonyms:** Competitive bids.

**Antonyms:** None.

The synthesized definition was taken from a thesis completed in September of 1991 entitled Defining Contract

Terms by Stephanie Shelley. Sixty six (80%) of the eighty two respondents agreed with the synthesized literature search definition. There was diversity in the comments received by Shelley. Many thought that the literature definition was too wordy. Based on a variety of comments, Shelley changed the definition to read more clearly. The revisions are incorporated into the above definition.

**b. Results:**

Agreement with the synthesized definition was excellent. Fifty nine (91%) of the sixty five respondents concurred with the definition. Of the six respondents who disagreed, five strongly disagreed and one somewhat disagreed with the survey definition. Seventeen (26%) of the respondents provided comment while forty eight agreed with the definition without comment. Comments received included:

- \* Rewrite to read: "A process whereby two or more offerors independently compete for a contract which will be awarded to the lowest responsive offeror."
- \* Offeror should be able to expand the solicitation to offer a better service/product.
- \* Should be a minimum of three or more.
- \* If it is price competition, only the bids meeting specs are considered, and low bid then wins.
- \* Experience says three or more is better. Two is not sufficient competition in most markets.
- \* A good Government document-confusing. No solution to

offer.

- \* Capability of vendor must be evaluated.
- \* The use of bidders and bid instead of offerors would, in my opinion, be more practical.

The researcher was pleased with the level of consensus achieved on this term. Two of the respondents indicated that the level of price competition should be three or more offerors. This, while experience may dictate otherwise, is not the literal application of the term. Only two or more responsive and responsible offerors are required. The researcher agrees that the definition can be worded more efficiently. Hence, significant clarifying revisions, which do not alter the overall meaning of the definition, were made by the researcher with the concurrence of the term committee.

**c. Proposed definition based upon responses:**

**PRICE COMPETITION**

*The process of two or more responsive and responsible offerors independently competing for a contract to be awarded to the offeror submitting the lowest evaluated price offer.*

- \* **Synonyms:** None.
- \* **Antonyms:** None.

**28. PRIVACY OF CONTRACT**

**a. Synthesized definition:**

**PRIVACY OF CONTRACT:** The direct legal (contractual) connection or relationship that exists between parties which allows either party to 1) enforce contractual rights against, and 2) seek remedy directly from the other party with whom this relationship exists.  
Synonyms: Contractual standing/relationship.  
Antonyms: None.

The synthesized definition was taken from a thesis completed in September of 1990 entitled Defining Acquisition and Contracting Terms Associated With Contract Administration by Laureli Mazik Moyle. Sixty three (91%) of the sixty nine respondents either strongly agreed or somewhat agreed with the literature search definition. Based on the responses, Moyle replaced "person" in the last sentence with "party" and inserted "(contractual)" after "legal" in the definition. These changes were minor in nature and are reflected in the above definition.

**b. Results:**

The researcher was impressed with the high level of consensus achieved. Sixty one (94%) of the sixty five respondents agreed with the questionnaire definition. Only three respondents somewhat disagreed with the definition. Thirteen (20%) of the respondents provided comment while fifty two agreed with the definition without comment. Only one respondent from NIGP was not familiar with the term. The only common response was to simplify the wording. Comments received included:

- \* Should include a statement on the proprietary nature of details of contract.
- \* Use of privity is antiquated in legal terms. Best to keep as simple as possible.
- \* Rewrite to read: "The direct relationship that exists between parties which allows either party to

enforce contractual rights or seek remedy directly from the party with whom this relation exists."

- \* Not familiar with this term and its usage.
- \* Most of this should be covered in boilerplate or spelled out when contract is accepted.
- \* Wording should be improved for clarity.

The researcher took issue with the respondent who considers this term legally antiquated. This term is utilized on a regular basis when dealing with prime and subcontractors. The researcher did find that a national consensus has been achieved. As such, with the concurrence of the term committee, only clarifying revisions were made.

**c. Proposed definition based upon results:**

**PRIVITY OF CONTRACT**

*The direct legal (contractual) relationship that exists between parties which allows either party to enforce contractual rights against and seek remedy directly from the other party with whom this relation exists.*

- \* **Synonyms:** Contractual standing/relationship
- \* **Antonyms:** None.

**29. PROFIT ANALYSIS**

**a. Synthesized definition:**

**PROFIT ANALYSIS:** The process by which profit or fee prenegotiation objectives are developed. The process is based on a structured evaluation of factors such as contractor risk, contract type risk, facilities capital employed, and capital investment, and application of the results of such evaluation to a cost objective. The weighted guidelines method is the structured approach used within DOD. Profit analysis is appropriate only when price negotiation is based on cost analysis.  
**Synonyms:** Weighted guidelines.  
**Antonyms:** None.

The synthesized definition was taken from a thesis completed in September of 1992 entitled Defining Contract Terms by Michael J. Cushing and Mary R. Spalding. Seventy one (88%) of the eighty one respondents agreed with the literature search definition based on three sources. Cushing and Spalding made no changes to the definition except to retitle the term "Profit/Fee Analysis" as was recommended by one of the respondents.

**b. Results:**

National consensus for the term was excellent. Sixty (92%) of the sixty five respondents concurred with the term definition. Of the respondents who disagreed, one disagreed strongly while three somewhat disagreed with the definition. One respondent, from NIGP, did not recognize the term. There were no significant changes to the synthesized definition. The one respondent who disagreed strongly felt that there was no place for profit analysis within Government competitive procurement. Comments received included:

- \* Profit analysis should have no place in Government competitive procurement.
- \* Rewrite as: " The process by which a profit or fee is realized on a prenegotiated part or service. The process is based on structured evaluation of factors such as cost of production, investment and risk factors."
- \* Identify other methods.

The researcher was impressed with the degree of national consensus reached on this term. Also, the researcher was in disagreement with the respondent who stated that profit analysis should not be utilized in the Government arena. Weighted guidelines are an integral part of the Government's battery of evaluation tools. The term committee felt, however, that the phrases describing the Government's use of weighted guidelines and the issue of when profit analysis was appropriate were unnecessary within a national inter-association context of the definition. The researcher is in agreement with the committee on this issue and has accordingly dropped these phrases from the definition.

**c. Proposed definition based upon responses:**

**PROFIT ANALYSIS**

*The process by which profit or fee prenegotiation objectives are developed. The process is based on a structured evaluation of factors such as contractor risk, contract type risk, facilities capital employed, and capital investment, and application of the results of such evaluation to a cost objective.*

\* **Synonyms:** *Weighted guidelines.*

\* **Antonyms:** *None.*

**30. PROPRIETARY DATA**

**a. Synthesized definition:**

**PROPRIETARY DATA:** Data which describes technical processes, tools, mechanisms, applications, or private business information that belong to an owner or entity as a result of authorship, invention, or discovery at private expense or through purchased rights.

**Synonyms:** Patent, copyright, license.

**Antonyms:** Public domain.

The synthesized definition was taken from a thesis completed in December of 1989 entitled A Dictionary of Acquisition and Contracting Terms by Daniel Lee Downs. Only twenty one (57%) of the thirty seven respondents agreed with the synthesized literature search definition. Based on the sixteen respondents who provided comment, Downs added "or through purchased rights" to the end of the literature definition. Also, "private business information" was added to encompass such information as cost data. The above synthesized definition includes these revisions.

**b. Results:**

Agreement on the term was outstanding. Sixty four (98%) of the sixty five respondents concurred with the synthesized definition. One respondent somewhat disagreed with the definition as presented. Only eight (12%) of the respondents provided comment while fifty seven respondents agreed with the definition without comment. Comments received included:

- \* Information cannot be divulged without explicit authorization from owner.
- \* These are negotiated costs.
- \* How can you tell if it is proprietary? We need to define what makes it proprietary - i.e.- copyright, patent, patent pending, or some sort of seal. In the state of Florida, there are no provisions for handling proprietary data. Under the sunshine laws, all

information received from a public solicitation is available for review.

The researcher was impressed with the degree of consensus achieved. The respondent who remarked on the state and local municipality handling of proprietary data was from NIGP. This area bears review. However, it does not apply to the term definition. The researcher agrees that the divulgence of information is by explicit authorization from the owner of the proprietary data. The term committee felt that the phrasing concerning divulgence was implicit and therefore unnecessary. The term committee was also concerned that no alludance was made to identification of proprietary data. The researcher has included these revisions to the synthesized definition in the proposed definition.

**c. Proposed definition based upon responses:**

**PROPRIETARY DATA**

*Data, appropriately identified as to ownership, which describe technical processes, tools, mechanisms, applications, or private business information that belong to an owner or entity as a result of authorship, invention, or discovery, at private expense or through purchased rights.*

\* **Synonyms:** Patent, copyright, license.

\* **Antonyms:** Public domain.

**31. PRUDENT BUSINESSMAN CONCEPT**

**a. Synthesized definition:**

**PRUDENT BUSINESSMAN CONCEPT:** Phrase used as a measure of reasonableness in assessing an offer, counter-offer or other contractual action. Related to making a

procurement decision based on sound fiduciary or business principles.

Synonyms: None.

Antonyms: None.

The synthesized definition was taken from a thesis completed in September of 1989 entitled Determination of Baseline Definitions for Contracting Words and Phrases by John E. Cannaday. Only fifty eight percent of the respondents agreed with the synthesized literature search definition. Based on the survey responses, the scope of the definition was expanded to include all contract actions rather than just "an offer or counter-offer." This single revision was included in the synthesized definition.

**b. Results:**

Agreement with the synthesized definition was good. Fifty nine (91%) of the sixty five respondents concurred with the questionnaire definition. Of the respondents who disagreed, two strongly disagreed and three somewhat disagreed with the definition. One respondent did not recognize the term. Nine (14%) of the respondents provided comment while fifty six agreed with the definition without comment. Two of the respondents did not like the definition because they felt it provided a legal "loophole" for those who interpret the term. Comments received included:

- \* Sounds like a loophole to me - Superfluous to the responsive, responsible bidder/offeror.
- \* This is the providence of the courts and, while used

in evaluation, should have no formal standing in Government procurement.

- \* You probably should better define "prudent businessman."
- \* Should mention Uniform Commercial Code.

The researcher feels that a national consensus was reached on this term. Most of the comments were minor semantic revisions which did not alter the overall meaning. The researcher does not think that the UCC needs to be addressed within the context of this term. The researcher does not agree with the two respondents who felt that the term was legally awkward. This term is meant to illustrate the actions that a prudent business-man would undertake when evaluating a contractual action. As such, the researcher made only minor revisions to the synthesized definition with the concurrence of the term committee.

**c. Proposed definition based upon responses:**

**PRUDENT BUSINESSMAN CONCEPT**

*Phrase used as a measure of reasonableness in assessing an offer, counter-offer or other contractual action. Relates to making a procurement decision based on sound fiduciary or business principles.*

- \* **Synonyms:** None.
- \* **Antonyms:** None.

**32. QUALIFIED BIDDERS LIST**

**a. Synthesized definition:**

**QUALIFIED BIDDERS LIST:** A list of potential bidders whose products have been determined to meet all applicable qualification requirements prior to and

independent of any specific acquisition action.  
Synonyms: Pre-qualified bidders list.  
Antonyms: None.

The synthesized definition was taken from a thesis completed in December of 1991 entitled A Dictionary of Acquisition and Contracting Terms by Russell G. Roe. Twenty seven (73%) of the thirty seven respondents agreed with the synthesized literature search definition based on two sources. Five of the respondents disagreed with the use of "who have been determined to be responsible" in the literature definition. Roe agreed with this issue and omitted this phrase from the synthesized definition. Roe also included the fact that potential bidders' products must be determined to meet all requirements before any acquisition action can take place. These revisions are included in the synthesized definition listed above.

**b. Results:**

Complete national consensus was reached on this term. Sixty five (100%) of the respondents concurred with the synthesized definition. Three respondents somewhat agreed with the definition and provided comment. A whopping sixty two respondents agreed with the definition without comment. There was no specific point of contention identified by the responses. Comments received included:

- \* How do you make the determination? Perhaps you should mention testing and labs when defining this.
- \* Should be called pre-qualified and may be product

specific.

- \* A potential bidder should be qualified if his processes have been qualified even if each product has not necessarily been qualified.

The researcher was astounded at the degree of consensus achieved. The researcher agrees that "processes" should be included within the context of this term. No other changes were deemed necessary or appropriate in light of the total agreement with the term and the concurrence of the term committee.

**c. Proposed definition based upon responses:**

**QUALIFIED BIDDERS LIST**

*A list of potential bidders whose products or processes have been determined to meet all applicable qualification requirements prior to and independent of any specific acquisition action.*

- \* **Synonyms:** *Pre-qualified bidders list.*
- \* **Antonyms:** *None.*

**33. QUALITY CONTROL**

**a. Synthesized definition:**

QUALITY CONTROL: Practices and procedures used by contractor and approved by the Government contracting officer to ensure quality, satisfactory performance, conformance to contract requirements and to detect and prevent defects.

Synonyms: None.

Antonyms: None.

The synthesized definition was taken from a thesis completed in September of 1992 entitled An Analysis of Contracting Terms: Expanding the Body of Knowledge Within the Contract Management Profession by Marilyn J. Bayless and John

H. Padgett. Sixty three (86%) of the seventy three respondents concurred with the literature search definition based on five sources. Based on the responses, Bayless and Padgett made changes to clarify exactly who is responsible for certain actions such as the Government contracting officer and the contractor. These revisions are reflected in the synthesized definition.

**b. Results:**

Agreement with the synthesized definition was excellent. Sixty six (96%) of the sixty nine respondents concurred with the definition. Of those who disagreed, all three somewhat disagreed with the definition. The researcher was astounded by the amount of respondents who provided comment on the term. Twenty four (35%) of the respondents provided comment while forty five agreed with the definition without comment. Twenty one respondents somewhat agreed with the definition as presented. The comments were varied and numerous. There was some obvious confusion and intermingling of the terms "Total Quality Management" and "Quality Control." The following are representative of the comments received:

- \* Omit "by contractor and approved by the Government contracting officer." QC is not unique to Government contracting!
- \* Practices and procedures of contractors will be tailored to how he wants and does things. The P and P's should should be drawn up by the CO - not by the contractor.

- \* Substitute "customer" for "Government contracting officer."
- \* Delete "conformance to contract requirements" and replace with "adherence to manufacturing drawings, sketches or blueprints. Also, add "through contractual compliance" to the end.
- \* "to ensure quality" is nebulous. Should read "ensure performance to specifications."
- \* Reduce verbiage.
- \* Rewrite definition to read: " A process, including practices and procedures, used by contractors and reviewed and approved by the Government to ensure reliable performance and conformance to contract requirements and to detect, prevent and correct defects."
- \* Please TQM!
- \* Add as a preface to definition: "Continued process improvement."
- \* Practices and procedures is redundant. Replace "practices" with "policies."
- \* Must meet customer requirements.
- \* Contract requirements is too broad; often things not specifically detailed in a contract will be covered by quality control.
- \* Under TQM most contractors are going far beyond Quality Control approved by the ACO/PCO.

The researcher was surprised by the amount of comments received. Although there was a general consensus, the comments suggest that there is some divergence on the national and industry association levels. Two of the comments suggest that the word "customer" replace "Government contracting officer." The researcher agrees that the term Quality Control does not only apply to the relationship between Government and industry. It also applies to the commercial sector and their interrelationships. Some of the comments recommend revisions which apply to TQM and are not necessarily applicable to Quality Control. The term committee recommended a simplification of the term and the deletion of the "approved by customer" phrasing. The committee cited situations where approval by the customer was not necessary. Based on the comments received and the committee review, the researcher has revised the definition for clarity, brevity and for inter association application.

**c. Proposed definition based upon responses:**

**QUALITY CONTROL**

*Contractor policies and procedures implemented to ensure quality conformance and performance to specifications, and to prevent and detect defects.*

\* **Synonyms:** *Quality standards.*

\* **Antonyms:** *None.*

**34. RANDOM SAMPLING**

**a. Synthesized definition:**

**RANDOM SAMPLING:** The procedure used to select items from

an inspection lot so each item in the lot has an equal chance of being included in the sample.

Synonyms: None.

Antonyms: Ordered sampling.

The synthesized definition was taken from a thesis completed in June of 1992 entitled A Dictionary of Acquisition and Contracting Terms by Mark A. Brown. Eighteen (78%) of the twenty three respondents concurred with the literature search definition based on three sources. Brown did not modify the literature definition primarily because he felt that the comments would not contribute to a more understandable term.

**b. Results:**

Agreement with the synthesized definition was good. Sixty four (93%) of the sixty nine respondents concurred with the questionnaire definition. Of those who disagreed, two disagreed strongly and three somewhat disagreed with the synthesized definition. Thirteen (18%) of the respondents provided comment while fifty six agreed with the definition without comment. Most of the comments addressed the requirement that a pre-determined confidence level be established within the sample. If results of the random sampling fall outside of this confidence level then corrective action is taken. Comments received included:

- \* Add to definition: "and that the results of the procedure will provide a specified determination (i.e., in an inventory provide 95% confidence that 85% of the records are within the acceptable error limits)."

- \* Where a lot is selected for sample - i.e., a product for that lot sets the standard for the lot - presuming all others in the lot are equal.
- \* Insert before procedure "statistically valid."
- \* Add "based upon an established pre-determined level of accuracy required for that sample."
- \* This procedure requires that a pre-determined confidence level be established. When results of inventory show a discrepancy ratio outside the confidence level, specific corrective action should take place.
- \* "inspection" does not imply that everything within the lot must have the same characteristics.
- \* Would prefer the word "probability" instead of "chance."
- \* Random sampling procedures should identify (quantify) perhaps a percentage requirement for a given lot size.
- \* Insert after "lot": "so that the sample is representative of the entire population from which it was selected."

The researcher was pleased with the national consensus achieved for this term. It is obvious that the comments are directed at the issue of pre-determined confidence levels which, if exceeded for a lot size, represent an area for specific corrective action. The term committee, for simplicity and clarity sake, recommended that no mention be made of confidence levels within the definition. As such,

the researcher made no changes to the synthesized definition.

**c. Proposed definition based upon responses:**

**RANDOM SAMPLING**

*The procedure used to select items from an inspection lot so each item in the lot has an equal chance of being included in the sample.*

\* **Synonyms:** *Scientific sampling.*

\* **Antonyms:** *100% sampling.*

**35. RESIDUAL VALUE**

**a. Synthesized definition:**

RESIDUAL VALUE: The remaining value of a tangible asset at the end of its economic life.

Synonyms: None.

Antonyms: None.

The synthesized definition was taken from a thesis completed in December of 1991 entitled A Dictionary of Acquisition and Contracting Terms by Daniel Lee Downs. Only twenty one (57%) of the thirty seven respondents agreed with the literature search definition. Downs basically replaced the term "scrap" with the word "remaining" within the context of the definition as a result of the comment synthesis. The above definition represents this revision.

**b. Results:**

National agreement with the term was excellent. Sixty three (91%) of the sixty nine respondents concurred with the questionnaire definition. Of those who disagreed, three disagreed strongly and three somewhat disagreed with the definition as presented. Sixteen (23%) of the respondents

provided comment while fifty three agreed with the definition without comment. The comments centered on the issues of value and economic life. Comments received include:

- \* By definition anything without economic life has no residual value (only rust remains).
- \* When does economic life end? We can't say! Example, a scrapped resistor can be sold as a resistor or as as a piece of contaminated metal dependent on the market. Residual is the value assigned by the owner after depreciation ends.
- \* What does economic life mean? The end of a functional life or just when the asset's value is written off.
- \* Process less removal and disposal costs, if any, realized upon disposition of a tangible capital asset.  
(FAR 31.100)
- \* "Remaining" is implied and therefore redundant.
- \* Value needs to be expanded. (i.e., useful, scrap, sale)
- \* Add to definition: "which resulted from normal use or an abnormal action such as damage, modification, cannibalization, etc."
- \* Too loose, need definition better than "economic life."
- \* More specific - define value.
- \* Replace "remaining" with "market."

Overall consensus was achieved on this term. The researcher was surprised, however, by the number of comments

regarding the phrases "remaining value" and "economic life." The researcher agrees that the use of "remaining" is repetitive and should be deleted for broad based interpretation. In addition, the researcher, based on the comments received, feels that the phrase "economic life" should be replaced with "depreciated life" to more effectively establish the accounting application of residual value. The term committee felt that the term "useful life" had a broader application to both the accounting and the contracting realms. The proposed definition reflects these revisions.

**c. Proposed definition based upon responses:**

**RESIDUAL VALUE**

*The value of a tangible asset at the end of its useful life.*

**Synonyms:** *Depreciated value.*

**Antonyms:** *None.*

**36. SCOPE OF WORK**

**a. Synthesized definition:**

**SCOPE OF WORK:** The total effort to be performed by a contractor in fulfillment of a contractual requirement.

**Synonyms:** Work statement.

**Antonyms:** None.

The synthesized definition was taken from a thesis completed in September of 1989 entitled Determination of Baseline Definitions for Contracting Words and Phrases by John E. Cannaday. Based on the responses, Cannaday deleted the portion of the literature definition which addressed the range of work to be fulfilled and the reference to the statement of

work (work statement). These revisions were made to add clarity and to delete perceived misleading phrases.

**b. Results:**

Agreement with the term was outstanding. Sixty six (96%) of the sixty nine respondents concurred with the synthesized definition. All three of the respondents who disagreed, did so with minor modifications. Eighteen (26%) of the sixty nine respondents provided comment while fifty one of the respondents agreed with the definition without comment. Most of the comments centered around the use of the term "total effort". The following comments were representative of those received:

- \* The word "total" is misleading in that contractors must do whatever is necessary to satisfy cost, schedule and product performance.
- \* Add to the end " to the mutual satisfaction of both parties with acceptance from the buyer."
- \* Total effort could be useless. Results are what is expected, not effort.
- \* Total effort may not be the best term.
- \* Delete "total" and replace with "specific."
- \* Add to the definition: "as outlined in the applicable contract compliance and reference documents."
- \* The total effort including specifications, commodities, and job descriptions to be performed.
- \* The scope of work typically identifies all contractual

requirements of a specific purchase order contract.  
There may be many individual requirements each of  
which does not have a separate work scope!

- \* Insert "negotiated" after "total" and add "as  
identified in the Statement of Work." to the end  
of the definition.

The researcher was pleased with the national consensus achieved with respect to this term. There was obvious disagreement with the use of the phrase "total effort." The researcher agrees that the use of "total effort" within the context of this definition should be expanded for clarity. The term committee felt that this phrasing and subsequent illustration should simply be deleted from the definition for clarity sake. The researcher agrees that the scope of work typically identifies all contractual requirements of a contract and not just a single "contractual requirement." As such, the researcher revised the definition to reflect these comments.

**c. Proposed definition based upon responses:**

**SCOPE OF WORK**

*Effort to be performed by a contractor in fulfillment  
of contractual requirements.*

- \* **Synonyms:** *Work statement.*
- \* **Antonyms:** *None.*

**37. STATEMENT OF WORK**

**a. Synthesized definition:**

STATEMENT OF WORK: The document which defines and/or

describes the work which the buying organization requires the contractor to perform.

Synonyms: Work statement, purchase description, specification.

Antonyms: None.

The synthesized definition was taken from a thesis completed in September of 1989 entitled Determination of Baseline Definitions for Contracting Words and Phrases by John E. Cannaday. Approximately seventy two percent of the respondents agreed with the synthesized literature search definition based on three sources. A majority of the comments received requested alternate phrasing for "requiring organization." Cannaday revised the definition by simplifying its description as a "document" rather than an RFP section and to revise the phrasing for "requiring organization" to read "buying organization."

**b. Results:**

Agreement with the term was outstanding. Sixty seven (97%) of the sixty nine respondents concurred with the definition as presented. Of the two respondents who disagreed, one disagreed strongly and one somewhat disagreed with the questionnaire definition. Sixteen (23%) of the respondents provided comments while fifty three agreed with the definition without comment. The comments centered around the use of the word "document." Comments received included:

- \* Include what the contractor agrees to.
- \* Statement of Work is also generated by the contractor for sole source or R & D and is therefore not

restricted to a one way flow.

- \* Begin definition with "The specification which defines.."
- \* "The document which specifies, defines, and describes the work, and deliverables when appropriate, which the buying organization requires the contractor to perform within the period of performance."
- \* It may not be a document but a statement within the document.
- \* Statement of work = scope of work.
- \* Not necessarily a separate document - usually a part of the total bid document.
- \* Does this constitute a contract? If so, I feel a reference should be made.
- \* This definition seems too vague.

The researcher was pleased by the national consensus reached with this definition. The comments seemed to indicate a need for an expanded definition of "document" in the first sentence. The researcher agrees that, although Cannaday simplified this specific area, there exists a need to further delineate where the statement of work is located. As such, the researcher revised the synthesized definition to reflect this change. The term committee agreed with this assessment. Only clarifying revisions, other than the change listed above, were made to the synthesized definition. Other

comments presented were deemed, by the researcher and the committee, to have no impact on this term.

**c. Proposed definition based upon responses:**

**STATEMENT OF WORK**

The provision of a contract or solicitation that defines and/or describes the work which the buying organization requires the contractor to perform.

- \* **Synonyms:** Work statement, purchase description specification.
- \* **Antonyms:** None.

**38. TERMINATION FOR DEFAULT**

**a. Synthesized definition:**

TERMINATION FOR DEFAULT: An action taken by the contracting officer to unilaterally terminate all or part of a contract when the contractor has inexcusably failed to perform in accordance with the terms of the contract.

Synonyms: None.

Antonyms: None.

The synthesized definition was taken from a thesis completed in September of 1992 entitled An Analysis of Contracting Terms: Expanding the Body of Knowledge Within the Contract Management Profession by Marilyn J. Bayless and John H. Padgett. Sixty seven (91%) of the seventy four respondents agreed with the synthesized literature definition based on three sources. The comments received stressed that the literature definition was not emphatic enough about failing to perform. Bayless and Padgett, in accordance with the recommendations, deleted "has not performed" and replaced it with "has inexcusably failed to perform." This revision is reflected in the above synthesized definition.

**b. Results:**

Agreement with the synthesized definition was excellent. Sixty four (93%) of the sixty nine respondents concurred with the definition. Of those who disagreed, one disagreed strongly and three somewhat disagreed with the questionnaire definition. Sixteen (23%) of the sixty nine respondents provided comment while fifty three agreed with the definition without comment. All of the comments, except one, centered on the word "inexcusably" as being too subjective. The following comments were received:

- \* Delete "inexcusably."
- \* Add to the definition: "as outlined in the appropriate property clause (i.e., cost reimbursement, fixed price, etc.)"
- \* "inexcusably failed to perform" is open to interpretation. There can always be an excuse. Should read something like, "has failed to perform in accordance with the terms of the contract that specify the conditions that will result in termination."
- \* Remove the word "inexcusably" as subjective and inappropriate.
- \* Replace "contracting officer" with "buying authority" and delete "inexcusably."
- \* Eliminate "inexcusably."
- \* Replace "inexcusably" with "actual or anticipated failure to perform."

National consensus has been reached on this term. The researcher was surprised, however, at the overwhelming rejection of the term "inexcusably" within the context of the definition. The comments clearly underline the subjectiveness of this term. As such, the researcher has deleted this word from the definition. The term committee felt that the term "contracting officer" was too Government oriented and recommended that "buyer" replace this term. The researcher agrees with this observation. Other than the revisions outlined above, the researcher feels that no other revisions are required.

**c. Proposed definition based upon responses:**

**TERMINATION FOR DEFAULT**

*An action taken by the buyer to unilaterally terminate all or part of a contract when the contractor has failed to perform in accordance with the terms of the contract.*

\* **Synonyms:** None.

\* **Antonyms:** None.

**39. UNILATERAL MODIFICATION**

**a. Synthesized definition:**

UNILATERAL MODIFICATION: A modification, pursuant to the changes clause, requiring only the signature of the contracting officer. Some examples of usage include; correcting typographical errors, changing accounting classifications, obligating additional funds, exercising options, and issuing change orders.

Synonyms: None.

Antonyms: None.

The synthesized definition was taken from a thesis completed in September of 1992 entitled An Analysis of Contracting Terms: Expanding the Body of Knowledge Within the

Contract Management Profession by Marilyn J. Bayless and John H. Padgett. Sixty five (88%) of the seventy four respondents agreed with the literature search definition based on two sources. The comments received centered on the need to illustrate with examples and to identify the authority for a unilateral modification. As such, Padgett and Bayless incorporated these revisions into the synthesized definition.

**b. Results:**

National agreement with the definition was outstanding. Sixty five (94%) of the sixty nine respondents concurred with the synthesized definition. Three respondents somewhat disagreed and one respondent did not recognize the term. Only ten (14%) of the respondents provided comment while fifty eight agreed with the definition without comment. Most of the comments concentrated on the illustrating examples. Comments received include:

- \* Change order would be a more standard word used.
- \* If a change order will impact (or may impact) the statement of work and cost, then this is not a good example.
- \* Any options exercised or change orders issued modify the original terms of the agreement and therefore require agreement by both parties!!!
- \* Obligation of additional funds may not be in the contracting officer's authorization.

- \* Delete "obligating additional funds" and "issuing change orders."

National consensus was reached on this term definition. All of the recommendations are directed at the illustrative examples provided in the definition. As such, these are just examples of unilateral modifications and are not set in stone. For example, as one respondent commented, a contracting officer may not be authorized to obligate additional funds. However, if authorization is given, then the contractor may, as a unilateral modification, obligate additional funds. For clarity sake, however, the researcher has deleted the use of examples to facilitate broader national application. Also, the term "requiring only the signature of the contracting officer" was deleted in favor of a more general application of the term. The term committee felt that the phrase discussing the "changes clause" was too Government specific for an inter-association definition. The researcher agrees with this observation. The above revisions were incorporated into the synthesized definition.

**c. Proposed definition based upon responses:**

**UNILATERAL MODIFICATION**

*An action taken to modify a contract by one party without the consent or approval of the other.*

- \* **Synonyms:** None.
- \* **Antonyms:** None.

#### 40. VARIABLE COST

##### a. *Synthesized definition:*

VARIABLE COST: A cost that fluctuates directly with the volume of goods produced or services performed.

Synonyms: None.

Antonyms: Fixed Cost.

The synthesized definition was taken from a thesis completed in December of 1991 entitled A Dictionary of Acquisition and Contracting Terms by Russell G. Roe. Twenty six (87%) of the thirty respondents agreed with the synthesized literature search definition base on eight published definitions. Roe, in concurrence with two respondents, deleted "proportionally" because costs do not necessarily have to change proportionally with the change in volume. Also, Roe replaced "varies" with "fluctuates" and "volume" was used instead of "rate" in the synthesized definition. These changes are incorporated into the above synthesized definition.

##### b. *Results:*

Agreement with the synthesized definition was good. Sixty two (90%) of the sixty nine respondents concurred with the questionnaire definition. Surprisingly, seven respondents disagreed with the synthesized definition; three strongly disagreed and four somewhat disagreed. Eighteen (26%) of the respondents provided comment while fifty one agreed with the definition without comment. There was diversity with respect to the comments on this term. Four of

the respondents commented that volume was not necessarily the main factor in determining variable costs. Comments received included:

- \* I do not think that volume is the main factor.
- \* Add to the end of the definition: " but remains constant on a unit basis."
- \* Add "or the accounting method."
- \* Variable cost may also depend on the commodity being purchased - particularly if all or part of the item is subject to market fluctuations of volatile raw materials. Cost is not always or not only volume driven.
- \* Cost is an absolute, not a variable. Cost is cost. There should not be a "variable cost." Costs or "price" can be omitted until cost is determined but it can never be variable.
- \* Substitute "changes in direct relationship" for "fluctuates directly."
- \* First few words should read "A contract defined cost".
- \* I do not agree that the costs vary directly to volume. We have found that it as your flow rate is inconsistent, it will effect cost but not directly.
- \* Type of goods produced such as variable costs in materials such as copper, fuel, etc.

The researcher was somewhat shocked that the agreement rate was not higher for this term. The central

issue, as identified by the comments, was whether or not volume was the sole determinant in the variance of costs. The researcher agrees that there are certain applications, such as raw materials and commodities, where volume is not the sole determinant but rather the main determinant. The term committee was also at a loss as to how this definition could be succinctly phrased. It is obvious that the APICS respondents took a different view on this point as well. In short, the researcher clarified the definition by alluding to the "volume of contracting activity" rather than "volume of goods produced or services performed." This revision allows for a broader application of the word "volume" within the context of the definition.

**c. Proposed definition based upon responses:**

**VARIABLE COST**

*A cost that proportionally varies with the volume of contractual activity.*

\* **Synonyms:** *None.*

\* **Antonyms:** *Fixed cost.*

**C. SUMMARY**

This chapter included an analysis of the remaining forty terms studied by the researcher. The chapter included a discussion of the definition synthesis process, analysis of the questionnaire respondent comments and recommendations, and the submission of proposed definitions based on those comments and the term review committee evaluation. A summary of all

proposed definitions, synonyms and antonyms are included as Appendix B. The final chapter presents the researcher's conclusions and recommendations based on the findings.

#### **IV. CONCLUSIONS AND RECOMMENDATIONS**

##### **A. INTRODUCTION**

This chapter offers conclusions and recommendations developed as a result of this research effort. These observations will include an answer to the primary research question submitted in Chapter I of this thesis.

##### **B. CONCLUSIONS**

The researcher considers the application of the methodology applied by earlier researchers such as Ryan, Roe and Brown to be an effective method for the synthesis of previously evaluated acquisition and contracting terminology on the national inter-association level. As the first researcher to attempt this type of analysis, it was also necessary to apply the evaluation of a term review board in order to assure, in addition to the synthesis procedure, that a homogeneous application of the term definitions was achieved. In applying the research methodology utilized by previous researchers within the NCMA, the researcher found that the results were excellent. The researcher did find, unlike three previous researchers, that the input of synonyms and antonyms were very useful on the national scale. [Ref. 6:p. 53] [Ref. 7:p. 59] [Ref.10:p. 66] Specifically, the

identification of unique association applications aided the researcher in identifying interpretational variances for term definitions within a specific community. The specific conclusions drawn by this research are as follows:

1. The product of this thesis will add to the body of knowledge which makes up the national acquisition and contracting discipline. [Ref. 2:p. 59]

[Ref. 4:p. 47] [Ref. 6:p. 51] [Ref. 7:p. 58]

[Ref.10:p. 64] [Ref.11:p. 72] [Ref.13:p. 79]

The process of extracting the fifty terms which have already been synthesized within the NCMA and developing a national, inter-association body of common definitions has initiated the process of building a "common ground" for all acquisition and contracting professionals. This thesis represents the foundation of a national dictionary which will serve as a reference for the inter-association acquisition and contracting community. Additional follow-on research is needed to select and synthesize additional terms for this effort.

2. The observations of questionnaire respondents reflected a concern for the continued development of the contracting discipline.

[Ref. 2:p. 59] [Ref. 4:p. 48] [Ref. 6:p. 52]

[Ref. 7:p. 59] [Ref.10:p. 65] [Ref.11:p. 72]

[Ref.13:p. 80]

The researcher was quite impressed with the interest generated by the respondents in building a national body of contract terms. While the response rate achieved in this study was a respectable thirty six percent, the positive comments received and the quality of input generated indicates a concern for the continued development of the national contracting community. Many of the respondents requested information on how to obtain copies of the dictionary upon project completion while others included personal letters and observations along with their questionnaire responses.

3. There is not universal agreement concerning the meaning of most contracting terms. [Ref. 2:p. 59]

[Ref. 4:p. 48] [Ref. 6:p. 52] [Ref. 7:p. 59]

[Ref.10:p. 65] [Ref.11:p. 72] [Ref.13:p. 80]

Previous research efforts, concentrated solely within the NCMA, could not attain universal agreement. On the national scale, it is even more difficult when considering the idiosyncracies within each area of the national acquisition and contracting community. Even in the two questionnaire terms which resulted in one hundred percent agreement, valid comments and recommendations were provided by the respondents. It is the purpose of this research effort to establish the commonalities between the national associations and build the definitions based upon these common areas. As such, this led, in many cases, to more general definitions which could be applied to each area of expertise within the national

acquisition and contracting community. It would be naive, however, to think it feasible to attain universal agreement.

4. The procedure used in this thesis to achieve national consensus on term definitions as used in the acquisition and contracting profession is valid.

[Ref. 2:p. 60] [Ref. 4:p. 49] [Ref. 6:p. 52]

[Ref. 7:p. 59] [Ref.10:p. 65] [Ref.11:p. 73]

[Ref.13:p. 80]

As the initial effort in establishing a national acquisition and contracting dictionary, the basic methodology used by the previous researchers within the NCMA has again proven its merit through good questionnaire response rates and the sound logical principle of evaluation by qualified professionals. The additional requirement, initiated by this study, for evaluation of the final proposed definitions by recognized professionals making up a term committee was to ensure that the final proposed definitions were developed to foster national inter-association interpretation. The number of excellent comments and recommendations received as a result of this process indicate that this procedure is a valid method of obtaining national term definition consensus.

### **C. RECOMMENDATIONS**

1. The definitions for the forty non-controversial terms analyzed in Chapter III should be included in the

universal dictionary of acquisition and contracting terminology.

At least ninety percent of the individuals responding to each one of these terms agreed with the term as written or with minor comment. As such, each one of these definitions is considered acceptable and ready to publish in a national dictionary of acquisition and contracting terms.

2. The definitions for the ten controversial terms analyzed in Chapter II should be further reviewed, resynthesized and subjected to another round of consensus review by contracting professionals.

The fact that at least ten percent of the national acquisition and contracting community disagreed or did not recognize the synthesized definitions which achieved consensus within NCMA indicates a need for further questionnaire review prior to inclusion in the national acquisition and contracting dictionary. The proposed definitions developed in this study should be the questionnaire definitions provided for review by the national acquisition and contracting associations.

3. Continue to use five separate questionnaires which contain ten terms each and mail each questionnaire to fifty qualified professionals within each of the four professional associations.

This procedure was initiated by Robinson and utilized by Brown. The distribution within each association was developed in this research effort. By including no more than ten terms

per questionnaire, a significantly higher response rate is achieved than those researchers who included all of the terms in each questionnaire. By distributing the terms evenly among the associations, it ensures homogeneous evaluation of the terms on the national level. In addition, by only soliciting comments from qualified professionals (e.g., CPMs, CPPMs, etc.) from each association, the researcher should experience both a higher response rate and level of quality in the responses. This is especially important when attempting to attain a national consensus.

4. Continue to utilize a review by committee for all terms proposed as a result of the research.

The use of the term review committee was initiated in this research effort in order to ensure that the methodology was followed appropriately and to ensure that the proposed definition was developed to apply to the national inter-association community of acquisition and contracting professionals. It is very easy for a Government contracting association member (NCMA), for example, to interpret and develop definitions, when conducting definition synthesis, which apply more to Government contracting than civilian or municipality contracting. As such, the researcher recommends the continued use of this committee in the further development of the national acquisition and contracting dictionary.

#### D. RESEARCH QUESTION ANSWER

The primary research question studied in this thesis was:  
To what extent can standard meaning be arrived at between the various working vocabularies currently utilized by national acquisition and contracting professional associations?

Lieutenant Commander Ryan's response to this question is still valid when applied to the national acquisition and contracting community:

A 100 percent agreement on an exact definition for any given contracting term is not likely to occur, but a definition which represents a consensus can occur with success as demonstrated by the results of this thesis. Definition consensus is realistically achievable in a fixed amount of time utilizing published definitions and glossary "explanations" as the basis for synthesized definitions which can be subjected to criticism of a representative body of practitioners. [Ref. 13:p. 83]

A national consensus as to acceptable working definitions can be achieved between the various professionals within the national acquisition and contracting association ranks. This is underlined by the quality and quantity of comments that the questionnaires generated, as well as the positive remarks received concerning the overall support for the research effort. It must be noted, however, that some respondents did not agree with idea or application of a national dictionary. As with previous researchers within NCMA, this dissention will always be present. It is the challenge of developing a common acquisition and contracting language which must remain the main objective. This effort is both possible and necessary.

## **E. GENERAL COMMENTS**

This research effort represents the first step toward the completion of a universal dictionary of acquisition and contracting terms. It has also proven to be an extremely beneficial learning experience for the researcher in terms of definition review, the definition synthesis process, the term committee review process and the beneficial results of reviewing letters, comments and recommendations from the various facets of the national acquisition and contracting community.

## **F. SUMMARY**

This chapter provided conclusions and recommendations made by the researcher with regard to this research effort. A national standard of acquisition and contracting terminology would be a major contribution to the overall procurement community. Hopefully, the results of this thesis will provide the first step towards the realization of a universal dictionary of acquisition and contracting terminology.

**APPENDIX A: COVER LETTER AND QUESTIONNAIRES**

This appendix contains the cover letter and five separate questionnaires sent to 1000 APICS\NAPM\NPMA\NIGP members. The questionnaires were sent out in four separate mailings of two hundred and fifty each.

Dear Professional,

The purpose of this questionnaire is to obtain a consensus from contracting professionals across the entire acquisition and contracting spectrum on the commonly held working terminology listed below.

Graduate students at the Naval Postgraduate School, Monterey, California, and the Air Force Institute of Technology, Wright-Patterson Air Force Base, Ohio, are conducting an ongoing research effort to establish working definitions for commonly used acquisition words and phrases. When the project is completed, the definitions will be published in a professional dictionary of acquisition and contracting terminology. The dictionary has two purposes. First, to be used as an educational tool for those unfamiliar with the acquisition process. Second, to act as a reference document for those working in all aspects of the field.

The researcher has provided an initial definition derived from previous thesis work. The definitions were synthesized into a narrative that reflects the meanings conveyed in the published material.

Please review each of the ten definitions. Indicate whether or not you feel it is a viable working definition by circling one of the four responses on the scale under each definition. (Please note that the scale changes under each definition) Feel free to make changes you deem necessary. This may be done in any way that will be legible to the researcher, such as lining out words, or rewriting parts of or the entire definition. Also, please include a short explanation for the change in the comments section; this will help the researcher to understand your reasoning when reviewing the proposed definition. Finally, any terms that can be related as synonyms or antonyms should be annotated in the spaces provided.

Your participation in this research effort is greatly appreciated. I urge you to respond to this questionnaire by 20 March 1993 or as soon as possible thereafter. Your perspective is very important to the research.

If you need any additional details, I can be contacted by telephone at (408) 646-9251, or by writing to:

LT Jack L. Stem, SC, USN  
1284 Leahy Road  
Monterey, CA 93940

**DEFINITION QUESTIONNAIRE 1**

**AMENDMENT**

- (1) A revision or change to correct, clarify, or add to an existing document.
- (2) In Government contracting it is an instrument used to correct, clarify, or add to a solicitation document.

Please circle your evaluation of this working definition on the following scale:

Strongly Agree	Somewhat Agree	Somewhat Disagree	Strongly Disagree
1.....	1.....	1.....	1.....

If you did not strongly agree with this working definition, please make any revisions or comments in the following space:

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SYNONYMS: \_\_\_\_\_  
ANTONYMS: \_\_\_\_\_

**BEST AND FINAL OFFER (BAFO)**

An offeror's final revised proposal submission which should reflect the offeror's best and most favorable terms to the Government. Such a proposal is submitted after the conclusion of meaningful written and oral discussions, negotiations, and in response to a contracting officer's request for such offer by a common cut off date.

Please circle your evaluation of this working definition on the following scale:

Strongly Agree	Somewhat Agree	Somewhat Disagree	Strongly Disagree
1.....	1.....	1.....	1.....

If you did not strongly agree with this working definition, please make any revisions or comments in the following space:

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SYNONYMS: \_\_\_\_\_  
ANTONYMS: \_\_\_\_\_

**BIDDER**

A firm offering to sell goods or services to a buyer in response to a solicitation.

Please circle your evaluation of this working definition on the following scale:

Strongly Disagree	Somewhat Disagree	Somewhat Agree	Strongly Agree
1.....	1.....	1.....	1.....

If you did not strongly agree with this working definition, please make any revisions or comments in the following space:

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SYNONYMS: \_\_\_\_\_  
ANTONYMS: \_\_\_\_\_

**BID WITHDRAWAL**

The act of removing a bid (by the bidder) from the buyer's consideration.

Please circle your evaluation of this working definition on the following scale:

Strongly Agree	Somewhat Agree	Somewhat Disagree	Strongly Disagree
1.....	1.....	1.....	1.....

If you did not strongly agree with this working definition, please make any revisions or comments in the following space:

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SYNONYMS: \_\_\_\_\_  
ANTONYMS: \_\_\_\_\_

**BILL OF LADING**

A written receipt or contract specifying the terms under which a carrier agrees to transport and deliver goods to a designated person or consignee for compensation based upon conditions stated therein.

Please circle your evaluation of this working definition on the following scale:

Strongly	Somewhat	Somewhat	Strongly
Disagree	Disagree	Agree	Agree
1.....	1.....	1.....	1.....

If you did not strongly agree with this working definition, please make any revisions or comments in the following space:

\_\_\_\_\_  
\_\_\_\_\_

SYNONYMS: \_\_\_\_\_  
ANTONYMS: \_\_\_\_\_

**BREAKEVEN ANALYSIS**

- (1) In a general sense, computing different projected production or sales volumes to determine the point at which costs equal revenues.
- (2) In a procurement sense, analysis of all potential costs to establish one or more additional sources as compared to the potential savings or benefits received from the establishment of the additional source(s).

Please circle your evaluation of this working definition on the following scale:

Strongly	Somewhat	Somewhat	Strongly
Agree	Agree	Disagree	Disagree
1.....	1.....	1.....	1.....

If you did not strongly agree with this working definition, please make any revisions or comments in the following space:

\_\_\_\_\_  
\_\_\_\_\_

SYNONYMS: \_\_\_\_\_  
ANTONYMS: \_\_\_\_\_

**BUYER**

(1) As a role or function: An assistant to a purchasing manager or contracting officer, generally responsible for processing bids and conducting negotiations with sellers; normally recommends procurement actions on large dollar procurement actions while having limited authority to award small dollar contracts.

(2) As an entity in the buyer-seller relationship: One who buys or contracts to buy goods/services.

Please circle your evaluation of this working definition on the following scale:

Strongly	Somewhat	Somewhat	Strongly
Agree	Agree	Disagree	Disagree
1.....	1.....	1.....	1.....

If you did not strongly agree with this working definition, please make any revisions or comments in the following space:

\_\_\_\_\_  
\_\_\_\_\_

SYNONYMS: \_\_\_\_\_  
ANTONYMS: \_\_\_\_\_

**CARDINAL CHANGE**

A change which involves performance outside the scope of the contract.

Please circle your evaluation of this working definition on the following scale:

Strongly	Somewhat	Somewhat	Strongly
Disagree	Disagree	Agree	Agree
1.....	1.....	1.....	1.....

If you did not strongly agree with this working definition, please make any revisions or comments in the following space:

\_\_\_\_\_  
\_\_\_\_\_

SYNONYMS: \_\_\_\_\_  
ANTONYMS: \_\_\_\_\_

**COMMERCIAL OFF-THE SHELF**

Existing items (either supplies or services) that are sold or traded to the general public in the course of normal business operations at prices based on catalog or market prices, and at most require minor modifications to meet the requirements of the procuring agency.

Please circle your evaluation of this working definition on the following scale:

Strongly Agree	Somewhat Agree	Somewhat Disagree	Strongly Disagree
1.....	1.....	1.....	1.....

If you did not strongly agree with this working definition, please make any revisions or comments in the following space:

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SYNONYMS: \_\_\_\_\_  
ANTONYMS: \_\_\_\_\_

**COMPETITIVE RANGE**

The offers which meet, or through discussions can be revised to meet, the requirements of a solicitation and have a reasonable chance of being selected for award as determined by an evaluation of technical, management, cost/price considerations, and other factors stated in the solicitation.

Please circle your evaluation of this working definition on the following scale:

Strongly Agree	Somewhat Agree	Somewhat Disagree	Strongly Disagree
1.....	1.....	1.....	1.....

If you did not strongly agree with this working definition, please make any revisions or comments in the following space:

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SYNONYMS: \_\_\_\_\_  
ANTONYMS: \_\_\_\_\_

**DEFINITION QUESTIONNAIRE 2**

**Contingency**

A possible future event or condition arising from presently known, unknown, or suspected causes which may impact such contractual items as cost, schedule, quantity, performance, or other contract elements.

Please circle your evaluation of this working definition on the following scale:

Strongly Agree	Somewhat Agree	Somewhat Disagree	Strongly Disagree
1.....	1.....	1.....	1.....

If you did not strongly agree with this working definition, please make any revisions or comments in the following space:

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SYNONYMS: \_\_\_\_\_  
ANTONYMS: \_\_\_\_\_

**Contract, Letter**

A written preliminary contractual instrument that authorizes the immediate commencement of activity under its terms and conditions, pending negotiation and definitization of contractual details including the pricing arrangement for the work to be done. It must specify the maximum financial liability of the buyer and be superseded by a definitive contract within a specified time. In Government contracting it is generally not used except when a written determination is made by the head of the contracting activity that no other type of contract is suitable.

Please circle your evaluation of this working definition on the following scale:

Strongly Disagree	Somewhat Disagree	Somewhat Agree	Strongly Agree
1.....	1.....	1.....	1.....

If you did not strongly agree with this working definition, please make any revisions or comments in the following space:

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SYNONYMS: \_\_\_\_\_  
ANTONYMS: \_\_\_\_\_

**Cost Objective**

(1) A function, organizational subdivision, contract, or other work unit for which cost data is desired and for which provision is made to accumulate and measure the cost of processes, products, capitalized projects, and so forth.

(2) Cost goal established for the completion of an element of work.

(3) Goal established for contract cost to be achieved during contract negotiations.

Please circle your evaluation of this working definition on the following scale:

Strongly	Somewhat	Somewhat	Strongly
Agree	Agree	Disagree	Disagree
1.....	1.....	1.....	1.....

If you did not strongly agree with this working definition, please make any revisions or comments in the following space.

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SYNONYMS: \_\_\_\_\_

ANTONYMS: \_\_\_\_\_

**Deviation**

A specific written authorization to a contractor, granted prior to or during the manufacture of an item or the performance of a service, to depart from a particular performance or design requirement of a contract, specification or a referenced document for a specific number of units or a specific period of time.

Please circle your evaluation of this working definition on the following scale:

Strongly	Somewhat	Somewhat	Strongly
Agree	Agree	Disagree	Disagree
1.....	1.....	1.....	1.....

If you did not strongly agree with this working definition, please make any revisions or comments in the following space.

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SYNONYMS: \_\_\_\_\_

ANTONYMS: \_\_\_\_\_

**Dispute**

A conflict of claims or rights, or an assertion of a right, claim, or demand on one side which 1) is met by contrary claims or allegations on the other side and 2) cannot be resolved through informal discussions and negotiations.

Please circle your evaluation of this working definition on the following scale:

Strongly Disagree	Somewhat Disagree	Somewhat Agree	Strongly Agree
1.....	1.....	1.....	1.....

If you did not strongly agree with this working definition, please make any revisions or comments in the following space:

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SYNONYMS: \_\_\_\_\_  
ANTONYMS: \_\_\_\_\_

**Dual Source**

Two independent contractors intentionally developed to produce similar or identical components or end items in order to foster competition and/or enhance the industrial base.

Please circle your evaluation of this working definition on the following scale:

Strongly Agree	Somewhat Agree	Somewhat Disagree	Strongly Disagree
1.....	1.....	1.....	1.....

If you did not strongly agree with this working definition, please make any revisions or comments in the following space:

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SYNONYMS: \_\_\_\_\_  
ANTONYMS: \_\_\_\_\_

**Engineering Change Proposals**

A document which proposes a change in the physical or functional characteristics of a system or item. It requires revision to contract specifications or engineering drawings, if accepted by the buyer. It includes both a proposed engineering change and its documentation.

Please circle your evaluation of this working definition on the following scale:

Strongly	Somewhat	Somewhat	Strongly
Agree	Agree	Disagree	Disagree
1.....	1.....	1.....	1.....

If you did not strongly agree with this working definition, please make any revisions or comments in the following space:

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SYNONYMS: \_\_\_\_\_  
ANTONYMS: \_\_\_\_\_

**Excusable Delay**

An unforeseeable event which inhibits contract performance and arises from causes beyond the control and without the fault or negligence of the contractor. A determination that such an event is excusable normally protects the contractor from penalties and termination for default.

Please circle your evaluation of this working definition on the following scale:

Strongly	Somewhat	Somewhat	Strongly
Agree	Agree	Disagree	Disagree
1.....	1.....	1.....	1.....

If you did not strongly agree with this working definition, please make any revisions or comments in the following space:

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SYNONYMS: \_\_\_\_\_  
ANTONYMS: \_\_\_\_\_

**First Article**

A model unit, lot, or sample manufactured under normal production conditions either before or during the initial stages of contract production, which is used to test for contract conformance.

Please circle your evaluation of this working definition on the following scale:

Strongly Disagree	Somewhat Disagree	Somewhat Agree	Strongly Agree
1.....	1.....	1.....	1.....

If you did not strongly agree with this working definition, please make any revisions or comments in the following space:

\_\_\_\_\_  
\_\_\_\_\_

SYNONYMS: \_\_\_\_\_  
ANTONYMS: \_\_\_\_\_

**"Grass Roots" Estimate**

A top-level estimate developed by collecting and combining estimates from functional organizations within a company or agency for a specific statement of work or task. An airframe grass roots estimate, for example, would be costed at the manufacturing, engineering, quality control, tooling and material levels. Usually developed by a combination of many estimating methods and techniques, including manloading, engineering standards, and actual cost data. The underlying assumption of the grass roots methodology is that future costs for a system can be accurately predicted based on historical costs of that system.

Please circle your evaluation of this working definition on the following scale:

Strongly Agree	Somewhat Agree	Somewhat Disagree	Strongly Disagree
1.....	1.....	1.....	1.....

If you did not strongly agree with this working definition, please make any revisions or comments in the following space:

\_\_\_\_\_  
\_\_\_\_\_

SYNONYMS: \_\_\_\_\_  
ANTONYMS: \_\_\_\_\_

**DEFINITION QUESTIONNAIRE 3**

**Implied Contract**

A bilateral understanding evidenced by the implicit agreement of the parties. Contract formation is inferred by law, as a matter of reason and justice from the acts or conduct of the parties involved. The surrounding circumstances imply that a contract existed between the affected parties.

Please circle your evaluation of this working definition on the following scale:

Strongly Agree	Somewhat Agree	Somewhat Disagree	Strongly Disagree
1.....	1.....	1.....	1.....

If you did not strongly agree with this working definition, please make any revisions or comments in the following space:

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SYNONYMS: \_\_\_\_\_  
ANTONYMS: \_\_\_\_\_

**Incentive Arrangement**

A contract structure which is intended to financially motivate the seller, through the use of a profit/fee adjustment formula, to emphasize particular aspects of the overall contract (e.g. cost control, accelerated delivery, quality or technical improvements). This approach utilizes objective measurement (as opposed to subjective measurement as is used under an "award fee" approach) for calculating the amount of incentive to be received.

Please circle your evaluation of this working definition on the following scale:

Strongly Disagree	Somewhat Disagree	Somewhat Agree	Strongly Agree
1.....	1.....	1.....	1.....

If you did not strongly agree with this working definition, please make any revisions or comments in the following space.

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SYNONYMS: \_\_\_\_\_  
ANTONYMS: \_\_\_\_\_

**Latent Defect**

A defect in a good or item that existed at the time of buyer acceptance, but was not discovered by reasonable inspection.

Please circle your evaluation of this working definition on the following scale:

Strongly	Somewhat	Somewhat	Strongly
Agree	Agree	Disagree	Disagree
1.....	1.....	1.....	1.....

If you did not strongly agree with this working definition, please make any revisions or comments in the following space.

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SYNONYMS: \_\_\_\_\_  
ANTONYMS: \_\_\_\_\_

**Learning Curve**

A quantitative method for projecting resource requirements, typically expressed as labor hours or material quantities, based on the observation that as an effort is repetitively performed there is a constant percentage decrease in the resources required.

Please circle your evaluation of this working definition on the following scale:

Strongly	Somewhat	Somewhat	Strongly
Agree	Agree	Disagree	Disagree
1.....	1.....	1.....	1.....

If you did not strongly agree with this working definition, please make any revisions or comments in the following space.

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SYNONYMS: \_\_\_\_\_  
ANTONYMS: \_\_\_\_\_

**Market Analysis**

Analysis which measures the extent and nature of a market and determines its characteristics (e.g., product availability, market alternatives, prices, trends).

Please circle your evaluation of this working definition on the following scale:

Strongly Disagree	Somewhat Disagree	Somewhat Agree	Strongly Agree
1.....	1.....	1.....	1.....

If you did not strongly agree with this working definition, please make any revisions or comments in the following space.

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SYNONYMS: \_\_\_\_\_

ANTONYMS: \_\_\_\_\_

**Materials Management**

An integrated management approach to the complete life cycle of an item's material flow from the raw material state to the finished product state.

Please circle your evaluation of this working definition on the following scale:

Strongly Agree	Somewhat Agree	Somewhat Disagree	Strongly Disagree
1.....	1.....	1.....	1.....

If you did not strongly agree with this working definition, please make any revisions or comments in the following space.

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SYNONYMS: \_\_\_\_\_

ANTONYMS: \_\_\_\_\_

**Multiple Award**

Contracts awarded to more than one supplier from a single bid or solicitation. Awards are made for the same or comparable generic types of items or services at various prices where the award to a single supplier would be impractical, fail to satisfy the total contract requirement or would not support the industrial base or future requirements for competition.

Please circle your evaluation of this working definition on the following scale:

Strongly Disagree	Somewhat Disagree	Somewhat Agree	Strongly Agree
1.....	1.....	1.....	1.....

If you did not strongly agree with this working definition, please make any revisions or comments in the following space:

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SYNONYMS: \_\_\_\_\_  
ANTONYMS: \_\_\_\_\_

**Performance Bond**

A financial guarantee indemnifying the buyer, executed in connection with a contract, which secures the performance and fulfillment of the contractor's obligations under the contract.

Please circle your evaluation of this working definition on the following scale:

Strongly Agree	Somewhat Agree	Somewhat Disagree	Strongly Disagree
1.....	1.....	1.....	1.....

If you did not strongly agree with this working definition, please make any revisions or comments in the following space.

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SYNONYMS: \_\_\_\_\_  
ANTONYMS: \_\_\_\_\_

**Not-to-Exceed Price**

A dollar limit set on a contract when the contractor begins work on a project or contractual amendment (e.g., a change order) before price negotiations are completed. The final price negotiated for the contract cannot be greater than the not-to-exceed price.

Please circle your evaluation of this working definition on the following scale:

Strongly Agree	Somewhat Agree	Somewhat Disagree	Strongly Disagree
1.....	1.....	1.....	1.....

If you did not strongly agree with this working definition, please make any revisions or comments in the following space:

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SYNONYMS: \_\_\_\_\_  
ANTONYMS: \_\_\_\_\_

**Offeror**

The organization(s) or individual(s) presenting a bid or proposal to a potential buyer for acceptance or rejection.

Please circle your evaluation of this working definition on the following scale:

Strongly Disagree	Somewhat Disagree	Somewhat Agree	Strongly Agree
1.....	1.....	1.....	1.....

If you did not strongly agree with this working definition, please make any revisions or comments in the following space:

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SYNONYMS: \_\_\_\_\_  
ANTONYMS: \_\_\_\_\_

**DEFINITION QUESTIONNAIRE 4**

**Other than Full and Open Competition**

The condition that exists when a contract is contemplated or awarded on a basis other than that of (1) full and open competition, or (2) full and open competition after exclusion of sources. Contracting with the only responsible source is an example of use of other than full and open competition as the basis for award. FAR 6.302 contains the seven statutory authorities for use of other than full and open competition.

Please circle your evaluation of this working definition on the following scale:

Strongly Disagree	Somewhat Disagree	Somewhat Agree	Strongly Agree
1.....	1.....	1.....	1.....

If you did not strongly agree with this working definition, please make any revisions or comments in the following space:

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SYNONYMS: \_\_\_\_\_  
ANTONYMS: \_\_\_\_\_

**Post Award**

Any time after contract award through contract completion and close-out. Examples of post award activities may include a post award conference, contract administration, closeout, or possibly a termination action.

Please circle your evaluation of this working definition on the following scale:

Strongly Agree	Somewhat Agree	Somewhat Disagree	Strongly Disagree
1.....	1.....	1.....	1.....

If you did not strongly agree with this working definition, please make any revisions or comments in the following space:

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SYNONYMS: \_\_\_\_\_  
ANTONYMS: \_\_\_\_\_

**Pre-Award**

All activities and efforts, performed by either the government or contractor, that directly relate to the award of a contract and occur prior to the award of said contract are preaward. Examples are acquisition planning, solicitation preparation, proposal preparation and submission, and proposal evaluation.

Please circle your evaluation of this working definition on the following scale:

Strongly	Somewhat	Somewhat	Strongly
Agree	Agree	Disagree	Disagree
1.....	1.....	1.....	1.....

If you did not strongly agree with this working definition, please make any revision or comments in the following space:

\_\_\_\_\_  
\_\_\_\_\_

SYNONYMS: \_\_\_\_\_  
ANTONYMS: \_\_\_\_\_

**Pre-Award Survey**

An evaluation of a prospective contractor's ability to perform a specific contract, performed by the contract administration office or the purchasing office, with assistance from DCAA at the request of either office. The evaluation addresses the physical, technical, managerial, and financial capability of the prospective contractor. Also addressed are the adequacy of the contractor's systems and procedures and the contractors past performance record.

Please circle your evaluation of this working definition on the following scale:

Strongly	Somewhat	Somewhat	Strongly
Disagree	Disagree	Agree	Agree
1.....	1.....	1.....	1.....

If you did not strongly agree with this working definition, please make any revision or comments in the following space:

\_\_\_\_\_  
\_\_\_\_\_

SYNONYMS: \_\_\_\_\_  
ANTONYMS: \_\_\_\_\_

**Price Competition**

The process of two or more offerors, capable of satisfying the buyer's requirements, independently competing for a contract to be awarded to the responsible offeror submitting the lowest evaluated priced offer responsive to the solicitation's expressed requirements.

Please circle your evaluation of this working definition on the following scale:

Strongly Agree	Somewhat Agree	Somewhat Disagree	Strongly Disagree
1.....	1.....	1.....	1.....

If you did not strongly agree with this working definition, please make any revision or comments in the following space:

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SYNONYMS: \_\_\_\_\_  
ANTONYMS: \_\_\_\_\_

**Privity of Contract**

The direct legal (contractual) connection or relationship that exists between parties which allows either party to 1) enforce contractual rights against, and 2) seek remedy directly from the other party with whom this relation exists.

Please circle your evaluation of this working definition on the following scale:

Strongly Disagree	Somewhat Disagree	Somewhat Agree	Strongly Agree
1.....	1.....	1.....	1.....

If you did not strongly agree with this working definition, please make any revision or comments in the following space:

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SYNONYMS: \_\_\_\_\_  
ANTONYMS: \_\_\_\_\_

**Profit Analysis**

The process by which profit or fee prenegotiation objectives are developed. The process is based on a structured evaluation of factors such as contractor risk, contract type risk, facilities capital employed, and capital investment, and application of the results of such evaluation to a cost objective. The weighted guidelines method is the structured approach used within DOD. Profit analysis is appropriate only when price negotiation is based on cost analysis.

Please circle your evaluation of this working definition on the following scale:

Strongly Agree	Somewhat Agree	Somewhat Disagree	Strongly Disagree
1.....	1.....	1.....	1.....

If you did not strongly agree with this working definition, please make any revisions or comments in the following space:

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SYNONYMS: \_\_\_\_\_  
ANTONYMS: \_\_\_\_\_

**Proprietary Data**

Data which describes technical processes, tools, mechanisms, applications, or private business information that belong to an owner or entity as a result of authorship, invention, or discovery at private expense or through purchased rights.

Please circle your evaluation of this working definition on the following scale:

Strongly Disagree	Somewhat Disagree	Somewhat Agree	Strongly Agree
1.....	1.....	1.....	1.....

If you did not strongly agree with this working definition, please make any revisions or comments in the following space:

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SYNONYMS: \_\_\_\_\_  
ANTONYMS: \_\_\_\_\_

**Prudent Businessman Concept**

Phrase used as a measure of reasonableness in assessing an offer, counter-offer or other contractual action. Related to making a procurement decision based on sound fiduciary or business principles.

Please circle your evaluation of this working definition on the following scale:

Strongly	Somewhat	Somewhat	Strongly
Agree	Agree	Disagree	Disagree
1.....	1.....	1.....	1.....

If you did not strongly agree with this working definition, please make any revisions or comments in the following space:

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SYNONYMS: \_\_\_\_\_

ANTONYMS: \_\_\_\_\_

**Qualified Bidders List (QBL)**

A list of potential bidders whose products have been determined to meet all applicable qualification requirements prior to and independent of any specific acquisition action.

Please circle your evaluation of this working definition on the following scale:

Strongly	Somewhat	Somewhat	Strongly
Disagree	Disagree	Agree	Agree
1.....	1.....	1.....	1.....

If you did not strongly agree with this working definition, please make any revisions or comments in the following space:

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SYNONYMS: \_\_\_\_\_

ANTONYMS: \_\_\_\_\_

**DEFINITION QUESTIONNAIRE 5**

**Quality Control**

Practices and procedures used by contractor and approved by the government contracting officer to ensure quality, satisfactory performance, conformance to contract requirements and to detect and prevent defects.

Please circle your evaluation of this working definition on the following scale:

Strongly Agree	Somewhat Agree	Somewhat Disagree	Strongly Disagree
1.....	1.....	1.....	1.....

If you did not strongly agree with this working definition, please make any revisions or comments in the following space:

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SYNONYMS: \_\_\_\_\_  
ANTONYMS: \_\_\_\_\_

**Random Sampling**

The procedure used to select items from an inspection lot so each item in the lot has an equal chance of being included in the sample.

Please circle your evaluation of this working definition on the following scale:

Strongly Disagree	Somewhat Disagree	Somewhat Agree	Strongly Agree
1.....	1.....	1.....	1.....

If you did not strongly agree with this working definition, please make any revisions or comments in the following space:

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SYNONYMS: \_\_\_\_\_  
ANTONYMS: \_\_\_\_\_

**Residual Value**

The remaining value of a tangible asset at the end of its economic life.

Please circle your evaluation of this working definition on the following scale:

Strongly	Somewhat	Somewhat	Strongly
Agree	Agree	Disagree	Disagree
1.....	1.....	1.....	1.....

If you did not strongly agree with this working definition, please make any revisions or comments in the following space.

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SYNONYMS: \_\_\_\_\_  
ANTONYMS: \_\_\_\_\_

**Scope of Work**

The total effort to be performed by a contractor in fulfillment of a contractual requirement.

Please circle your evaluation of this working definition on the following scale:

Strongly	Somewhat	Somewhat	Strongly
Agree	Agree	Disagree	Disagree
1.....	1.....	1.....	1.....

If you did not strongly agree with this working definition, please make any revisions or comments in the following space:

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SYNONYMS: \_\_\_\_\_  
ANTONYMS: \_\_\_\_\_

**Statement of Work**

The document which defines and/or describes the work which the buying organization requires the contractor to perform.

Please circle your evaluation of this working definition on the following scale:

Strongly Disagree	Somewhat Disagree	Somewhat Agree	Strongly Agree
1.....	1.....	1.....	1.....

If you did not strongly agree with this working definition, please make any revisions or comments in the following space:

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SYNONYMS: \_\_\_\_\_

ANTONYMS: \_\_\_\_\_

**Termination for Default**

An action taken by the contracting officer to unilaterally terminate all or part of a contract when the contractor has inexcusably failed to perform in accordance with the terms of the contract.

Please circle your evaluation of this working definition on the following scale:

Strongly Agree	Somewhat Agree	Somewhat Disagree	Strongly Disagree
1.....	1.....	1.....	1.....

If you did not strongly agree with this working definition, please make any revisions or comments in the following space:

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SYNONYMS: \_\_\_\_\_

ANTONYMS: \_\_\_\_\_

**Unilateral Modification**

A modification, pursuant to the changes clause, requiring only the signature of the contracting officer. Some examples of usage include; correcting typographical errors, changing accounting classifications, obligating additional funds, exercising options, and issuing change orders.

Please circle your evaluation of this working definition on the following scale:

Strongly	Somewhat	Somewhat	Strongly
Disagree	Disagree	Agree	Agree
1.....	1.....	1.....	1.....

If you did not strongly agree with this working definition, please make any revisions or comments in the following space:

\_\_\_\_\_  
\_\_\_\_\_

SYNONYMS: \_\_\_\_\_

ANTONYMS: \_\_\_\_\_

**Variable Cost**

A cost that fluctuates directly with the volume of goods produced or services performed.

Please circle your evaluation of this working definition on the following scale:

Strongly	Somewhat	Somewhat	Strongly
Agree	Agree	Disagree	Disagree
1.....	1.....	1.....	1.....

If you did not strongly agree with this working definition, please make any revisions or comments in the following space:

\_\_\_\_\_  
\_\_\_\_\_

SYNONYMS: \_\_\_\_\_

ANTONYMS: \_\_\_\_\_

**Value Engineering**

An organized effort concerned with the elimination or modification of anything that contributes to the acquisition, operation or support cost of an item or task but which improves or maintains needed performance, quality, maintainability, reliability or interchangeability.

Please circle your evaluation of this working definition on the following scale:

Strongly	Somewhat	Somewhat	Strongly
Agree	Agree	Disagree	Disagree
1.....	1.....	1.....	1.....

If you did not strongly agree with this working definition, please make any revisions or comments in the following space:

\_\_\_\_\_  
\_\_\_\_\_

SYNONYMS: \_\_\_\_\_  
ANTONYMS: \_\_\_\_\_

**Weighted Guidelines**

A structured approach for developing profit or fee negotiation objectives that provides a format for consideration of the relative value of performance risk, contract type risk, and facilities capital employed.

Please circle your evaluation of this working definition on the following scale:

Strongly	Somewhat	Somewhat	Strongly
Disagree	Disagree	Agree	Agree
1.....	1.....	1.....	1.....

If you did not strongly agree with this working definition, please make any revisions or comments in the following space:

\_\_\_\_\_  
\_\_\_\_\_

SYNONYMS: \_\_\_\_\_  
ANTONYMS: \_\_\_\_\_

**APPENDIX B: PROPOSED DEFINITIONS BASED UPON  
CONSENSUS PROCEDURE**

This appendix contains the definitions of all the researched terms developed through the consensus procedure.

**AMENDMENT**

(1) A revision or change to correct, clarify, or add to an existing document.

(2) In Federal contracting it is an instrument used to correct, clarify, or add/subtract to a solicitation document.

\* **Synonyms:** Revision, alteration, correction, addendum.

\* **Antonyms:** None.

**BEST AND FINAL OFFER**

An offeror's most recent proposal, made after the conclusion of competitive range negotiations/discussions, which reflects the offeror's best and most favorable terms to the buyer.

\* **Synonyms:** None.

\* **Antonyms:** None.

**BIDDER**

A company or individual qualified to sell goods or services to a buyer in response to a solicitation.

\* **Synonyms:** Seller, proposer.

\* **Antonyms:** Buyer.

**BID WITHDRAWAL**

An overt action by the bidder to remove a bid from the buyer's consideration prior to bid opening.

\* **Synonyms:** None.

\* **Antonyms:** None.

**BILL OF LADING**

A written receipt and/or contract specifying the terms under which a carrier agrees to transport and deliver goods to a designated person or consignee for compensation based upon conditions and descriptions stated therein.

\* **Synonyms:** Manifest.

\* **Antonyms:** None.

**BREAKEVEN ANALYSIS**

The computation of different projected production or sales volumes to determine the point at which costs equal revenues.

- \* **Synonyms:** None.
- \* **Antonyms:** None.

**BUYER**

A person who is responsible for the development of solicitations; obtaining quotes, bids or offers; evaluating proposals, negotiating, awarding or making recommendations for award of contracts, administering contracts and closing contracts.

- \* **Synonyms:** Procurement specialist, contract specialist.
- \* **Antonyms:** Seller.

**CARDINAL CHANGE**

A change which involves performance outside the scope of the contract.

- \* **Synonyms:** Out-of-scope change.
- \* **Antonyms:** None.

**COMMERCIAL OFF-THE-SHELF**

Existing goods or services that are sold or traded to the general public in the course of normal business operations at prices based on catalog or market prices, and at most require minor modifications to meet the requirements of the procuring agency.

- \* **Synonyms:** Non-development items.
- \* **Antonyms:** Development items.

**COMPETITIVE RANGE**

The offers which meet, or through discussions can be revised to meet, the requirements of a solicitation and have a reasonable chance of being selected for award as determined by an evaluation of technical, management, cost/price considerations, and other factors stated in the solicitation.

- \* **Synonyms:** None.
- \* **Antonyms:** None.

**CONTINGENCY**

A possible future event or condition arising from presently known, unknown, or suspected causes which may impact such contractual items as cost, risk, schedule, quantity, quality, performance, or other contract elements.

\* **Synonyms:** None.

\* **Antonyms:** None.

**CONTRACT, LETTER (LETTER CONTRACT)**

A written contractual instrument that authorizes the commencement of activity under its terms and conditions, pending negotiation and clarification of contractual details including the pricing arrangement for the work to be done. It must specify the maximum financial liability of the buyer and be superseded by a definitive contract within a specified time. In Government contracting, it is used when a written determination is made by the head of the contracting activity that time constraints or urgency indicates that no other type of contract is suitable.

\* **Synonyms:** Letter agreement, authority to proceed.

\* **Antonyms:** Definitized contract.

**COST OBJECTIVE**

(1) A contract or other division of work for which cost data is desired and for which provision is made to accumulate and measure the applicable costs of processes, products, etc.

(2) Cost goal established for the completion of an element of work.

(3) Goal established for contract cost to be achieved during contract negotiations.

\* **Synonyms:** Cost goal, cost center, target cost.

\* **Antonyms:** None.

**DEVIATION AUTHORIZATION**

A specific authorization granted to a contractor, prior to or during the manufacture of an item or the performance of a service, to depart from a particular performance or design requirement of a contract, specification or referenced document for a specific number of units or a specific period of time.

\* **Synonyms:** Departure, Addendum.

\* **Antonyms:** None.

**DISPUTE**

A conflict of claims or rights and/or disagreements concerning the position, legal rights, claims or demands between contracting parties.

\* **Synonyms:** Conflict.

\* **Antonyms:** None.

**DUAL SOURCE**

Two or more independent contractors, intentionally developed or already existing, capable of producing similar or identical components or end items in order to foster competition, ensure availability of goods or services and/or enhance the industrial base.

\* **Synonyms:** None.

\* **Antonyms:** None.

**ENGINEERING CHANGE PROPOSAL**

A document which proposes a change in the physical or functional characteristics of a system or item. If accepted by the buyer, it requires revision to the contract specifications or engineering drawings and includes both a proposed engineering change and its documentation.

\* **Synonyms:** Value engineering change proposal.

\* **Antonyms:** None.

**EXCUSABLE DELAY**

An unforeseeable event which inhibits contract performance and arises from causes beyond the control and without the fault or negligence of the contractor. Such a determination normally protects the contractor from penalties, liquidated damages and termination for default.

- \* **Synonyms:** Force majeure.
- \* **Antonyms:** Unexcusable delay.

**FIRST ARTICLE**

A model unit, lot, or sample manufactured under normal production conditions either before or during the initial stages of contract production, which is used to test for conformance to contract specifications and is representative of what will be produced in future units.

- \* **Synonyms:** Pre-production sample, initial production sample, test sample, first lot, pilot model, pilot lot.
- \* **Antonyms:** None.

**GRASS ROOTS ESTIMATE**

A top level estimate developed by collecting and combining estimates from functional organizations within a company or agency for a specific statement of work or task. An airframe grass roots estimate, for example, would be costed at the product design, manufacturing, engineering, tooling, quality control and material levels with appropriate application of manufacturing/general and administrative overheads and the learning curve. Usually, developed by a combination of many methods and techniques, including manloading, engineering standards, and actual cost data. The underlying assumption of the grass roots methodology is that future costs for a system can be accurately predicted based on historical costs of that system and applied indexing of inflation.

- \* **Synonyms:** Engineering estimate, developmental estimate, engineering build-up, detailed estimate.
- \* **Antonyms:** Direct estimate, ROM (rough order of magnitude) estimate.

**IMPLIED CONTRACT**

A bilateral understanding whereby contract formation is inferred by law, as a matter of reason and justice from the acts or conduct of the parties involved. The surrounding circumstances imply that a contract exists between the affected parties.

- \* **Synonyms:** Verbal agreement, verbal contract, implied agreement.
- \* **Antonyms:** Expressed contract.

**INCENTIVE ARRANGEMENT**

A contract structure which is intended to financially motivate the seller to emphasize particular aspects of the overall contract (e.g. cost control, delivery, quality, or technical improvements). This approach utilizes objective measurement for calculating the amount of incentive to be received based on a maximum profit/fee.

- \* **Synonyms:** None.
- \* **Antonyms:** None.

**LATENT DEFECT**

A defect in a good or item that existed at the time of acceptance or delivery, but was not discovered by reasonable inspection.

- \* **Synonyms:** Concealed defect, hidden defect, dormant defect.
- \* **Antonyms:** Patent defect, obvious defect.

**LEARNING CURVE**

A method for projecting resource requirements, typically expressed as labor hours or material quantities, based upon the observation that as an effort is repetitively performed there is a constant percentage decrease in the resources required based upon the level of production and experience.

- \* **Synonyms:** Improvement curve, experience curve, learner's curve.
- \* **Antonyms:** None.

**MARKET ANALYSIS**

Analysis which measures the extent and nature of a market and determines its characteristics (e.g., product availability, market alternatives, prices, trends).

- \* **Synonyms:** Market research, market survey.
- \* **Antonyms:** None.

**MATERIALS MANAGEMENT**

An integrated management philosophy which plans the acquisition strategy and flow of material from the raw material state to final product delivery or disposal.

- \* **Synonyms:** None.
- \* **Antonyms:** None.

**MULTIPLE AWARD**

Contracts awarded to more than one supplier from a single solicitation. Awards are made for the same or comparable generic types of items or services at various prices where the award to a single supplier would be impractical, fail to satisfy the total contract requirement or would not support the industrial base or future requirements for competition.

- \* **Synonyms:** Split award.
- \* **Antonyms:** Single award.

**PERFORMANCE BOND**

A financial guarantee, executed in connection with a contract, which indemnifies the buyer and insures the performance and fulfillment of the contractor's obligations under the contract or monetarily compensates the buyer's loss with a secured bond.

- \* **Synonyms:** Surety bond.
- \* **Antonyms:** None.

**NOT-TO-EXCEED PRICE**

A dollar limit set on a contract when the contractor begins work on a project or contractual amendment (e.g., a change order) and before contract negotiations are completed. The final negotiated price for the contract or change order cannot exceed the not-to-exceed price unless otherwise agreed upon in writing by both parties.

- \* **Synonyms:** None.
- \* **Antonyms:** None.

**OFFEROR**

The organization(s) or individual(s) presenting a bid or proposal to a potential buyer for acceptance or rejection.

- \* **Synonyms:** Bidder, proposer.
- \* **Antonyms:** Buyer, purchaser.

**OTHER THAN FULL AND OPEN COMPETITION**

A condition that exists when a contract is contemplated or awarded when competition is restricted in any way. There are seven statutory exceptions for use of other than full and open competition.

- \* **Synonyms:** Exemption from competitive bid process, sole source.
- \* **Antonyms:** Full and open competition, pure competition.

**POST AWARD**

Any time after contract award.

- \* **Synonyms:** None.
- \* **Antonyms:** Pre award.

**PRE-AWARD**

Any time prior to contract award. This includes all activities and efforts performed by either the buyer or seller that directly relate to the award of the contract.

- \* **Synonyms:** None.
- \* **Antonyms:** Post award.

**PRE-AWARD SURVEY**

An evaluation of a prospective contractor's ability to perform a specific contract.

- \* **Synonyms:** None.
- \* **Antonyms:** None.

**PRICE COMPETITION**

The process of two or more responsive and responsible offerors independently competing for a contract to be awarded to the offeror submitting the lowest evaluated price offer.

- \* **Synonyms:** None.
- \* **Antonyms:** None.

**PRIVITY OF CONTRACT**

The direct legal (contractual) relationship that exists between parties which allows either party to enforce contractual rights against and seek remedy directly from the other party with whom this relation exists.

- \* **Synonyms:** Contractual standing/relationship.
- \* **Antonyms:** None.

**PROFIT ANALYSIS**

The process by which profit or fee prenegotiation objectives are developed. The process is based on a structured evaluation of factors such as contractor risk, contract type risk, facilities capital employed, and capital investment, and application of the results of such evaluation to a cost objective.

- \* **Synonyms:** Weighted Guidelines.
- \* **Antonyms:** None.

**PROPRIETARY DATA**

Data, appropriately identified as to ownership, which describes technical processes, tools, mechanisms, applications, or private business information that belong to an owner or entity as a result of authorship, invention, or discovery, at private expense or through purchased rights.

- \* **Synonyms:** Patent, copyright, license.
- \* **Antonyms:** Public domain.

**PRUDENT BUSINESSMAN CONCEPT**

Phrase used as a measure of reasonableness in assessing an offer, counter-offer or other contractual action. Relates to making a procurement decision based on sound fiduciary or business principles.

- \* **Synonyms:** None.
- \* **Antonyms:** None.

**QUALIFIED BIDDERS LIST**

A list of potential bidders whose products or processes have been determined to meet all applicable qualification requirements prior to and independent of any specific acquisition action.

- \* **Synonyms:** Pre-qualified bidders list.
- \* **Antonyms:** None.

**QUALITY CONTROL**

Contractor policies and procedure implemented to ensure quality conformance and performance to specifications, and to prevent and detect defects.

- \* **Synonyms:** Quality standards.
- \* **Antonyms:** None.

**RANDOM SAMPLING**

The procedure used to select items from an inspection lot so each item in the lot has an equal chance of being included in the sample.

- \* **Synonyms:** Scientific sampling.
- \* **Antonyms:** 100% sampling.

**RESIDUAL VALUE**

The value of a tangible asset at the end of its useful life.

- \* **Synonyms:** Depreciated value.
- \* **Antonyms:** None.

**SCOPE OF WORK**

Effort to be performed by a contractor in fulfillment of contractual requirements.

- \* **Synonyms:** Work statement.
- \* **Antonyms:** None.

**STATEMENT OF WORK**

The provision of a contract or solicitation that defines and/or describes the work which the buying organization requires the contractor to perform.

- \* **Synonyms:** Work statement, purchase description, specification.
- \* **Antonyms:** None.

**TERMINATION FOR DEFAULT**

An action taken by the buyer to unilaterally terminate all or part of a contract when the contractor has failed to perform in accordance with the terms of the contract.

- \* **Synonyms:** None.
- \* **Antonyms:** None.

**UNILATERAL MODIFICATION**

An action taken to modify a contract by one party without the consent or approval of the other.

- \* **Synonyms:** None.
- \* **Antonyms:** None.

**VALUE ENGINEERING**

The organized approach to the elimination or reduction of the cost of an item or task which maintains or improves its' required performance, quality, maintainability or interchangeability.

\* **Synonyms:** Value analysis.

\* **Antonyms:** None.

**VARIABLE COST**

A cost that proportionally varies with the volume of contractual activity.

\* **Synonyms:** None.

\* **Antonyms:** Fixed price.

**WEIGHTED GUIDELINES**

A structured approach for developing profit or fee negotiation objectives that provides for consideration of the relative values of performance risk, contract type risk, and facilities capital employed.

\* **Synonyms:** None.

\* **Antonyms:** None.

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