NAVAL POSTGRADUATE SCHOOL

MONTEREY, CALIFORNIA

THESIS

AN EXTERNAL STAKEHOLDER ANALYSIS OF A UNITED STATES ARMY DIRECTORATE OF CONTRACTING

by

Timothy E. Hannon

December 2004

Principal Advisor: Susan P. Hocevar
Associate Advisor: Jeffrey R. Cuskey

Approved for public release; distribution is unlimited

THIS PAGE INTENTIONALLY LEFT BLANK

REPORT DOCUMENTATION PAGE		*Form Approved OMB No. 0704-0188*

1. AGENCY USE ONLY *(Leave blank)*	2. REPORT DATE December 2004	3. REPORT TYPE AND DATES COVERED Master's Thesis
4. TITLE AND SUBTITLE: An External Stakeholder Analysis of a United States Army Directorate of Contracting		5. FUNDING NUMBERS
6. AUTHOR(S) Hannon, Timothy E.		
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) Naval Postgraduate School Monterey, CA 93943-5000		8. PERFORMING ORGANIZATION REPORT NUMBER
9. SPONSORING /MONITORING AGENCY NAME(S) AND ADDRESS(ES) N/A		10. SPONSORING/MONITORING AGENCY REPORT NUMBER
11. SUPPLEMENTARY NOTES The views expressed in this thesis are those of the author and do not reflect the official policy or position of the Department of Defense or the U.S. Government.		
12a. DISTRIBUTION / AVAILABILITY STATEMENT Approved for public release; distribution is unlimited		12b. DISTRIBUTION CODE

13. ABSTRACT (maximum 200 words)

The purpose of a United States Army Directorate of Contracting (DOC) is to award or execute contracts for supplies or services and perform post-award contract administration functions for the Army installation and Army units stationed at the installation. The DOC accomplishes its purpose within the context of the Federal Acquisition System's Vision, which is to deliver on a timely basis the best value product or service to the customer, while maintaining the public's trust and fulfilling public policy objectives. A DOC must consider many external stakeholders to achieve its purpose.

The basic premise of this thesis research is to improve a DOC's organizational effectiveness through the examination of its external environment, particularly, external stakeholders. The concept of stakeholder management concentrates on an organization's need to consider its relationships with specific stakeholder groups. An organization's ability to satisfy the desires of key stakeholders, meeting the stakeholders' criteria, is the key to an effective organization. Data were gathered from 15 government stakeholders and 14 contractors using a questionnaire that addressed such questions as: What are your organizations expectations and requirements of the DOC? How well did the DOC meet your needs and expectations? Does your organization control a resource needed by the DOC? The thesis summarizes findings and provides recommendations. The overall benefit of this thesis research is improved environmental awareness, which enables the DOC to become more effective in achieving its mission and meeting the desires of its external stakeholders.

14. SUBJECT TERMS Organizational Effectiveness, External Environment of an Organization, Stakeholder Questionnaire, External Stakeholder Analysis, Stakeholder Management, Contracting, Directorate of Contracting			15. NUMBER OF PAGES 181
			16. PRICE CODE
17. SECURITY CLASSIFICATION OF REPORT Unclassified	18. SECURITY CLASSIFICATION OF THIS PAGE Unclassified	19. SECURITY CLASSIFICATION OF ABSTRACT Unclassified	20. LIMITATION OF ABSTRACT UL

THIS PAGE INTENTIONALLY LEFT BLANK

AN EXTERNAL STAKEHOLDER ANALYSIS OF A UNITED STATES ARMY DIRECTORATE OF CONTRACTING

Timothy E. Hannon
Major, United States Army
B.A., Western Maryland College, 1989

Submitted in partial fulfillment of the
requirements for the degree of

MASTER OF SCIENCE IN MANAGEMENT

from the

**NAVAL POSTGRADUATE SCHOOL
December 2004**

Author: Timothy E. Hannon

Approved by: Susan P. Hocevar
                 Principal Advisor

                 Jeffrey R. Cuskey
                 Associate Advisor

                 Douglas A. Brook
                 Dean, Graduate School of
                 Business and Public Policy

THIS PAGE INTENTIONALLY LEFT BLANK

ABSTRACT

The purpose of a United States Army Directorate of Contracting (DOC) is to award or execute contracts for supplies or services and perform post-award contract administration functions for the Army installation and Army units stationed at the installation. The DOC accomplishes its purpose within the context of the Federal Acquisition System's Vision, which is to deliver on a timely basis the best value product or service to the customer, while maintaining the public's trust and fulfilling public policy objectives. A DOC must consider many external stakeholders to achieve its purpose.

The basic premise of this thesis research is to improve a DOC's organizational effectiveness through the examination of its external environment, particularly, external stakeholders. The concept of stakeholder management concentrates on an organization's need to consider its relationships with specific stakeholder groups. An organization's ability to satisfy the desires of key stakeholders, meeting the stakeholders' criteria, is the key to an effective organization. Data were gathered from 15 government stakeholders and 14 contractors using a questionnaire that addressed such questions as: What are your organizations expectations and requirements of the DOC? How well did the DOC meet your needs and expectations? Does your organization control a resource needed by the DOC? The thesis summarizes findings and provides recommendations. The overall benefit of this thesis research is improved environmental awareness, which

enables the DOC to become more effective in achieving its mission and meeting the desires of its external stakeholders.

TABLE OF CONTENTS

LIST OF FIGURES

THIS PAGE INTENTIONALLY LEFT BLANK

LIST OF TABLES

THIS PAGE INTENTIONALLY LEFT BLANK

ACKNOWLEDGMENTS

I would like to acknowledge and thank those individuals who provided support throughout the writing of this thesis.

I must thank my wife and kids for their unconditional love, sacrifices, and steadfast support. This thesis research consumed much time and energy. The time and energy not spent with my family are the true opportunity costs of this thesis research and Master's Degree.

I must thank Mr. Stephen Kandul, Director for the Directorate of Contracting at Fort Stewart, for his mentorship and commitment to this research.

I must thank Dr. Susan Hocevar, principal thesis advisor, for her professionalism, dedication, clear and concise guidance, and for being my biggest advocate at the Naval Postgraduate School. Working with her has been my honor.

Through your support, I was able to complete this thesis. Thank You!

THIS PAGE INTENTIONALLY LEFT BLANK

I. INTRODUCTION

The basic premise of this thesis research is to improve the organizational effectiveness of a U.S. Army Directorate of Contracting (DOC) through the examination of its external environment, particularly, external stakeholders. The study examines multiple external stakeholders of a DOC and other external variables. The overall benefit of this thesis research is improved environmental awareness, which enables the DOC to better meet the demands, constraints, and opportunities of its environment. The DOC becomes more effective in achieving its mission and meeting the desires of its external stakeholders.

A. BACKGROUND

1. Directorate of Contracting, U.S. Army

There are approximately 35 Directorates of Contracting within the continental United States and approximately 21 more located world-wide. The purpose of a United States Army Directorate of Contracting (DOC) is to award execute contracts for supplies or services and perform post-award contract administration functions for the Army installation and Army units stationed at the installation. The DOC accomplishes its mission within the context of the Federal Acquisition System's Vision, which is to deliver on a timely basis the best value product or service to the customer, while maintaining the public's trust and fulfilling public policy objectives. A DOC must consider many external stakeholders to achieve its purpose.

a.   *Policies and Procedures*

The policies and procedures followed by a Directorate of Contracting are established by external organizations. The Directorate of Contracting is required to follow the uniform acquisition policies and procedures established by the Federal Acquisition Regulation System, which consists of the Federal Acquisition Regulation (FAR), Defense Federal Acquisition Supplement (DFARS), and the Army Federal Acquisition Regulation Supplement (AFARS). The U.S. Army Contracting Agency has established additional policies and procedures for the implementation of the FAR, DFARS, and AFARS, which the Directorate of Contracting must follow.

b.   *Contracting Officer*

A Directorate of Contracting accomplishes its mission through the actions of Contracting Officers. As defined by FAR Part 2, a contracting officer is a person with the authority to enter into, administer, and/or terminate contracts and make related determinations and findings. Contracting officers implement the policies and procedures in the FAR, DFARS, AFARS, and acquisition instructions. Contracting officers are empowered to make decisions within their area of responsibility, but much is controlled by outside organizations as highlighted by the following paragraphs.

A contracting officer's education, training, experience, and appointment requirements have been established by organizations outside the Directorate of Contracting. The U.S. Congress through the Defense Acquisition Workforce Improvement Act established the minimum education requirements for a contracting officer.

2

The Defense Acquisition University (DAU) has established the training and experience requirements for certifying contracting officers and the training requirements for maintaining a certification level.

Each Principle Assistant Responsible for Contracting (PARC) is the appointing authority for contracting officers. The contracting officer receives purchase requests from customers and awards contracts to contractors to fulfill customers' requirements. Both customers and contractors are outside the Directorate of Contracting.

As evident from the description above, many external environmental variables have the potential to affect the work of a contracting officer and the successful mission accomplishment of the Directorate of Contracting.

c. The Flow of Funding

By following the funding trail one can see the many external environmental variables that have the potential to affect a Directorate of Contracting. Every year, Americans, resident aliens, and businesses pay their taxes to the United States Government. In accordance with the United States Constitution, the U.S. Congress is the only Governmental Body that can appropriate taxpayers' dollars to Government Activities. The Department of Defense receives their funding through the annual Defense Appropriations Act. The funding is then allocated to the many requiring activities within the Department of Defense. Each requiring activity through their budget manager will commit funds towards an identified requirement and submit a purchase request to the Directorate of Contracting. After ensuring sufficient funds are available for the requirement

and ensuring all requirements of law, executive orders, regulations, and all other applicable procedures, including clearances and approvals, the contracting officer will obligate the funding by awarding a contract to a vendor or contractor. After the requiring activity acknowledges receipt of goods and/or services, the Defense Finance and Accounting System disburses payment to the vendor or contractor.

In the above sequence, dollars pass from taxpayers through the U.S. Congress, requiring activity, budget manager, Directorate of Contracting, Defense Finance and Accounting System (DFAS) for payment to a contractor. Taxpayers, Congress, requiring activity, budget manager, DFAS, and the contractor are external environmental variables to the Directorate of Contracting.

2. U.S. Army Contracting Agency

a. Activation

On 1 October 2002, The Secretary of the Army activated the U.S. Army Contracting Agency (ACA). The activation of the ACA is part of the reorganization of the U.S. Army and consolidated the contracting support for all U.S. Army installations, information technology users, and soldiers under the ACA. Before the activation of the ACA, a Directorate of Contracting (DOC) was part of the Army installation's organizational structure and reported to the Garrison Commander. The Garrison Commander of the Army installation had command authority over the DOC. The Garrison Commander controlled the budget, personnel strength, and organizational structure of the DOC. The Principle Assistant Responsible for Contracting (PARC) for their Major Command had contracting authority over the DOC.

After the activation of the ACA, Directorates of Contracting report to the ACA. The U.S. Army Contracting Agency (ACA) now has both command and contracting authority over the DOC. The budget, personnel strength, and organizational structure of the DOC are now controlled by a regional headquarters of the ACA. Each DOC reports to a regional headquarters of the ACA. The mission of each DOC did not change; however, the external environment of an Army Directorate of Contracting changed with the activation of the U.S. Army Contracting Agency.

b. Reshaping Army Contracting

The U.S. Army Contracting Agency has been tasked to reshape Army contracting. The ACA is also facing shrinking budgets and greater political pressures to make the acquisition process more efficient and effective to gain the best value in goods and services with taxpayers' dollars. ACA plans on consolidating similar and common use contracts to reduce redundancy and leverage economies of scales. These contracts will be handled by newly established regional contracting centers. The ACA also plans on reducing management overhead and realign personnel to maximize efficient and effective contracting operations. The reshaping of Army contracting operations will most certainly affect Directorates of Contracting.

3. Evolution of this Thesis Research

The concepts of effective and efficient are the founding basis and driving force of this thesis research. The words are written and read in many Department of Defense (DOD) documents. Recommendations and change are justified on the premise of improving efficiency and effectiveness. This thesis research has evolved over a three-year period of time. The center of the thesis

research has always been organizational efficiency and effectiveness of a contracting organization. This research started by using Management Science or Operational Research techniques to determine the most optimal size and composition of a contracting organization to achieve organizational efficiency. The researcher intended on using linear programming modules to determine the most optimal mix of contracting personnel for a contracting organization. However, the researcher discovered that work rate data are not collected by a contracting organization. The collection of work rate data requires time and money and is not cost beneficial to a contracting office. One must measure inputs and outputs to determine efficiency. If work rate data are not being collected then efficiency (the optimal mix of contracting personnel and resources) is difficult if not impossible to determine. The researcher also realized the linear programming module for determining optimization (efficiency) is more applicable to mechanical workflow processes and not to the intellectual workflow processes of a contracting office.

The next approach for this research was to use Organizational Behavior theories and concepts to examine the internal processes and procedures of a contracting office to improve organizational efficiency and effectiveness. This approach is very noteworthy to determine the congruence or fit of the organizational components to achieve the contracting mission and organizational goals. Through this approach the researcher realized that the criteria for effectiveness for many organizational components of a contracting office are determined by external factors.

The researcher kept being drawn out to the external environment / context of the contracting office to find the explanations for the performance and processes of internal organizational components. So the focus of the research changed from an internal organizational examination to an examination of the external environment / context of a contracting office. The researcher believes that after gaining a strong understanding of the external environment one will be able to improve the effectiveness of a U.S. Army Directorate of Contracting.

B.   RESEARCH OBJECTIVE

The primary objective of this thesis research is to examine the external environment of a United States Army Directorate   of   Contracting   to   achieve   greater organizational effectiveness.

C.   BENEFITS OF RESEARCH

The potential benefits of examining the environment in which a U.S. Army Directorate of Contracting exists and operates are improved situational awareness and increased organizational effectiveness of a U.S. Army Directorate of Contracting. From this study, a Directorate of Contracting can improve its visibility and understanding of its environment. This greater visibility and understanding in turn can enable a Directorate of Contracting to become more adaptive to environmental changes. By learning the desires and expectations of its environment, the Directorate of Contracting can better meet the demands, constraints, and opportunities of its environment and thus become more effective in achieving its purpose and meeting the desires of its environment.

D.   RESEARCH QUESTIONS

1.   Primary Research Question

What are the external environment / context of a United States Army Directorate of Contracting (DOC) and how might this information be used to improve the DOC's mission effectiveness?

2.   Secondary Research Questions

What organizations are external stakeholders of a United States Army Directorate of Contracting?

What claims do external stakeholders place on a United States Army Directorate of Contracting?

What external stakeholders are most important to a United States Army Directorate of Contracting?

How do external stakeholders evaluate a United States Army Directorate of Contracting?

E.   SCOPE

The organizational boundaries of an U.S. Army Directorate of Contracting are set. The thesis research examines the external stakeholders of a U.S. Army Directorate of Contracting.

F.   METHODOLOGY

1.   Data Gathering Methods

Literature reviews were conducted to collect information on the relevant organizational theory. Internet searches, literature reviews, and a stakeholder questionnaire, (See Chapter III and Appendix A), were used to collect data on the external environment of a U.S. Army Directorate of Contracting.

2. Data Analysis Methods

Chapter III introduces a stakeholder analysis approach as the methodology for analyzing an organization's external environment. A stakeholder analysis is used to:

1) Identify stakeholders (Roberts and King, 1989);

2) Determine stakeholders' claims (Smith, 2000);

3) Determine resources provided by stakeholders and stakeholders' influence (Bryson and Alston, 1996);

4) Determine stakeholder attributes of power, legitimacy, and urgency (Mitchell, 1997);

5) Classify stakeholders as dormant, discretionary, demanding, dominant, dependent, dangerous, or definitive (Mitchell, 1997);

6) Determine stakeholders' criteria for assessing organizational performance (Bryson and Alston, 1996);

7) Determine stakeholders' perceptions of organization's mission and purpose; and

8) Determine stakeholders' perception of organization's challenges.

G. DEFINITIONS

1. Contract (FAR Part 2)

"Contract" means a mutually binding legal relationship obligating the seller to furnish the supplies or services (including construction) and the buyer to pay for them. It includes all types of commitments that obligate the Government to an expenditure of appropriated funds and that, except as otherwise authorized, are in writing. In addition to bilateral instruments, contracts include (but are not limited to) awards and notices of awards; job orders or task letters issued under basic ordering agreements; letter contracts; orders, such as purchase orders, under which the contract becomes effective by written acceptance or performance; and bilateral contract

modifications. Contracts do not include grants and cooperative agreements covered by 31 U.S.C.6301. (FAR Part 2)

2. Contracting (FAR Part 2)

"Contracting" means purchasing, renting, leasing, or otherwise obtaining supplies or services from nonfederal sources. Contracting includes description (but not determination) of supplies and services required, selection and solicitation of sources, preparation and award of contracts, and all phases of contract administration. It does not include making grants or cooperative agreements. (FAR Part 2)

3. Acquisition (FAR Part 2)

"Acquisition" means the acquiring by contract with appropriated funds of supplies or services (including construction) by and for the use of the Federal Government through purchase or lease, whether the supplies or services are already in existence or must be created, developed, demonstrated, and evaluated. Acquisition begins at the point when agency needs are established and includes the description of requirements to satisfy agency needs, solicitation and selection of sources, award of contracts, contract financing, contract performance, contract administration, and those technical and management functions directly related to the process of fulfilling agency needs by contract. (FAR Part 2)

H. ORGANIZATION

Chapter I presents information to explain the background of the thesis research. Research questions are introduced and the organization of the thesis research is explained.

Chapter II introduces relevant organizational theory in terms or how organizational effectiveness is influenced by an organization's external environment.

Chapter III introduces the focal organization, the U.S. Army Directorate of Contracting at Fort Stewart. An approach for designing, writing, and administering a stakeholder questionnaire is also introduced. A stakeholder approach is explained as the methodology for analyzing an organization's external environment.

Chapter IV presents the data gathered from the stakeholder questionnaire and the information from the stakeholder analysis.

Chapter V concludes the thesis research drawing conclusions and making recommendations, answering thesis research questions, and suggesting additional areas of research.

THIS PAGE INTENTIONALLY LEFT BLANK

II. RELEVANT ORGANIZATIONAL THEORY

A. INTRODUCTION

The purpose of this chapter is to introduce relevant organizational theories as they relate to an organization's external environment. An organization is defined. An open systems perspective is introduced as a way to view an organization. The flow and characteristics of an open system are explained. The external environment of an organization is defined and the characteristics of an external environment are explained. Organizational effectiveness and organizational efficiency are defined and explained. Stakeholder management is presented as a managerial tool to gain a better awareness of an organization's external environment to achieve improved organizational effectiveness. A stakeholder is defined. Stakeholder attributes are identified and explained. A method of classifying stakeholders according to their attributes is introduced and the seven categories of stakeholders are defined. A stakeholder analysis is presented as a method to gain information about an organization's external environment.

B. WHAT IS AN ORGANIZATION?

1. People

An organization is a group of people, who are arranged in an orderly manner and coordinated for the achievement of a specific purpose. The accomplishment of the specific purpose requires the activities of people and not just one person. The people, who compose the organization, share the purpose of the organization. The organization is successful when the purpose is achieved. Ideally, members

13

of an organization should be able to achieve their individual goals through participating in the activities of the organization. (Burton and Obel, 2000)

2. Organizational Activities

An organization has a boundary between internal and external activities. The internal activities are the organization's components that transform inputs into outputs to achieve the organization's purpose. The external activities are the organization's environment and must be considered in both determining and evaluating how the organization operates to achieve its purpose. An organization requires coordination and a continuous flow of information to achieve its purpose. Coordination and information are used to make continuous adjustments to harmonize the activities of internal organizational components with each other and with external environmental variables. The organization uses coordination and information to harmonize its activities while working within the context of an external environment. (Burton and Obel, 2000)

C. OPEN SYSTEMS APPROACH TO ORGANIZATIONS

1. Open System Perspective

The open system perspective is founded on two basic arguments. First, every organization is an arrangement of components that are interrelated to form a unified organization, a system. The argument continues to state that the more unified or in a state of alignment the organization components are the better the organization will perform. Second, the organizational components that make up the system are subject to the influences of the organization's surrounding environment. The system is open and interacts with its environment. This argument

14

continues to state that the better the alignment between organizational components and the environment the better the organization will perform. (Wagner and Hollenbeck, 1998)

2.   General Flow of the Open System

The components of the open system form a mechanism that imports inputs (material, personnel, equipment, knowledge, etc.) from its environment and subjects them to a transformation process to produce outputs (goods, services, resource utilization, goal attainment, etc.). The organizational outputs are then exported to the environment. The general flow of the open system begins with inputs from the environment that then are transformed by the organizational components to make outputs, which are then exported to the environment. (Wagner and Hollenbeck, 1998)

3.   Open Systems Characteristics

Organizations display all of the most critical systems characteristics of internal interdependence, feedback, equilibrium, equifinality, and adaptation.

a.   *Internal Interdependence*

A change in one element of an organization will affect other elements within the organization. The components of an organization are interconnected. (Nadler and Tushman, 1980)

b.   *Capacity for Feedback*

This system characteristic describes the ability to control a system through receiving outside information regarding the organization's output and then using this information to correct errors or making changes. This

characteristic enables organizations to become self-correcting systems through feedback. (Nadler and Tushman, 1980)

c. Equilibrium

Equilibrium is a state of balance between the elements of the system as the elements interact with themselves and their outside environment. The components of an organization equally adjust to one another to sustain this balance. When an event forces the system out of balance the system can react and adjust to bring itself back into balance. (Nadler and Tushman, 1980)

d. Equifinality

There is no best way to organize. Organizations can be configured differently (i.e., transformation processes or structures are not the same) and achieve the same outputs and results. (Nadler and Tushman, 1980)

e. Adaptation

The survival of an open system depends on the adaptability of the system's elements to changes in the system's external environment. As environmental conditions change, elements of an organization must display flexibility and change to meet the new environmental conditions. Through adaptation an organization can maintain a balance between the interactions of the systems elements and the environment. (Nadler and Tushman, 1980)

D. ENVIRONMENT / EXTERNAL CONTEXT OF AN ORGANIZATION

An organization's environment provides the conditions, circumstances, and influences that surround and affect the organization. All variables outside the organization are included in its environment. These external variables include customers, resource suppliers, Governmental, regulatory, competitors, special interest groups, labor

markets, labor unions, financial institutions, investors, economic, geographic, and political variables. The organization exists within the context of its external environment. The better the alignment between organizational components and environmental variables the more effective the organization will perform. The alignment can be sustained by either the organization adapting to environmental variables or the organization manipulating environmental variables. All environmental variables have the potential to make a profound impact on the organization. An organization must consider how its environmental variables can place constraints, provide opportunities, and create demands for the organization. (Wagner and Hollenbeck, 1998)

E.   CHARACTERISTICS OF AN EXTERNAL ENVIRONMENT

1.   Environmental Complexity

Environmental complexity is the degree to which an organization's environment is complicated or multi-faceted. Environmental complexity influences the required level of knowledge and the amount of gathered and interpreted information to understand the environment and cope with its demands. A complex environment affects an organization with many variables working independently or together. An organization in a complex environment must process volumes of information and use a considerable amount of knowledge to understand environmental events. A decentralized decision-making process with more knowledgeable people suits an organization working in a complex environment. In contrast, a simple environment has few variables to process and an organization can use centralized decision-making. The greater the environmental complexity, the more an organization must process information and draw on knowledge

to determine environmental effects on the organization and to take action. (Wagner and Hollenbeck, 1998)

2.   Environmental Diversity

The environmental characteristic of diversity is an added dimension to the previously discussed variable of complexity. Specifically, in a complex environment it is possible that the multiple environmental elements be similar or diverse in their intentions, demands, expectations, etc. When they are uniform, the grouping of variables acts consistently with the same intentions and resulting effects. This grouping of variables may include the same raw materials for the production of one product, which will be purchased by the same type of customer. However, it is also possible that the multiple environmental variable groups can be classified as being diverse. The organization must interact and adapt to many spheres of influence. A diverse environment includes many sources of supply for the production of different lines of products for various types of customers in different locations. Environmental diversity increases as the number of spheres of influence increases. A diverse environment may cause the work on one product to hinder the work on other products; services rendered to one type of customer may detract from the services provided to other types of customers. Organizational managers must be aware of their organization's environmental diversity. The organization must track each sphere of influence and respond to the distinctive demands from each sphere of influence without adversely effecting other organizational operations. An organization operating in an environment with many and varying spheres of influence may consider using self-contained divisional units to consolidate the work

associated with each sphere of influence (material, product, customer, etc.). (Wagner and Hollenbeck, 1998)

3. Environmental Uncertainty

The environmental characteristic of uncertainty refers to the lack of knowledge, information, or predictability about the variables of an organization's external environment. Uncertainty is the degree of not knowing an environmental variable and its relative importance to the organization. Environmental uncertainty weakens an organization's ability to use standardized procedures to manage current operations and plan for future operations. To mitigate the effects of environmental uncertainty, organizations must find better methods of acquiring information about their environmental variables. Increased uncertainty increases the demand for information and knowledge concerning environmental variables. Organizations can create organizational boundary-spanning positions, liaison officers, which directly interact with variables of the environment to increase information flow between an organization and its environment. Organizations can create feedback loops to encourage the flow of information from environmental variables to the organization. An organization can use statistical analysis with any historical data to predict or forecast future events. Increased information flow improves an organization's ability to adapt to environmental changes and to forecast future events. (Wagner and Hollenbeck, 1998)

4. Environmental Hostility

The environmental characteristic of hostility relates to the degree in which an organization's environment is supportive or threatening to the organization's progress

towards achieving its purpose. In a supportive environment, an organization is able to obtain the needed resources to be productive, customers are interested in their products, competitors are few and non-threatening, and regulations do not hinder the organization's progress. In a hostile environment, the reverse is true. The organization faces restrictive regulations that constrain or slow progress, competitors threaten the existence of the organization, customers are disinterested, and acquiring resources is difficult. The greater the hostility of the environment is the more difficult for an organization to achieve its purpose. An organization operating in a very hostile environment may revert to centralized decision-making to quickly respond to environmental variables. To affect the level of environmental hostility, an organization may try different resources for their products, offer new products to disinterested customers, establish alliances with competitors, and lobby politicians for regulation reform. As environmental hostility increases, the more quickly the organization must respond to the external environmental variables. (Wagner and Hollenbeck, 1998)

5. Environmental Change

The environmental characteristic of change relates to the altering of external environmental variables. This characteristic takes into account the frequency and predictability of the environmental change. A stable environment is one with no changes or with predictable changes. An environment with predictable cyclic changes allows the organization to adapt with its environment and to maintain equilibrium between its internal components and its external environmental variables. A dynamic

environment is one with continuous changes or with unpredictable changes. A rapidly changing environment can quickly cause an organization's products and procedures to become obsolete. The organization is no longer in equilibrium with its environment. Organizations facing a dynamic environment must quickly adapt by using flexible procedures and mutual adjustments. A stable environment allows an organization to use standard operating procedures and complete future planning for adapting to predictable environmental changes. The more frequent and unpredictable the environmental change is the more adaptable the organization must be in order to stay relevant and in equilibrium with its environmental variables. (Wagner and Hollenbeck, 1998)

F.   ORGANIZATIONAL EFFECTIVENESS AND EFFICIENTCY

   1.   Organizational Effectiveness

An organization is effective when it produces a desired result. An organization producing goods or services that are desired by a customer is effective. An effective organization achieves its stated purpose and desired goals and objectives. An organization is effective when it satisfies the many demands or desires of its external environmental variables that influence the organization. An organization producing something that is not desired is ineffective and will not survive. Organizational effectiveness is a measure of how well the organization is producing desired results. (Burton and Obel, 2000)

   2.   Organizational Efficiency

Organizational efficiency is a measure of how well an organization is optimizing the utilization of scarce resources to produce an output. An organization is

efficient when it utilizes an optimal mix of resources to produce a good or service. An efficient organization minimizes the amount of resources consumed to produce a product while maintaining product quality. A balance between using too few and too many resources to produce goods and services is found by an efficient organization. Organizational efficiency is normally expressed as a ratio between the number of resources consumed to the number of outputs produced; for example: dollars per product, labor hours per product, or materials per product. An organization must collect data (measure) in order to determine their organizational efficiency. Organizational efficiency improves when more products are produced with the same amount of resources or the same amount of product is produced with fewer resources. (Burton and Obel, 2000)

3. Combining of the Terms

Organizational effectiveness and efficiency are both results of an organization. Effectiveness is primarily an external measure and efficiency is primarily an internal measure. An organization can be effective but over consume or waste resources to produce the result. Conversely, an organization can be efficient but produce something not desirable. An organization focused on facilitating internal coordinating activities may be efficient, but not effective. An organization focused on facilitating external coordinating activities may be effective, but not efficient. The concepts of effectiveness and efficiency provide guidance to an organization and are desirable outcomes. An organization's long term success or survivability is dependent on an organization's ability to simultaneously achieve organizational effectiveness (produce an output that is desirable) and organizational

efficiency (optimal utilization of scarce resources). (Burton and Obel, 2000)

G.   STAKEHOLDER MANAGEMENT

Stakeholder management improves organizational effectiveness by creating compatibility between an organization's priorities and stakeholders' claims. The more congruent the organization is with its stakeholders' claims, the more effective the organization will be. The concept of stakeholder management concentrates on an organization's need to consider its relationships with specific stakeholder groups. An organization's ability to satisfy the desires of key stakeholders by the stakeholders' criteria is the key to an effective organization. An organization will not survive without the support of critical stakeholders.

The objective of stakeholder management is to foresee external environmental changes from stakeholder groups that may affect the organization. Stakeholder management requires organizational managers to get involved with external stakeholders by developing positive relationships and developing partnerships. As issues and concerns arise, managers must be willing to take the initiative to start negotiations or discussions with external stakeholders. Through stakeholder management, an organization creates a better fit with its stakeholders and enables the organization to anticipate environmental change and sustain organizational effectiveness. (Roberts and King, 1989)

H.   WHO IS A STAKEHOLDER OF AN ORGANIZATION?

A stakeholder of an organization is any person, group, or organization that can place a claim on the organization's resources, attention, or output, or is

affected by its output. The claim is a demand for something rightfully or allegedly due to the stakeholder. The nature of the claim depends on the issue at hand and is motivated by the stakeholder's interest of having something to lose or gain from the organization achieving or failing to achieve its purpose. The form of the claim or stake can be specified or implied and tangible or intangible. A stakeholder can be either internal or external and adversarial or friendly. (Roberts and King, 1989)

I.   STAKEHOLDER ATTRIBUTES

Stakeholders may possess one or more of three relationship attributes: power, legitimacy, and urgency. The presence/absence and degree of these attributes become the basis for the theory of stakeholder identification and salience. Power, legitimacy, and urgency are different and each can exist without the other.

1.   Power

The stakeholder attribute of power identifies stakeholders that have an ability to influence the organization's behavior, direction, process, or outcomes. The categorization of power in the organizational setting is based on the type of resource(s) used to exercise the power. Coercive power is based on the physical resources of force, violence, or restraint. Stakeholders that can reward or punish an organization have coercive power. Utilitarian power is based on material and financial resources. Power accrues to stakeholders that control resources needed by an organization. Normative power is based on symbolic resources. A stakeholder's power is dependent on the stakeholder's access to coercive, utilitarian, or normative means. Since a stakeholder's access to the means of influencing the focal organization's

24

behavior is variable, power is transitory and can be acquired as well as lost. Power is a critical attribute in stakeholder analysis. (Mitchell, 1997)

    2.   Legitimacy

The stakeholder attribute of legitimacy identifies stakeholders with a claim that is based upon contract, exchange, legal, moral, or at-risk interests on the results generated by the focal organization. Legitimacy refers to a generalized perception that the stakeholder's claim is desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions. Legitimacy assists in identifying stakeholders who do not have power to influence, but matter to the organization and thus merit managerial attention. (Mitchell, 1997)

    3.   Urgency

The stakeholder attribute of urgency identifies stakeholders with a claim that demands immediate attention. In this context, urgency is based on time sensitivity and criticality. Time sensitivity of the stakeholder's claim refers to an organizational delay that is acceptable to the stakeholder, in addressing the stakeholder's claim. The shorter the acceptable delay is the more urgent the claim. Criticality refers how the stakeholder views the claim and the relationship with the organization. The stakeholder must view its claim as extremely important. The stakeholder must view the relationship with the organization as highly important. A stakeholder may view a relationship as being critical when stakeholder assets are tied to the organization; stakeholder anticipates action; stakeholder has a long-standing relationship; or stakeholder risks are high. Since urgency is a perception,

a stakeholder might view their claim to be urgent, but in reality the claim is not. A truly urgent claim will gain the attention of a manager to address the prevention of stakeholder losses, the pursuit of a stakeholder objective, or other pressures faced by the stakeholder. (Mitchell, 1997)

4. Additional Features of Attributes

Three additional features impact the stakeholder attributes of power, legitimacy, and urgency. First, each attribute can change for any reason and for any stakeholder. The stakeholder attributes are variables and not constants. Second, the degree of an attribute is not established objectively, but is a socially constructed reality from multiple perceptions of the members of the stakeholder group. Third, a stakeholder may or may not be aware of possessing an attribute. A stakeholder may or may not willfully exercise a known attribute. These additional features cause the relationships between an organization and its stakeholders to be ever changing. (Mitchell, 1997)

J. STAKEHOLDER CLASSIFICATION

Classes of stakeholders can be identified by stakeholders' possession of one, two, or all three of the following attributes: (1) the stakeholder's power to influence the organization, (2) the legitimacy of the stakeholder's claim and relationship with the firm, and (3) the urgency of the stakeholder's claim. Classes of stakeholders are Dormant, Discretionary, Demanding, Dominant, Dependent, Dangerous, and Definitive.

1. Dormant Stakeholders

Power is the key attribute defining dormant stakeholders. Since dormant stakeholders don't have a legitimate or urgent claim, power is not exercised. A

dormant stakeholder's power rests in its control of coercive, utilitarian, or symbolic resources. A dormant stakeholder has few or no interactions with the focal organization. A dormant stakeholder has a strong potential in developing a second attribute. For this reason, an organization should be fully aware of their dormant stakeholders. (Mitchell, 1997)

2.   Discretionary Stakeholders

Legitimacy is the attribute possessed by discretionary stakeholders. Since a discretionary stakeholder has neither power to influence the focal organization nor an urgent claim, no external pressure is forcing organizational managers to engage in a relationship with the stakeholder. A relationship is only established at the discretion of the organization's management. (Mitchell, 1997)

3.   Demanding Stakeholders

Urgency is the key attribute defining demanding stakeholders. The stakeholder lacks the power and legitimacy to exercise their claim on the focal organization. The stakeholder perceives their claim to be time-sensitive and critical. However, the noise of urgency is insufficient for an organization to take action on the demanding stakeholder's claim. (Mitchell, 1997)

4.   Dominant Stakeholders

Power and legitimacy are the attributes possessed by dominant stakeholders. Dominant stakeholders place legitimate claims on an organization and have the means to influence the organization to take action on the claim. Dominant stakeholders expect actions from the organization. The organization should have formal mechanisms in place to process claims from dominant stakeholders and acknowledge

the importance of the stakeholder-organizational relationship. (Mitchell, 1997)

5. Dependent Stakeholders

Legitimacy and urgency are the attributes possessed by dependent stakeholders. The claims of dependent stakeholders can only be realized through the advocacy of stakeholders with power or through the guidance of internal organizational values. An organization can expect a dependent stakeholder to partner with a powerful stakeholder or request action through the good graces of the focal organization. (Mitchell, 1997)

6. Dangerous Stakeholders

Urgency and power are the attributes possessed by dangerous stakeholders. A dangerous stakeholder is expected to exercise its power through coercive means to influence the focal organization to take action on its urgent claim. The coercive nature of power without a legitimate claim is why this stakeholder is considered dangerous. Dangerous stakeholders are few. Organizations should identify dangerous stakeholders and prepare to mitigate the possible negative effects from a dangerous stakeholder. (Mitchell, 1997)

7. Definitive Stakeholders

Power, legitimacy, and urgency are the attributes possessed by definitive stakeholders. Most likely, this will be a dominant stakeholder that now places a time-sensitive and critical claim on the focal organization. An organization will give priority to a definitive stakeholder's claims and take immediate action. (Mitchell, 1997)

28

K.   STAKEHOLDER ANALYSIS

A stakeholder analysis allows organizational management to determine their specific role and interaction with stakeholders external to their organization. A stakeholder analysis is the process of identifying:

- Who are the organization's external stakeholders?

- How stakeholders evaluate the organization?

- How stakeholders influence the organization?

- What the organization needs from the stakeholders?

- How important are the stakeholders?

- What are stakeholders' perceptions of the organization's mission and purpose?

- What are stakeholders' perceptions of the challenges facing the organization?

A stakeholder analysis provides valuable information about an organization's external environment and the political situation facing the organization. (Bryson and Alston, 1996)

L.   IDENTIFYING STAKEHOLDERS AND THE STAKEHOLDER MAP

Executives must identify external stakeholders of their organization. The focal point or the center of the stakeholder map is the organization of interest. Stakeholders are identified and plotted on the stakeholder map. The diverse interests of the stakeholders determine the level of detail required for the stakeholder map. Stakeholders with common interests are grouped together and then plotted on the stakeholder map. The resulting stakeholder map is a picture that provides insight to an organization's extensive and sometimes complex network of external environmental relationships. The stakeholder map depicts the diversity, number, and the interdependence of

the organization's stakeholders. Creating the stakeholder map enables executives to see the importance of proactive management of stakeholder relationships. Executives will also gain the realization that their organization is a stakeholder in other organizations, which may or may not have the same agenda or objectives as theirs. (Roberts and King, 1989)

M.   DETERMINING STAKEHOLDERS' CLAIMS

The stakeholder's perspective is used to determine stakeholder claims and not the viewpoint of the focal organization. A stakeholder may have multiple interests. If this is the case, stakeholder interests should be prioritized. Determining stakeholder claims may not be straightforward since some stakeholder claims are not always clearly stated and may be kept hidden. A good rule of thumb is to relate each stakeholder's claim to the stated mission, purpose, or objectives of the stakeholder. One can consider the following questions to learn stakeholder claims:

- What is the purpose of the stakeholder?

- What are the objectives of the stakeholder?

- What happens to the stakeholder when your organization achieves or does not achieve their purpose?

- What are the stakeholder's expectations or desired organizational results of your organization?

- What resources does the stakeholder provide to the organization?

- What other interests does the stakeholder have which may conflict with your organization's purpose or objectives?

A very good way of answering these questions is to talk to the identified stakeholders directly. People are

often quite open about their views and asking people's opinions is often the first step in building a successful relationship with them. (Smith, 2000)

N.   DETERMINE RESOURCE(S) PROVIDED BY STAKEHOLDERS AND STAKEHOLDER INFLUENCE

What does the organization need from its stakeholders? A stakeholder that controls a resource needed by the organization has power and influence. The organization is resource dependent on the stakeholder. In essence, the focal organization is a stakeholder to other organizations. (Bryson and Alston, 1996)

O.   LEARNING STAKEHOLDERS' CRITERIA FOR ASSESSING ORGANIZATIONAL PERFORMANCE

The key to success for public organizations is satisfying the desires of important stakeholders according to each stakeholder's criteria for satisfaction. The organization is considered to be the means to fulfilling the stakeholders' claims and not an end in and of itself. An organization needs to determine how stakeholders evaluate their organization. (Bryson and Alston, 1996)

P.   CHAPTER SUMMARY

This chapter introduces relevant organizational theories as they relate to an organization's external environment. An organization is defined as a group of people, who are arranged in an orderly manner and coordinated for the achievement of a specific purpose. An organization has a boundary between internal and external activities. Information and coordination are used to harmonize an organization's internal activities while working within the context of an external environment.

The open system perspective of an organization views an organization as a system of interacting components that

31

are subject to the influences of external environmental variables. An organization displays some of the most critical systems characteristics of Internal Interdependence, Capacity for Feedback, Equilibrium, Equifinality, and Adaptation. An organization's environment is defined as the conditions, circumstances, and influences that surround and affect the organization. All environmental variables have the potential to make a profound impact on the organization. Characteristics of an organization's external environment are Complexity, Uncertainty, Hostility, Change, and Diversity.

Organizational performance improves with increased alignment between internal organizational components and external environmental variables. Organizational effectiveness and efficiency are desired results of an organization to achieve its purpose and maintain long-term success. Organizational effectiveness is a measure of how well the organization is producing desired results. Organizational efficiency is a measure of how well an organization is optimizing the utilization of scarce resources to produce an output. An organization's external environment has an impact on organizational effectiveness and efficiency.

Stakeholder management is based on the idea of improving organizational effectiveness by creating congruency between an organization's priorities and stakeholders' claims. A stakeholder of an organization is any person, group, or organization that can place a claim on the organization's resources, attention, or output, or is affected by its output. Stakeholders can hold the attributes of power, legitimacy, and urgency. Stakeholders can be classified according to the stakeholder possessing

one, two, or all three stakeholder attributes. Classes of stakeholders are dormant, discretionary, demanding, dominant, dependent, dangerous, and definitive. A stakeholder analysis is the method by which executives can identify stakeholders, determine stakeholders' claims, determine resource(s) provided by stakeholders, and learn stakeholders' criteria for assessing their organization's performance. An organization's ability to satisfy the desires of key stakeholders by stakeholders' criteria is the key to an effective organization.

THIS PAGE INTENTIONALLY LEFT BLANK

III. METHODOLOGY: A STAKEHOLDER APPROACH

A.   INTRODUCTION

This chapter explains the procedures executed by the researcher in collecting and analyzing stakeholder data. The focal organization, which is the site of this research, is introduced. A stakeholder questionnaire was used as the data collection method for this research. The advantages and disadvantages of using a questionnaire for this research are explained.   Questions are stated and explained. Sampling groups are identified. Procedures for administering the questionnaire are described.   A stakeholder analysis was used as the data analysis method to interpret the collected data to gain information about the focal organization's external environment. The steps of the stakeholder analysis are stated and explained.

B.   THE FOCAL ORGANIZATION

The Directorate of Contracting at Fort Stewart is the focal organization and is the site at which this study was conducted. "To provide our customers with sound business advice, and quality and timely contracting support while protecting the public interest" is the mission statement of the Directorate of Contracting at Fort Stewart. (DOC, 2002) The Fort Stewart Directorate of Contracting provides procurement support to the U.S. Army installations of Fort Stewart and Hunter Army Airfield. Both installations are located in Southeast Georgia. Procurement support is also provided to U.S. Army units stationed at these installations. Within the geographical area of responsibility of Southeast Georgia and Florida, contracting support is provided to the United States Army

Reserve (USAR), Reserve Officer Training Corps (ROTC), and Recruiting Command. Primary customers of the Fort Stewart Directorate of Contracting are installation support offices supporting Fort Stewart and Hunter Army Airfield.

C.   IDENTIFY EXTERNAL STAKEHOLDERS

1.   Brainstorming Exercise

A brainstorming exercise was conducted to identify the external stakeholders of the Directorate of Contracting at Fort Stewart. As stated in Chapter II, a stakeholder of an organization is any person, group, or organization that can place a claim on the organization's resources, attention, or output, or is affected by its output. The researcher facilitated the brain storming exercise for the Directorate of Contracting. The definition of a stakeholder was presented to the Director, Deputy Director, Division Chiefs, and Contracting Officers. Each person was asked to identify external stakeholders of the DOC. The researcher consolidated the identified external stakeholders on a single list. Thirty-nine (39) external stakeholders were identified through this process.

2.   External Stakeholder Map

Using the list of 39 external stakeholders, the researcher created an external stakeholder map for the DOC. The Directorate of Contracting, the focal organization, was placed in the center of the map. The researcher examined the missions, purposes, objectives, and characteristics of the external stakeholders. Instead of listing the 39 external stakeholders separately, the researcher created ten (10) categories, which grouped the DOC's external stakeholders by common functions and characteristics. The ten (10) categories are The General Public, Supply or Service Provider, Installation Management/Requiring

Activities; Policies and Procedures Management; Training, Certification, and Knowledge Management; Compliance Management; Information Management; Personnel Management, Money Management; and End Users or Customers. On the external stakeholder map, ten (10) category blocks encircle the focal organization, the DOC. External stakeholders were placed into each block according to their functions and characteristics. If an external stakeholder had more than one function, then that external stakeholder was listed in more than one category. In Chapter V, characteristics for the ten (10) stakeholder map categories are derived from the findings in Chapter IV to distinguish one category from another.

The researcher validated the external stakeholder map, Figure 1, by presenting the map to the Director and Deputy Director of the DOC at Fort Stewart. Both the Director and the Deputy Director verified the grouping of the external stakeholders and the layout of the external stakeholder map for the DOC at Fort Stewart. The completed external stakeholder map for the Directorate of Contracting at Fort Stewart is presented in Chapter IV.

D. DATA COLLECTION METHOD -- STAKEHOLDER QUESTIONNAIRE

A stakeholder questionnaire was used as the data collection method for this research.

1. Advantages for Using a Questionnaire

A questionnaire has inherent advantages and disadvantages (Walonick, 2003). An advantage is the prevention of interviewer bias since a questionnaire provides no visual or verbal clues to influence the respondent. A questionnaire is less intrusive then an interview or telephone survey. A respondent can complete

37

the questionnaire within their own time schedule. A written questionnaire is the best prevention against prestige bias, which is the tendency for a respondent to answer in a way that makes them look better than they are. A more truthful opinion is received. A questionnaire is more cost effective than interviews and telephone surveys. (Walonick, 2003)

2. Disadvantages for Using a Questionnaire

A disadvantage is the inability to ask follow up questions to gather more detailed information. A major disadvantage of a questionnaire is the possibility of low response rates, which can affect the confidence of the research results. To counter a low response rate, the questionnaire must be well designed and administered to encourage the submittal of responses from the selected external stakeholders. For this research project, the advantages of using a questionnaire for data collection outweighed the disadvantages. (Walonick, 2003)

3. The Purpose of the Stakeholder Questionnaire

The purpose of the stakeholder questionnaire was to collect data on the external stakeholders of the Fort Stewart Directorate of Contracting (DOC). Questions were worded to gain the data to determine the characteristics of DOC's external environment, to determine external stakeholder attributes in order to classify DOC's external stakeholders, and to determine external stakeholders' expectations and understanding of the DOC's mission. The collected data were used to conduct the stakeholder analysis.

4. Writing the Questionnaire

The Stakeholder Questionnaire was written in a manner to solicit qualitative data and to maximize the response

rate.   The audience of the questionnaire is clearly
external stakeholders.   The questionnaire consisted of 15
questions on two pages.   The questionnaire was kept short
to maximize the response rate.

Questions, 1 through 8, directly concern the external
stakeholder or respondent.   The external stakeholder's
perspective is solicited about their organization.   The
topics of these questions include: the stakeholder's
mission and purpose; the importance of the Directorate of
Contracting (DOC) to stakeholder success; expectations and
requirements;   performance   indicators;   stakeholder
evaluation of the DOC's performance; and number of
contracting actions.   Questions 9 through 14 solicit the
stakeholder's perspective on the DOC.   The topics of these
questions include: the perceived mission and purpose of
the DOC; the perceived importance of the stakeholder
organization to the success of the DOC; control of
resources needed by the DOC; and the affects of the DOC
achieving or failing its mission.   Question 15 is a "catch-
all" question, which asks for any additional information
about the respondent or the DOC.   In Appendix A, the
complete Stakeholder Questionnaire is presented with
further information about the rationale for the development
of the questionnaire.

A mixture of open format and closed format questions
make up the questionnaire.   The mixture of question format
is intended to keep the respondent's interest and make the
questionnaire convenient to complete.   Questions are
written to be clear, concise, and unambiguous.   Each
respondent must clearly understand the questions and
interpret the questions the same.   Before questionnaire

distribution, the researcher pilot tested the questionnaire and received suggestions, which improved the layout and the wording of the questionnaire.

a. *Open Format Questions.*

Open format questions ask for unprompted opinions from the respondent. Open format questions should result in insightful suggestions and reflect the true opinions of the respondent. An open format was used for questions 1, 3, 4, 5, 7, 9, 11, 12, 13, 14, and 15.

b. *Closed Format Questions*

Closed format questions provide multiple-choices for the respondent's opinion. Each closed format question provided enough choices to create variable opinions among the respondents. By design, the questionnaire provided no neutral or no response choice. The lack of a neutral choice forced the respondents to provide their opinion to the question. A closed format was used for questions 2, 6, 8, and 10. Each question and the specific response categories used are presented in Appendix A, Stakeholder Questionnaire.

5. Administering the Questionnaire

The researcher used E-mail to distribute the stakeholder questionnaire. A cover letter accompanied the questionnaire. The cover letter explained the purpose and importance of the questionnaire and requested the participation of the external stakeholders. It also provided clear and concise instructions for completing and returning the questionnaire. The cover letter stated that only the organization's name would be used in identifying stakeholder opinions. No incentive was offered for submitting a response since external stakeholders have a natural incentive to ensure their claims on the DOC are

met. The researcher was the point of contact for the questionnaire. In order to encourage participation, the Director of Contracting signed the cover letter. Respondents were requested to type on the electronic document and respond via E-mail within 3 weeks. Each week, respondents received an E-mail reminder, which included the questionnaire and cover letter. At the end of the 3 weeks, the researcher started calling respondents to encourage their participation in order to receive enough completed questionnaires for an adequate response rate. A total of 6 weeks was required to gather the stakeholder questionnaire data. The researcher consolidated responses for both the Government and contractor groups and organized the data into tables to facilitate the external stakeholder analysis.

6. Government Sampling Group

The Government organizations identified for sampling were derived from the external stakeholder identification and mapping process as described in section C of this chapter. This process identified 39 external stakeholders of which 37 external stakeholders were Government external stakeholders. Immediate or direct contact with the Directorate of Contracting at Fort Stewart was the criteria for selecting external stakeholders for the Government sampling group. Twenty (20) organizations were identified. Each organization within the Government sampling group received a stakeholder questionnaire. The Director, Directorate of Contracting deemed five Government stakeholder organizations as "important": Vendor Pay, Defense Finance and Accounting System; U.S. Army Contracting Agency – Southern Region; Directorate of Public Works; Directorate of Logistics; and the Directorate of

Resource Management. An overall response rate of 75% was achieved; and responses were received from all five organizations deemed "important." The Directorate of Public Works submitted more than one response since each of their four divisions had a specific claim on the DOC. The Government sampling group included the following external stakeholders; a Yes or No indicates the submittal of a response or not:

- **Vendor Pay, Defense Finance and Accounting System**   Yes
- **Army Contracting Agency – Southern Region**   Yes
- **Directorate of Public Works**   Yes
- **Directorate of Logistics**   Yes
- **Directorate of Resource Management**   Yes
- U.S. Small Business Administration   Yes
- Defense Acquisition University   No
- Standard Procurement System, Program Office No
- Government Purchase Card, Program Office   Yes
- Directorate of Moral, Welfare, & Recreation Yes
- Directorate of Public Safety   No
- Directorate of Information Management   Yes
- Directorate of Plans, Training, Mobilization, and Security   Yes
- Directorate of Human Resources   Yes
- Public Affairs Office   Yes
- Installation Legal Office   Yes
- Equal Employment Office   Yes
- Religious Support Office   Yes
- Winn Army Community Hospital   No
- 3RD Infantry Division (Mechanized)   No

7. Contractor Sampling Group

The external stakeholder identification and mapping process as described in section C of this chapter identified "Contractors" as being external stakeholders of the DOC. Contractors were placed into the "Supply or Service Provider" external stakeholder category.

The researcher used a non-random sampling method to determine the sampling group of contractors. The researcher asked each Contracting Officer and Contract Specialist, 26 in all, within the Directorate of Contracting for recommended names of contractors. This sampling method was inexpensive, but introduced a bias that the selected organizations within the contractor group may not represent a good cross section of the entire contractor population. Not every contractor that conducted business with the DOC received a questionnaire. The contractor sampling group included 20 contractors. Contracting Officers deemed six contractor responses as being "important": AHNTECH, Inc.; Wolf Management Services, Inc.; Eagle Group International, Inc., Eagle Support Services Corp.; Shaw Beneco, Inc.; and Griffin Services. A successful response rate depended on their submittals. An overall response rate of 70% was achieved; and 100% of responses from contractors deemed "important" were received. The contractor sampling group included the following external stakeholders; a Yes or No indicates the submittal of a response or not:

- **AHNTECH, Inc.**   Yes
- **Wolf Management Services, Inc.**   Yes
- **Eagle Group International, Inc.** Yes
- **Eagle Support Services Corp.**   Yes

- **Shaw Beneco, Inc.**   Yes
- **VT Griffin Services**   Yes
- Slone Associates, Inc.   Yes
- Central Texas College   Yes
- Stanley Associates, Inc.   Yes
- VIP Total Office Solutions   Yes
- DHS Systems, LLC (DRASH)   Yes
- ARCO, Inc.   Yes
- Interstate General Government
  Contractors, Inc.   Yes
- JMB Studio   Yes
- Campbell Roofing Co.   No
- Carol & Carol Corp.   No
- SWR, Inc.   No
- Harbor Construction   No
- Cedars Electrical   No
- Dell, Inc.   No

8.   Personnel Receiving the Stakeholder Questionnaire

To ensure the validity of submitted data, the leadership of each organization was requested to respond to the stakeholder questionnaire via a direct e-mail message from the researcher. For Government organizations, either the Director or Chief received the stakeholder questionnaire. For Contractors, either the owner or chief of business operations received the stakeholder questionnaire. The researcher received responses directly from the leadership of each stakeholder organization.

E.   DATA ANALYSIS METHOD -- STAKEHOLDER ANALYSIS

A stakeholder analysis was used as the data analysis method to interpret the collected data to gain information about the DOC's external stakeholders.   This process includes the following nine steps:

- Identify external stakeholders;

- Collect data from external stakeholders;

- Determine external stakeholders' claims;

- Determine resource(s) provided by external stakeholders and stakeholder' influence;

- Determine external stakeholder attributes of power, legitimacy, and urgency;

- Classify external stakeholders according to attributes;

- Determine external stakeholders' criteria for assessing the DOC's performance;

- Determine external stakeholders' perceptions of the DOC's mission and purpose;

- Determine external stakeholders' perceptions of DOC's challenges.

1.   Step 1, Identify External Stakeholders

As stated previously in this chapter, a brainstorming exercise was used to identify the external stakeholders of the Directorate of Contracting at Fort Stewart.   Thirty-nine (39) external stakeholders were identified; 37 Government and two (2) non-Government stakeholders. Contractors and American Taxpayers were the two non-Government external stakeholders.   The researcher examined the missions, purposes, objectives, and characteristics of the external stakeholders.   Instead of listing the 39 external stakeholders separately, the researcher created ten (10) categories, which grouped the DOC's external stakeholders by common functions and characteristics and

45

created an external stakeholder map, Figure 1. In Chapter V, characteristics for the ten (10) stakeholder map categories are derived from the findings in Chapter IV to distinguish one category from another. The external stakeholder map was then updated to reflect category characteristics, Figure 2. The resulting stakeholder map was a visual representation of the DOC's many external stakeholder relationships and provided insight to those relationships.

2. Step 2, Data Collection and Organization

As stated in this chapter, a stakeholder questionnaire was used to collect data from the external stakeholders of the DOC. Twenty (20) Government organizations and 20 contractors were requested to respond to the external stakeholder questionnaire. The researcher organized the collected data into tables for the determination of external stakeholders' claims, resource providers, stakeholders' influence, stakeholder attributes, stakeholder classification, and stakeholder criteria for assessing the DOC. Government respondents were listed separately. Contractor responses were consolidated and listed as one "Contractor" response on the data tables. The demand for DOC's services comes from the Government stakeholders. Each Government stakeholder has a specific mission. Government stakeholders must be listed separately to determine which Government stakeholder receives the attention of the DOC. Contractors are supply or service providers that meet the Government stakeholders' demands. As supply or service providers, contractors have similar expectations, challenges, and gains/loses. Data tables are presented in Chapter IV and Appendix B.

3. Step 3, Determine External Stakeholders' Claims

The researcher used the responses from questions 1, 3, 7, and 14 to determine external stakeholders' claims. The questions are:

- Question #1. What are the name, mission, and purpose of your organization?

- Question #3. What are your organization's expectations and requirements of the Directorate of Contracting?

- Question #7. What challenges are your organization facing related to acquisitions and contracting?

- Question #14. What does your organization gain or lose when the Directorate of Contracting achieves or fails to achieve their mission?

Placing a claim on the DOC's resources, attention, or output is what makes a person, group, or organization a stakeholder of the DOC. Being affected by the DOC's output also makes a person, group, or organization a stakeholder of the DOC. The claim is a demand for something rightfully or allegedly due to the stakeholder. The nature of the claim depends on the issue at hand and is motivated by the stakeholder's interest of having something to lose or gain from DOC achieving or failing to achieve its purpose. The perspectives of DOC's external stakeholders were used to determine external stakeholders' claims being placed on the DOC. External stakeholder responses to questions 1, 3, 7, and 14 were consolidated on to one table. The researcher compared the data and determined common responses. The data table and a narrative summary of the data are provided in chapter IV.

4. Step 4, Determine Resource(s) Provided By External Stakeholders and Stakeholders' Influence

The researcher used the responses from questions 6, 10, 11, and 12 to determine resource(s) provided by stakeholders and stakeholders' influence. The questions are:

- Question # 6. How many contracting actions does your organization require per year?

- Question #10. To what degree is your organization important to the mission accomplishment of the Directorate of Contracting?

- Question #11. Does your organization control a resource(s) needed by the Directorate of Contracting? If yes, what is the resource(s)?

- Question #12. Does your organization have the ability to influence the Directorate of Contracting's behavior, direction, processes, or outcomes? If yes, explain?

The researcher compared the data and determined common responses. The data table and a narrative summary of the data are provided in chapter IV.

5. Step 5, Determine External Stakeholder Attributes of Power, Legitimacy, and Urgency

External Stakeholders can be characterized in terms of three attributes: power, legitimacy, and urgency. An external stakeholder can be characterized by more than one of these attributes.

a. Power

External stakeholders with power have the ability to influence the DOC's behavior, direction, processes, or outcomes. Power can be categorized by the type of resource used to exercise power. An external stakeholder can possess more than one type of power.

(1) Coercive Power. External stakeholders that can reward or punish the DOC have coercive power. The

researcher used responses from question #12 to identify external stakeholders with coercive power. Question #12 is "Does your organization have the ability to influence the Directorate of Contracting's behavior, direction, processes, or outcomes? If yes, explain?"

          (2) Utilitarian Power. External stakeholders that control resources needed by the DOC have utilitarian power. The researcher used responses from question #11 to identify external stakeholders with utilitarian power. Question #11 is "Does your organization control a resource(s) needed by the Directorate of Contracting? If yes, what is the resource(s)?"

          (3) Normative Power. External stakeholders that possess a symbolic resource have normative power. The researcher used responses from question #6 to determine normative power. Question #6 is "How many contracting actions does your organization require per year?" Question #6 is a closed format question and offered the following choices: 0-50, 51-100, 101-150, 151-200, 201-250, and 251 and greater. External stakeholders with 251 and greater contracting actions per year have a high demand for DOC's contracting services. The high demand for DOC's contracting services represents a symbolic resource and is a source of normative power.

          (4) Awareness of Power Attribute. Since external stakeholders may or may not know they possess an attribute, the researcher used the responses from question #10 to determine if the external stakeholders were aware of their stakeholder attribute of power. Question #10 is "To what degree is your organization important to the mission accomplishment of the Directorate of Contracting (DOC)?"

External stakeholders responding with "Indispensable" and "Very Important" to question #10 demonstrated awareness of their power attribute.

b. *Legitimacy*

The external stakeholder attribute of legitimacy assists in identifying external stakeholders who do not have the power to influence the DOC, but matter to the DOC and merits managerial attention from the DOC. Legitimacy refers to a generalized perception that an external stakeholder's claim on the DOC is desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions. External stakeholders are characterized with the attribute of legitimacy when their claims are based upon a contract, law, regulations, moral construct, or a dependent relationship with the DOC. The researcher evaluated external stakeholder responses to questions #1, 3, 7, & 14 to determine the stakeholder attribute of legitimacy. The questions are:

- Question #1. What are the name, mission, and purpose of your organization?

- Question #3. What are your organization's expectations and requirements of the Directorate of Contracting?

- Question #7. What challenges are your organization facing related to acquisitions and contracting?

- Question #14. What does your organization gain or lose when the Directorate of Contracting achieves or fails to achieve their mission?

c. *Urgency*

Urgency identifies external stakeholders with an extremely important claim that is time sensitive and a

highly important relationship with the DOC. The researcher determined the attribute of urgency by evaluating external stakeholder responses to questions #2 and #8. The questions are:

- Question # 2. Is the Directorate of Contracting important in accomplishing your organization's mission? Multiple-choice options were: Indispensable, Very Important, Important, Slightly Important, and Not Important.

- Question #8. How often does your organization submit a time sensitive and critical requirement to the DOC? Multiple-choice options were: Once a year, Once every 6 months, Once every 5 months, Once every 4 months, Once every 3 months, Once every 2 months, Once a month, and Once a week.

An external stakeholder responding with either Indispensable or Very Important to Question #2 and either Once a week or Once a month to Question #8 was defined as having met the criteria for the attribute of urgency.

6. **Step 6, Classify External Stakeholders According to Attributes**

The external stakeholders of the DOC were classified according to stakeholder attributes of power, legitimacy, and urgency. External stakeholders can possess one, two, or all three attributes. Classes of stakeholders are definitive, dangerous, dependent, dominant, demanding, discretionary, and dormant. Below, Classes of stakeholders are matched to their corresponding stakeholder attributes.

CLASS	POWER	LEGITMACY	URGENCY
Dormant	X		
Discretionary		X	
Demanding			X
Dominant	X	X	
Dependent		X	X
Dangerous	X		X
Definitive	X	X	X

Table 1.   External Stakeholder Classification

7.   **Step 7, Determine External Stakeholder Criteria for Assessing the DOC's Performance**

Step seven focuses on how external stakeholders evaluate the performance of the Directorate of Contracting. The key to success for a Directorate of Contracting is to meet external stakeholders' expectations according to their criteria of satisfaction.   The researcher used the responses from questions #4 and #5 to determine external stakeholders' criteria for assessing the DOC's performance and the satisfaction of the external stakeholders.   The questions are:

- Question #4.   What performance indicators does your organization use to evaluate the Directorate of Contracting?
- Question #5.   How well did the Directorate of Contracting meet your needs and expectations?

8.   **Step 8, Determine External Stakeholders' Perceptions of the DOC's Mission and Purpose.**

The Directorate of Contracting is considered to be the means to fulfilling external stakeholders' claims and not

an end in and of itself. The DOC needs to determine how its external stakeholders perceive its mission. The DOC needs to be aware of any difference between actual mission and external stakeholders' perception. The researcher used responses to question #9 to determine external stakeholders' perceptions of DOC's mission and purpose. Question #9 is "What do you believe is the mission and purpose of the Directorate of Contracting?"

9. Step 9, Determine External Stakeholders' Perceptions of DOC's Challenges.

Effective performance of the DOC is critical in satisfying the external stakeholders' claims. Step 9 explores if external stakeholders know the challenges that may impede DOC's performance. A level of understanding between the DOC and its external stakeholders is important to maintaining strong business relationships. The researcher used responses to question #13 to determine external stakeholders' perceptions of DOC's challenges. Question #13 is "What challenges do you see the Directorate of Contracting having to deal with?"

F. CHAPTER SUMMARY

This chapter introduces a stakeholder approach as the methodology for analyzing an organization's external environment. The Fort Stewart Directorate of Contracting is the focal organization and is the site at which this study was conducted. A stakeholder questionnaire was used as the data collection method for gathering data about the DOC's external stakeholders. The stakeholder questionnaire consisted of 15 questions and was distributed to 20 Government and 20 contractor external stakeholders. A response rate of 75% for the Government sampling group and

70% for the contractor sampling group was achieved. In total, the questionnaire took six weeks to administer.

The collected data were organized into tables for the stakeholder analysis. A stakeholder analysis was used as the data analysis method to interpret the collected data to gain information about the DOC's external stakeholders. The first step of the stakeholder analysis is to identify external stakeholders. The leadership of the DOC and the researcher identified thirty-nine (39) external stakeholders for the DOC. An external stakeholder map was developed for the DOC at Fort Stewart. The remaining steps of the external stakeholder analysis include:

- Collecting and organizing data;

- Determining stakeholders' claims;

- Determining resources provided by stakeholders and stakeholder influence;

- Determining stakeholder attributes of power, legitimacy, and urgency;

- Classifying stakeholders as either dormant, discretionary, demanding, dominant, dependent, dangerous, or definitive;

- Determining stakeholder's criteria for assessing organizational performance;

- Determining stakeholder perceptions of DOC's mission;

- Determining stakeholder perceptions of DOC's challenges.

IV. EXTERNAL STAKEHOLDER ANALYSIS

A. INTRODUCTION

The purpose of this chapter is to present the collected data from the stakeholder questionnaire and the information from the external stakeholder analysis. The flow of data and information follows the nine (9) steps of the external stakeholder analysis. The researcher examined the collected data and presented common themes that linked external stakeholder responses.

B. STEP 1: INDENTIFY EXTERNAL STAKEHOLDERS

Thirty-nine (39) external stakeholders were identified for the DOC at Fort Stewart using the brainstorming procedure described in the previous chapter. They are listed below according to the ten (10) stakeholder categories (e.g., The General Public), which are based on common functions and characteristics. The researcher derived the stakeholder categories by examining the missions, purposes, objectives, and characteristics of the 39 external stakeholders and then grouped external stakeholders with similar functions and characteristics. Since some external stakeholders are listed more than once, external stakeholders are sequentially numbered as they appear on the list. Out of the 39 external stakeholders, 2 are non-Government external stakeholders (Taxpayers and Contractors) and 37 are Government external stakeholders. Fort Stewart and Hunter Army Airfield are the U.S. Army installations supported by the DOC at Fort Stewart. They are commanded by Headquarters Organizations. Most of the Installation Support Offices work under these headquarters organizations. In the below list, subordinate

organizations are listed under their Headquarters or Parent organization. The 3rd Infantry Division (Mechanized) includes the command structures: Division, Brigade, Battalion, and Company. Soldiers and their families, represent the end users or customers for all of the Installation Support Offices. Each separately listed Government stakeholder has a different mission. DOC's thirty-nine (39) external stakeholders are:

1. **The General Public**

   - (1) Taxpayers

2. **Supply or Service Providers**

   - (2) Contractors

3. **Installation Management / Requiring Activities**

   - (3) Headquarters, Fort Stewart and

   - (4) Headquarters, Hunter Army Airfield

     Installation Support Offices:
     - (5) Directorate of Public Works (DPW)
     - (6) Directorate of Logistics (DOL)
     - (7) Directorate of Human Resources (DHR)
     - (8) Directorate of Morale, Welfare, and Recreation (DMWR)
     - (9) Directorate of Plans, Training, Mobilization, and Security (DPTMS)
     - (10) Directorate of Public Safety (DPS)
     - (11) Directorate of Installation Management (DOIM)
     - (12) Directorate of Resource Management (DRM)
     - (13) Public Affairs Office (PAO)
     - (14) Installation Legal Office (ILO)
     - (15) Equal Employment Office (EEO)
     - (16) Religious Support Office (RSO)
     - (17) Winn Army Community Hospital (WACH)

4. **Policies and Procedures Management**

- (18) U.S. Congress

- (19) Office of Federal Procurement Policy (OFPP)

- (20) Contract Policy and Administration, Directorate of Defense Procurement and Acquisition Policy, Under Secretary of Defense (Acquisition, Logistics, and Technology (CP&A, DPAP, USD (AL&T))

- (21) Defense Acquisition Regulations, Directorate of Defense Procurement and Acquisition Policy, Under Secretary of Defense (Acquisition, Logistics, and Technology (DAR, DPAP, USD (AL&T))

- (22) Office of the Deputy Assistant Secretary of the Army for Policy and Procurement, Office of the Assistant Secretary of the Army (Acquisitions, Logistics, and Technology) (DASA (PP), ASA (AL&T))

- (23) Army Contracting Agency (ACA)

  - (24) Army Contracting Agency-Southern Region (ACA-SR)

5. **Training, Certification, and Knowledge Management**

- (25) Defense Acquisition University (DAU, DPAP, USD (AL&T))

6. **Compliance Management**

- (26) General Accounting Office (GAO)

- (27) United States Small Business Administration (U.S. SBA)

- (28) Defense Contract Audit Agency (DCAA)

- (29) Armed Services Board of Contract Appeals (ASBCA)

- (30) Army Audit Agency (AAA)

- Army Contracting Agency (ACA)

  - Army Contracting Agency-Southern Region (ACA-SR)

- Installation Legal Office (ILO)

7. **Information Management**

- (31) Standard Procurement System, Program Office (SPS)

- (32) Government Purchase Card, Program Office (GPC)

- Directorate of Information Management (DOIM)

8. **Personnel Management**

- U.S. Congress

- (33) Acquisition Workforce and Career Management (AW&CM, DPAP, USD (AL&T))

- (34) Acquisition Support Center (ASC, ASA (AL&T))

- Army Contracting Agency-Southern Region (ACA-SR)

- Directorate of Human Resources (DHR)

9. **Money Management**

- U.S. Congress

- (35) Vendor Pay, Defense Finance and Accounting System (DFAS)

- Army Contracting Agency-Southern Region (ACA-SR)

- Directorate of Resource Management (DRM)

- Directorate of public Works (DPW)

- Directorate of Logistics (DOL)

10. **End Users or Customers**

- (36) 3RD Infantry Division (Mechanized)

- (37) Other Tenant Units

- (38) Government Civilian Employees

- (39) Soldiers and Their Families

11. **External Stakeholder Map for the DOC at Fort Stewart**

Figure 1 is the external stakeholder map for the DOC at Fort Stewart.

EXTERNAL STAKEHOLDER MAP FOR THE DOC AT FORT STEWART

End Users or Customers
3RD Infantry Division
Tenant Units
Civilian Employees
Soldiers & Their Families

The General Public
Taxpayers

Supply or Service Providers
Contractors

Installation Management/ Requiring Activities
Fort Stewart
Hunter Army Airfield
Installation Support
Offices: DPW, DOL, DHR,
DMWR, DPTMS, DPS, DOIM,
DRM, PAO, ILO, EEO,RSO,
and WACH

Money Management
U.S. Congress
DFAS
ACA-SR
DRM
DPW & DOL

DOC

Policies and Procedures Management
U.S. Congress
OFPP
CP&A, DPAP, USD (AL&T)
DAR, DPAP, USD (AL&T)
DASA (PP), ASA (AL&T)
ACA
ACA-SR

Personnel Management
U.S. Congress
AW&CM, DPAP, USD (AL&T)
ASC, ASA (AL&T)
ACA-SR
DHR

Information Management
SPS
GPC
DOIM

Compliance Management
GAO   U.S. SBA
DCAA   ASBCA
AAA   ACA
ACA-SR   ILO

Training, Certification,& Knowledge Management
DAU, DPAP, USD (AL&T)

Figure 1.   External Stakeholder Map for the U.S. Army
Directorate of Contracting at Fort Stewart

C.   STEP 3: DETERMINE EXTERNAL STAKEHOLDERS' CLAIMS

The claim on the DOC's resources, attention, or output
is what makes a person, group, or organization a
stakeholder of the DOC. Being affected by the DOC's output
also makes a person, group, or organization a stakeholder
of the DOC. The claim is a demand for something rightfully
or allegedly due to the stakeholder. The nature of the
claim depends on the issue at hand and is motivated by the
stakeholder's interest of having something to lose or gain
from DOC achieving or failing to achieve its purpose. The
perspectives of DOC's external stakeholders were used to
determine external stakeholders' claims being placed on the

59

DOC. The researcher used the responses from four questions to determine external stakeholders' claims. The questions are:

- Question #1. What are the name, mission, and purpose of your organization?

- Question #3. What are your organization's expectations and requirements of the Directorate of Contracting?

- Question #7. What challenges are your organization facing related to acquisitions and contracting?

- Question #14. What does your organization gain or lose when the Directorate of Contracting achieves or fails to achieve their mission?

1. Mission and Purpose of External Stakeholders

Question #1 asks, "What are the name, mission, and purpose of your organization?" To state the obvious, each external stakeholder has its own unique mission and purpose. Fifteen (15) Government external stakeholders responded with 15 different missions and purposes. As listed by the U.S. Army Installation Management Agency, DOC's external stakeholders at the U.S. Army Installation level are organized into eight (8) major service areas and execute 38 separate functions and 95 services. Contractors have the general mission and purpose to provide a good or service and earn a reasonable profit so that they can pay their bills and stay in business. For the 95 services provided by a U.S. Army Installation, there is usually more than one contractor who is willing to assist. However, not all services are contracted for. The missions and purpose of DOC's external stakeholders are numerous and diverse.

2. Expectations, <u>Government</u> External Stakeholder Sampling Group

Question #3 asks, "What are your organization's expectations and requirements of the Directorate of Contracting?" The researcher examined the collected data and presented common themes that linked external stakeholder responses.

a. *Timely, Expeditious, Responsive, or Prompt Contracting Actions*

Government respondents expect contracting actions to be executed in a timely, expeditious, responsive, or prompt manner. "Timely" refers to the delivery of a good or the performance of a service. External stakeholders want requirements arriving early or at the right time. "Expeditious" refers to the processing of acquisition and contracting actions. External stakeholders want fast processing of contract actions. "Responsive" refers to the acknowledgement of a stakeholder's purchase request or question. External stakeholders expect the DOC to react in an appropriate manner and provide answers and not excuses. "Prompt" refers to the Directorate of Contracting being ready and quick to act on external stakeholders' demands. Each Government external stakeholder expects quick service and does not consider the claims of other DOC customers. Timely arrival of goods and services, expeditious contract processing, responsive and prompt contracting services are expected of the DOC.

b. *Accurate and Professional Information Relating to Acquisitions and Contracting*

Government External stakeholders expect the Directorate of Contracting to provide accurate and professional assistance, advice, and information relating to acquisitions and contracting. External stakeholders

view the DOC as being the expert in acquisitions and contracting. They acknowledge that contracting requires special skills and knowledge, which are obtained from education, training, and experience. If required, the DOC is expected to educate contractors and Government activities on acquisitions and contracting procedures. External stakeholders expect DOC's personnel to be the subject matter experts in contracting and acquisitions and provide them with accurate and professional information.

c.   Enable Mission with Quality Goods & Services

Government external stakeholders expect the Directorate of Contracting to procure quality goods and services, which enable the external stakeholders to meet the demands of their customers and achieve their mission. The DOC is expected to know vendors, contractors, and other market conditions in order to find reputable contractors that can produce quality products or services.   For many of the Government external stakeholders, mission failure is not an option. The DOC is a service support organization, which enables their Government external stakeholders in supporting their customers and achieving mission success.

d.   Courteous Customer Service

Courteous customer service is expected of the Directorate of Contracting. Government external stakeholders are customer service organizations that provide courteous service to their customers. So when they are the customer, they expect the same from the DOC. Close coordination and cooperation is a part of the expected courteous customer service. Government external stakeholders want to be kept informed of the progress of their requested contracting action. Government activities

that support the DOC want to be incorporated into the DOC's processes through coordination and cooperation.

e. *Flexibility to Requirement Changes*

The Directorate of Contracting is expected to quickly respond to requirement changes. Government external stakeholders make changes to their original requirement. Requirement changes are adjustments to statements of work, item descriptions, duration, quantities, and the amount of funding for the requirement. Government external stakeholders expect the DOC to be flexible to requirement changes and make timely contract actions.

3. Expectations, <u>Contractor</u> External Stakeholder Sampling Group

a. *Impartial, Fair, and Equitable Treatment*

Contractors expect the DOC to treat all contractors fairly. Contractors expect a fair opportunity to compete for Government business. Contractors expect impartial decision making and judgment from the DOC. Contractors expect their offers and proposals will be judged by the same criteria as their fellow contractors and without any inclination or preference towards their fellow contractors. When applying contract laws, regulations, and policies, contractors expect equitable treatment or the same treatment as their fellow contractors. Contractors expect that no contractor receives preferential treatment from the DOC.

b. *Prompt and Timely Contract Administration Actions*

Contractors expect prompt and timely contract administration actions from the DOC. These actions occur after the award of the contract. During contract

performance, contractors expect a timely flow of information between the requiring activity, the DOC, and them. The DOC is expected to facilitate communications and be the liaison between Government activities and the Contractor. When issues arise during contract execution, contractors expect the DOC to take prompt or even proactive actions to quickly resolve issues. After delivery of an item or performance of a service, contractors expect timely contract payments, which should be 30 days after Finance receives their properly completed invoices. Timely feedback of contract execution is expected from the DOC by contractors. Contractors want to know how they performed and where they can improve to better serve future contracts. During contract execution, contractors expect the DOC to execute prompt and timely contract administration actions.

c. Enforcement of the Terms and Conditions of the Contract

Contractors expect contracting personnel to demand quality goods and services and be the liaison between them and the requiring activity. If the requiring activity is not accepting the good or service due to quality, they expect contracting to mediate the situation and ensure they, contractors, perform or deliver according to the legally binding contract.

d. Accurate and Professional Information Relating to Acquisitions and Contracting

Contractors expect contracting officers and specialists to be very knowledgeable of acquisition regulations and procedures and exercise sound business judgment. Contractors expect the DOC to accurately resolve and answer all of their issues and questions. In some

situations, contractors expect technical guidance, mentorship, and partnership with the DOC to ensure the Government is provided a quality product or service. Personnel working in the DOC are expected to be the subject matter experts in acquisitions and contracting by contractors.

4. Challenges Related to Acquisitions and Contracting, <u>Government</u> External Stakeholder Sampling Group

Question #7 asks, "What challenges is your organization facing related to acquisitions and contracting?"

a. *Requirements Generation Process*

The greatest challenge facing external Government stakeholders is the requirements generation process. Requirements generation is the requiring activity's responsibility. Some external stakeholders do not have experience with writing statements of work or item descriptions so they may experience a learning curve for each new project. External stakeholders responsible for requirements generation may experience challenges from their own customers that affect requirements definition. For example, customers can identify requirements late, provide inadequate scopes of work, and allow inadequate time to complete construction projects, services, or delivery of items. Requirements change due to changing field conditions, increasing size and scope of organizations, and initial misidentification of needs and specifications. One external stakeholder is experiencing an increase in contracting requirements due to the limitations on civilian personnel hiring policies.

Identifying and defining requirements is a challenge to DOC's Government external stakeholders.

b. *Sufficient Funding and Budget Closeout*

Obtaining sufficient funding for identified requirements is a challenge for Government external stakeholders. External stakeholders are experiencing a decrease in funding, insufficient funding, or late funding for requirements. At the end of each fiscal year, these stakeholders face the challenge of budget closeout.

c. *Acquisitions and Contracting Procedures*

Some Government external stakeholders find the acquisitions and contracting procedures to be challenging. Some are frustrated with contracting laws and regulations, long lead times for contract awards, and the required documentation to support a contract action. One external stakeholder needs assistance with clearing received contractor invoices over 30 days old that require payment and have no receiving report. Some stakeholders are challenged with coordinating contracting actions with two different contracting offices to support their installation support office. For example, the Directorate of Logistics must coordinate with the Defense Energy Support Center for fuels. Acquisition and contracting procedures are challenging and frustrating to the DOC's Government external stakeholders.

d. *Coordination and Cooperation*

Two Government external stakeholders find it challenging to improve coordination and cooperation with the DOC. It is likely that these Government external stakeholders are not being incorporated into the DOC's processes and not being kept informed of their requested contracting action or DOC support requirements.

5. **Challenges Related to Acquisitions and Contracting, <u>Contractor</u> External Stakeholder Sampling Group**

   a. *Changing or Poorly Defined Requirements*

   The challenges facing Contractors mirror the challenges facing Government external stakeholders. Contractors have problems with short time frames, continually changing requirements, undefined scopes of work, expedited time schedules, and disconnected user coordination. Contractors are faced with constant requirement changes.

   b. *Contract Administration Actions*

   Delayed invoice payments cause problems for contractors. For the OMB Circular A-76 contractor, the award fee process is a challenge.

   c. *Increased Competition within Market Sector*

   Some contractors expressed their challenges with competition within their market sector. One large business stated that competition within their market sector is extremely fierce. To add to the competition, Government contract set asides have increased for their market sector. Another large business expressed that they are restricted to compete on a large volume of Government contracts. From a different perspective, one small business is concerned with the never ending perception that larger supply channels are more cost effective. In any market sector, competition will always be a challenge to contractors.

6. **Impact of DOC's Performance on <u>Government</u> External Stakeholder Sampling Group**

   Question #14 asks, "What does your organization gain or lose when the Directorate of Contracting achieves or fails to achieve their mission?" Government external stakeholders expressed they gain creditability and

notoriety and their customers receive the benefit when the DOC successfully achieves their mission. Government external stakeholders receive quality products and services in a timely manner to service their customers.

When the DOC fails to achieve their mission, 14 out of the 15 Government respondents stated they would lose ability to execute their missions, which include but are not limited to constructing and maintaining facilities, training and equipping military units, maintaining equipment, managing information, paying vendors, educating soldiers, and more. The customers of the external Government stakeholders suffer and external stakeholders lose credibility and a possible loss of funding. An ineffective Directorate of Contracting would make their external stakeholders ineffective. An ineffective DOC would have a negative impact on the U.S. Army Installations at Fort Stewart and Hunter Army Airfield.

7.   Impact of DOC's Performance on <u>Contractor</u> External Stakeholder Sampling Group

When the DOC successfully achieves its mission, contractors gain business opportunities, a reasonable profit, and the satisfaction of supporting the protection of our country, the United States of America. Contractors lose when the DOC fails to achieve its mission. Contractors lose business opportunities with the Government. If contractors are not paid in a timely manner, they lose financial stability, which affects paying their bills and their employees. A loss of financial stability also affects a contractor's potential to submit proposals for future contract solicitations and may affect bond ratings and credit worthiness. One contractor thought the community surrounding the U.S. Army installation would

also suffer as a result of the DOC failing to achieve its mission. An ineffective DOC would have a negative impact on contractors and the surrounding community.

8. Summary of External Stakeholder Claims

Determining the DOC's external stakeholders' claims is an important step in establishing stakeholder management. Organizational effectiveness can be improved by creating compatibility between the DOC's priorities and its external stakeholders' claims. By learning each external stakeholder's mission and purpose, a better awareness and understanding of the DOC's external stakeholders' requirements and claims has been gained. From the collected data on stakeholders' expectations, challenges, gains, and losses, the researcher identified common factors that can be used to define DOC's performance criteria for effectiveness.

The Government external stakeholders expect timely arrival of goods and services, responsive and prompt contracting services, and expeditious contract processing. Contracting personnel are expected to be the experts in contracting and provide accurate and professional information quality goods and services from reputable contractors are expected by the Government external stakeholders. Courteous customer service and flexibility to requirement changes are expected when receiving contracting services from the DOC. Government external stakeholders have challenges with the requirements generation process, funding, budget closeout, acquisitions and contracting procedures, and improving communications. Government external stakeholders lose the ability to

execute their mission and their customers suffer as a result of the DOC failing to achieve their mission.

Contractor external stakeholders expect the DOC to treat all contractors fairly. They expect prompt and timely contract administration actions, such as invoice payments, resolution of issues, feedback, and information flow. If the contractor is not performing, they expect the DOC to enforce the terms and conditions of the contract. Contractors also acknowledge DOC's personnel as the subject matter experts in acquisitions and contracting and expect accurate and professional information from the DOC. Contractors are challenged with changing or poorly defined requirements, contract administration actions, and increased competition within their market sectors. When the DOC achieves its mission, contractors gain business opportunities, a reasonable profit, and the satisfaction of supporting the defense of the United States of America. Contractors lose business opportunities and financial stability, which adversely affects their employees and community when the DOC fails in its mission.

The table below summarizes the DOC's external stakeholders' claims. The summary table lists the common factors of external stakeholders' expectations, challenges, and the impact on external stakeholders when DOC achieves or fails its mission. The table indicates whether the common factors were endorsed by government or contractor external stakeholder groups.

Summary of External Stakeholders' Claims	Government	Contractors
EXPECTATIONS		
1. Timely, expeditious, responsive or prompt contracting actions	X	X
2. Accurate and professional information relating to acquisitions and contracting	X	X
3. Enable mission with quality goods and services	X	
4. Courteous Customer Service	X	
5. Flexibility to requirement changes	X	
6. Impartial, fair, and equitable treatment		X
7. Enforcement of the terms and conditions of the contract		X
CHALLENGES		
1. Requirements generation process	X	
2. Changing or poorly defined requirements		X
3. Obtaining sufficient funding and budget closeout	X	
4. Acquisition and contracting procedures	X	
5. Contract administration actions		X
6. Coordination and cooperation	X	
7. Increased competition within market sector		X
GAIN From DOC achieving mission success		
1. Receive quality products and services in a timely manner	X	
2. Creditability and notoriety	X	
3. Customers receive benefit	X	
4. Business opportunities		X
5. A reasonable profit		X
6. Satisfaction of supporting the defense of the U.S.A.		X
LOSS from DOC failing to achieve its mission		
1. Lose the ability to execute mission	X	
2. Customers suffer	X	
3. Lose credibility	X	
4. Lose funding	X	
5. Negative impact to the U.S. Army Installation	X	
6. Lose Business Opportunities		X
7. Lose financial stability		X
8. Adverse affect on contractor's employees		X
9. Negative impact on community		X

Table 2.   Summary of External Stakeholders' Claims

D.   **STEP 4:   DETERMINE RESOURCE(S) PROVIDED BY EXTERNAL STAKEHOLDERS AND STAKEHOLDERS' INFLUENCE**

The researcher used the responses from four questions to determine the resource(s) provided by external stakeholders and stakeholders' influence. The questions are:

- Question # 6. How many contracting actions does your organization require per year?

- Question #10. To what degree is your organization important to the mission accomplishment of the Directorate of Contracting?

- Question #11. Does your organization control a resource(s) needed by the Directorate of Contracting? If yes, what is the resource(s)?

- Question #12. Does your organization have the ability to influence the Directorate of Contracting's behavior, direction, processes, or outcomes? If yes, explain?

1.   **Number of Contracting Actions per Year, <u>Government</u> External Stakeholder Sampling Group**

Question #6 asks, "How many contracting actions does your organization require per year?" The table below summarizes Government external stakeholders' responses according to the number of required contracting actions per year.

Number of Required Contracting Actions per Year
251 and greater (4 or 27% of Government respondents)
Vendor Pay, Defense Finance and Accounting System (DFAS)
Directorate of Public Works (DPW)
Directorate of Logistics (DOL)
Installation Legal Office (ILO)
101 to 150 (3 or 20% of Government respondents)
Directorate of Information Management (DOIM)
Directorate of Resource Management (DRM)
Directorate of Plans, Training, Mobilization, and Security (DPTMS)
51 to 100 (1 or 7% of Government respondents)
Directorate of Human Resources (DHR)
0 to 50 (5 or 33% of Government respondents)
Government Purchase Card, Program Office (GPC)
Directorate of Moral, Welfare, and Recreation (DMWR)
Public Affairs Office (PAO)
Equal Employment Opportunity (EEO)
Religious Support Office (RSO)
Not Applicable (2 or 13% of Government respondents)
U.S. Small Business Administration
Army Contracting Agency – Southern Region

Table 3.   Number of Required Contracting Actions per Year, Government Sampling Group

2. Number of Contracting Actions per Year, <u>Contractor</u> External Stakeholder Sampling Group

The following table summarizes the responses of the contractor external stakeholder group according to the number of required contracting actions per year. This represents an overall average of 39 contracting actions per year for this sample of contractors.

Number of Required Contracting Actions per Year
251 and greater
1 Contractor or 7% of contractor respondents
101 to 150
2 Contractors or 14% of contractor respondents
51 to 100
2 Contractors or 14% of contractor respondents
0 to 50
7 Contractors or 50% of contractor respondents
Not Applicable
2 Contractors or 14% of contractor respondents

Table 4.   Number of Required Contracting Actions per Year, Contractor Sampling Group

3. <u>Government</u> External Stakeholders' Perceived Importance to the DOC

Question #10 asks, "To what degree is your organization important to the mission accomplishment of the Directorate of Contracting (DOC)?" This question is taking the external stakeholder's perspective of their importance to the Directorate of Contracting. This closed format

74

question provided five choices; "indispensable", "very important", "important", "slightly important", or "not important." "Indispensable" means the DOC's mission will fail without the support of the external stakeholder. "Very important" means that the external stakeholder contributes greatly to the DOC's mission success. "Important" means the DOC requires the support of the external stakeholder for mission success. "Slightly Important" means the DOC requires minimal support from the external stakeholder to achieve mission success. "Not important" means the DOC can accomplish its mission without the external stakeholder. No Government external stakeholder responded with "not important" to the DOC. The following table summarizes the Government external stakeholder group responses.

Summary Table, External Stakeholders' Perceived Importance to the DOC, Government Sampling Group
Indispensable (3 or 20% of Government respondents)
Vendor Pay, Defense Finance and Accounting System (DFAS)
Army Contracting Agency–Southern Region (ACA-SR)
Installation Legal Office (ILO)
Very Important (6 or 40% of Government respondents)
U.S. Small Business Administration (SBA)
Government Purchase Card, Program Office (GPC)
Directorate of Public Works (DPW)
Directorate of Information Management (DOIM)
Directorate of Resource Management (DRM)
Religious Support Office (RSO)
Important (4 or 27% of Government respondents)
Directorate of Logistics (DOL)
Directorate of Human Resources (DHR)
Public Affairs Office (PAO)
Equal Employment Opportunity (EEO)
Slightly Important (2 or 13% of Government respondents)
Directorate of Morale, Welfare, and Recreation (DMWR)
Directorate of Plans, Training, Mobilization, and Security (DPTMS)

Table 5.   External Stakeholders' Perceived Importance to
the DOC, Government Sampling Group

4.   Contractor External Stakeholders' Perceived Importance to the DOC

The following table summarizes the Contractor external stakeholder group responses to question #10, "To what degree is your organization important to the mission accomplishment of the Directorate of Contracting (DOC)?"

Summary Table, External Stakeholders' Perceived Importance to the DOC, Contractor Sampling Group
Indispensable
4 Contractors or 29% of contractor respondents
Very Important
3 Contractors or 21% of contractor respondents
Important
2 Contractors or 14% of contractor respondents
Slightly Important
1 Contractor or 7% of contractor respondents
Not Important
4 Contractors or 29% of contractor respondents

Table 6.   External Stakeholders' Perceived Importance to the DOC, Contractor Sampling Group

5.   Resource(s) Provided by External Stakeholders, Government and Contractor Sampling Groups

Question #11 asks, "Does your organization control a resource(s) needed by the Directorate of Contracting? If yes, what is the resource(s)?" For an all inclusive view, the researcher identified all external stakeholders that provide resources to the Directorate of Contracting. Thus, the presentation below includes both data collected from

the questionnaire as well as information about resources provided by stakeholders who did not participate but about whom this information was known due to the professional background of the researcher. The following external stakeholders represent the latter group: The U.S. Congress; Acquisition Workforce and Career Management, DPAP, USD (ALT); the Acquisition Support Center, ASA (AL&T); Defense Acquisition University; Office of Federal Procurement Policy; Defense Acquisition Regulations, DPAP, USD (AL&T); Contract Policy and Administration, DPAP, USD (AL&T); Office of the Deputy Assistant Secretary of the Army for Policy and Procurement, ASA (AL&T); Army Contracting Agency; and Standard Procurement System, Program Office.

a. Authorized Personnel Strength

The U.S. Army Contracting Agency – Southern Region (ACA-SR) controls the authorized personnel strength of the DOC.

b. Personnel Qualifications

The U.S. Congress; Acquisition Workforce and Career Management, DPAP, USD (ALT); and the Acquisition Support Center, ASA (AL&T) control the qualifications of contracting personnel.

c. Personnel Hiring

The Directorate of Human Resources provides and executes the personnel hiring process for the DOC.

d. Personnel Training and Certification

The Defense Acquisition University controls and provides the training and the certification requirements for contracting personnel.

e. *Contracting Authority*

The U.S. Army Contracting Agency - Southern Region (ACA-SR) controls contracting authority for the DOC. The Principle Assistant Responsible for Contracting (PARC) appoints and warrants contracting officers for the DOC. The ACA-SR delegates contracting authority to the Director, Directorate of Contracting (DOC).

f. *Operating Budget*

The ACA-SR allocates the operational budget used by the DOC.

g. *Office Space*

The Directorate of Public Works (DPW) allocates office space for the DOC to conduct contracting operations.

h. *Internet, E-mail, Telephones*

The Directorate of Information Management (DOIM) controls and provides excess to services for the Internet, E-mail, and telephones used by the DOC.

i. *Acquisitions and Contracting Procedures and Policies*

The U.S. Congress; Office of Federal Procurement Policy; Defense Acquisition Regulations, DPAP, USD (AL&T); Contract Policy and Administration, DPAP, USD (AL&T); Office of the Deputy Assistant Secretary of the Army for Policy and Procurement, ASA (AL&T); Army Contracting Agency; and the Army Contracting Agency – Southern Region establishes and controls acquisitions and contracting policies and procedures used by the DOC.

j. *Contracting Information Management System*

The Standard Procurement System, Program Office creates, manages, and controls the contracting information

management system used by the DOC. Procurement Defense Desktop is the name of this contracting information management system.

k. Purchase Card Information Management System

The Government Purchase Card, Program Office controls and manages the purchase card information management system used by the DOC as one method of purchase and payment.

l. Legal Review of Contracting Actions

The Installation Legal Office has the professional knowledge to provide legal review for DOC's contracting actions.

m. Item Descriptions or Statements of Work

Each requiring activity has the responsibility to control and manage the specification of requirements needing contracting support. This includes the item descriptions for goods and the statements of work for services.

n. Fund Cites

External stakeholders with budget authority provide the fund cites needed for contracting actions. The Directorate of Public Works (DPW) and the Directorate of Logistics (DOL) manage their budgets, commit funding, and provide fund cites for their purchase requests. The Directorate of Resource Management (DRM) manages the budgets for Fort Stewart, Hunter Army Airfield, 3RD Infantry Division, and other tenant units. As directed, DRM commits funds and provides fund cites for purchase requests.

o. Contracting Officer Representative

If needed, requiring activities provide the personnel to be Contracting Officer Representatives (CORs)

for contract administration tasks. The Directorate of Public Works (DPW) provides CORs to support the DOC. Based on the researcher's professional knowledge, other organizations also provide this resource to the DOC (e.g., Directorate of Logistics, Directorate of Human Resources).

p. *Vendor Payments*

Vendor Pay of the Defense Finance and Accounting System (DFAS) has the financial authority to pay vendors for their deliveries and services, which were contracted by the DOC.

q. *Contractors*

Contractors are a resource in and of themselves. They, first, must be willing to do business with the U.S. Government. Second, once contracted to deliver an item or perform a service, the vendor or contractor controls and provides the labor and materials for successful contract execution.

6. External Stakeholder Influence, <u>Government</u> and <u>Contractor</u> Sampling Groups

Question #12 asks, "Does your organization have the ability to influence the Directorate of Contracting's behavior, direction, processes, or outcomes?" "If yes, explain?" This section only includes questionnaire collected data.

a. *U.S. Small Business Administration*

Pursuant to Part 19 of the Federal Acquisitions Regulation, the U.S. Small Business Administration (SBA) has the right to appeal the DOC's proposed procurement decisions to the Secretary of the Army.

b.   *Vendor Pay, DFAS*

Vendor Pay, DFAS will not make a payment until all deficiencies on contracting documents have been corrected.

c.   *Government Purchase Card, Program Office*

If the DOC's Government Purchase Card program is not in compliance with GPC policies and procedures, the program office can terminate the DOC's GPC program.

d.   *Army Contracting Agency – Southern Region*

The DOC is subordinate to the ACA-SR. As such, the rater and senior rater of the Director, DOC resides within the ACA-SR. The ACA-SR allocates the operating budget and authorized personnel strength. The ACA-SR delegates contracting authority and implements contracting and administrative policies for the Southern Region, ACA.

e.   *Installation Legal Office*

The Installation Legal Office influences the DOC through legal sufficiency determinations for proposed contracting actions.

f.   *Installation   Management   /   Requiring   Activities*

Installation Management / Requiring Activities influence the DOC in various ways. Installation Management / Requiring Activities are the Government external stakeholders that submit purchase requests to the DOC (see Figure 1 for a list of these specific organizations). The workload of the DOC is determined by the number of submitted purchase requests. Requiring activities influence the amount of time allotted for contracting actions. Late and urgent purchase requests provide less time for a contracting action. A positive influence is

82

when the requiring activity provides contracting with an on-time and correct purchase request with minimum errors in the statement of work or item description and user requested changes. As customers, requiring activities can influence the DOC by prioritizing their purchase requests and knowing basic contracting policies, rules, and procedures.

g. Contractors' Influence

Contractors' can influence the DOC in two ways. First, contractors' ability to influence the DOC is held in their ability to do the task at hand; this is usually evaluated in terms of the contractor's past performance, reputation, and quality of proposal. Contractors must perform in accordance with the specific terms and conditions of the contract. The contractor's ability to fulfill the contract thus influences the DOC's decision of which contractor will receive contract award. Second, contractors have the right to protest a contracting officer's contract award decision to either the General Accounting Office or the Armed Services Board of Contract Appeals.

7. Summary of External Stakeholder Resource(s) and Influence

The Directorate of Contracting needs to know how each external stakeholder can influence the DOC's ability to accomplish mission success. External stakeholders that provide resources, enforce the law, or require many contracting actions have the potential to influence the DOC. Of those participating in the survey, three (3) Government and four (4) Contractor external stakeholders have the perception that they are "indispensable" to the mission success of the DOC. Four (4) Government external

83

stakeholders require more than 251 contracting actions each per year. These external stakeholders can influence the DOC through their demand for DOC's contracting services. Installation support office / requiring activities can influence the DOC through their item descriptions and statements of work. Contractors can influence the DOC through their performance and their right to protest contracting officer award decision. One way or another all of DOC's external stakeholders have the potential to influence it. The level of influence depends if the external stakeholder is a resource provider, requiring activity, contractor, or supported by the law. A data table, that cross references external stakeholder perceptions of importance, influence, provided resources, and the number of required contracting actions, is presented in Appendix B.

E.   STEP 5:   DETERMINE EXTERNAL STAKEHOLDER ATTRIBUTES

As described in Chapter II and III, "The Theory of Stakeholder Identification and Salience" (Mitchell, 1997) can be used to evaluate stakeholders in terms of three attributes: power, legitimacy, and urgency. External stakeholders can be characterized by more than one of these attributes.

1.   Power

External stakeholders with power have the ability to influence the DOC's behavior, direction, process, or outcomes. Power can be categorized as coercive, utilitarian, or normative depending on the type of resource used to exercise power.

a.   *Coercive Power*

External stakeholders that can reward or punish the DOC have coercive power. The researcher used responses

from question #12 to identify external stakeholders with coercive power. Question #12 is "Does your organization have the ability to influence the Directorate of Contracting's behavior, direction, processes, or outcomes? If yes, explain?" The following external stakeholders have coercive power to influence the DOC.

- U.S. Small Business Administration
- Government Purchase Card Program Office
- Army Contracting Agency–Southern Region

b. *Utilitarian Power*

External stakeholders that control resources needed by the DOC have utilitarian power. The researcher used responses from question #11 to identify external stakeholders with utilitarian power. Question #11 is "Does your organization control a resource(s) needed by the Directorate of Contracting? If yes, what is the resource(s)?" The following external stakeholders have utilitarian power to influence the DOC.

- Contractors
- Vendor Pay, DFAS
- Defense Acquisition University (DAU)
- Standard Procurement System, Program Office (SPS)
- Government Purchase Card, Program Office (GPC)
- Army Contracting Agency–Southern Region (ACA-SR)
- Directorate of Public Works (DPW)
- Directorate of Information Management (DOIM)
- Directorate of Resource Management (DRM)
- Directorate of Human Resources (DHR)
- Installation Legal Office (ILO)

c. *Normative Power*

External stakeholders that possess a symbolic resource have normative power. The researcher used responses from question #6 to determine normative power. Question #6 is "How many contracting actions does your organization require per year?" Question #6 is a closed format question and offered the following choices: 0-50, 51-100, 101-150, 151-200, 201-250, and 251 and greater. External stakeholders with 251 and greater contracting actions per year have a high demand for DOC's contracting services. The high demand for DOC's contracting services represents a symbolic resource and is a source of normative power. The greater the demand an external stakeholder has for DOC services, the greater the DOC must pay attention to that external stakeholder. The researcher views this as symbolic and a source of normative power. Through normative power, an external stakeholder can accrue power to influence the DOC even if it does not control a resource critical to the DOC or have the ability to reward or punish the DOC.

- Vendor Pay, DFAS
- Directorate of Public Works (DPW)
- Directorate of Logistics (DOL)
- Installation Legal Office (ILO)
- Some Contractors

2. Legitimacy

The external stakeholder attribute of legitimacy assists in identifying external stakeholders who do not have the power to influence the DOC, but matter to the DOC and merit managerial attention from the DOC. Legitimacy refers to a generalized perception that an external stakeholder's claim on the DOC is desirable, proper, or

appropriate within some socially constructed system of norms, values, beliefs, and definitions. (Mitchell, 1997) External stakeholders are characterized with the attribute of legitimacy when their claims are based upon a contract, law, regulations, moral construct, or a dependent relationship with the DOC. (Mitchell, 1997) The researcher evaluated external stakeholder responses to questions #1, 3, 7, & 14 to determine the stakeholder attribute of legitimacy. The questions are:

- Question #1. What are the name, mission, and purpose of your organization?

- Question #3. What are your organization's expectations and requirements of the Directorate of Contracting?

- Question #7. What challenges are your organization facing related to acquisitions and contracting?

- Question #14. What does your organization gain or lose when the Directorate of Contracting achieves or fails to achieve their mission?

After examining the external stakeholder responses, the researcher discovered that *all of DOC's external stakeholders have the external stakeholder attribute of legitimacy.* Even though all of DOC's external stakeholders have the attribute of legitimacy, not all stakeholders place a claim on the DOC. They are stakeholders because they are affected by DOC's output. The attribute of legitimacy assists in identifying those external stakeholders, which are affected by DOC's output.

3. Urgency

Urgency identifies external stakeholders with an extremely important claim that is time sensitive and a highly important relationship with the DOC. The attribute

of urgency was determined by evaluating external stakeholder responses to questions #2 and #8.

- Question # 2. Is the Directorate of Contracting important in accomplishing your organization's mission? Multiple-choice options were: Indispensable, Very Important, Important, Slightly Important, and Not Important.

- Question #8. How often does your organization submit a time sensitive and critical requirement to the DOC? Multiple-choice options were: Once a year, Once every 6 months, Once every 5 months, Once every 4 months, Once every 3 months, Once every 2 months, Once a month, and Once a week.

An external stakeholder responding with either Indispensable or Very Important to Question #2 and either Once a week or Once a month to Question #8 was defined as having met the criteria for the attribute of urgency. The following external stakeholders have the attribute of urgency.

- Contractors
- Vendor Pay, DFAS
- Army Contracting Agency-Southern Region
- Directorate of Public Works
- Directorate of Logistics
- Directorate of Resource Management
- Directorate of Human Resources
- Installation Legal Office

4.   Summary of External Stakeholder Attributes

Step 4 has determined the attributes for the DOC's external stakeholders. The attributes can now be used to classify the DOC's external stakeholders. A data table that lists external stakeholders and their attributes is presented in Appendix B. The break down of external stakeholders to attributes follows: three (3) have coercive power, 11 have utilitarian power, five (5) have

normative power, all have legitimacy, and eight (8) have urgency. A summary highlight from the data table in Appendix B is that stakeholders with lower ratings of perceived importance to the DOC also have fewer sources of power and less urgency. The researcher determined that all stakeholders have "legitimacy." However, the specific sources of power and legitimacy vary among the external stakeholders, so details are included in the data table located in Appendix B.

F. STEP 6: CLASSIFY EXTERNAL STAKEHOLDERS ACCORDING TO ATTRIBUTES

Using the "Theory of Stakeholder Identification and Salience," external stakeholders of the DOC were classified according to stakeholder attributes of power, legitimacy, and urgency. External stakeholders can possess one, two, or all three attributes. Classes of stakeholders are definitive, dangerous, dependent, dominant, demanding, discretionary, and dormant based on the previous data on power, legitimacy and urgency. (Mitchell, 1997)

1. Dormant External Stakeholders

The DOC's must be fully aware of its dormant external stakeholders. These stakeholders possess power, but do not exercise it since they don't have a legitimate or urgent claim. Dormant stakeholders have few or no interactions with the DOC, but have the potential to quickly gain a second attribute. From external stakeholders' responses, the researcher determined that all stakeholders with the attribute of power also had legitimacy, thus *there are no dormant external stakeholders*. This determination does not rule out the possibility that non-respondents or external stakeholders not included in the sampling groups are dormant external stakeholders of the DOC.

89

2. Discretionary External Stakeholders

A relationship with a discretionary external stakeholder is only established at the discretion of the DOC. Since legitimacy is the only attribute possessed by a discretionary stakeholder, there are no external influences forcing a relationship with the Discretionary external stakeholder and the DOC. From external stakeholders' respondents, the researcher determined that the DOC has five (5) discretionary external stakeholders. They are:

- Religious Support Office (RSO)
- Public Affairs Office (PAO)
- Equal Opportunity Office (EEO)
- Directorate of Morale, Welfare, and Recreation (DMWR)
- Directorate of Plans, Training, Mobilization, and Security (DPTMS)

3. Demanding External Stakeholders

Demanding external stakeholders only have the stakeholder attribute of urgency. They perceive their claim as being time-sensitive and critical, but lack power and legitimacy to exercise their claim on the DOC. From external stakeholders' responses, the researcher determined there are *no demanding external stakeholders* because all participants have some form of legitimacy and thus none rely solely on urgency. This determination does not rule out the possibility that non-respondents or external stakeholders not included in the sampling groups are demanding external stakeholders of the DOC.

4. Dominant External Stakeholders

A dominant stakeholder places a legitimate claim on the DOC and has the power to influence the DOC to take action on their claim. From external stakeholders'

responses, the researcher determined that the DOC has three (3) dominant external stakeholders. They are:

- U.S. Small Business Administration (SBA)
- Government Purchase Card Program Office(GPC)
- Directorate of Information Management (DOIM)

5. Dependent External Stakeholders

A dependent stakeholder has a legitimate and urgent claim, but does not have the power to influence the DOC to take immediate action. From external stakeholders' responses, the researcher determined there are *no dependent external stakeholders*. All stakeholders with an urgent claim also have some source of power and thus are not classified as dependent. This determination does not rule out the possibility that non-respondents or external stakeholders not included in the sampling groups are dependent external stakeholders of the DOC.

6. Dangerous External Stakeholders

A dangerous stakeholder does not have a legitimate claim and is willing to use power to influence the DOC to action on its urgent claim. From external stakeholders' responses, the researcher determined there are *no dangerous external stakeholders*. All stakeholders with an urgent claim and a source of power also had the attribute of legitimacy and thus are not classified as dangerous. This determination does not rule out the possibility that non-respondents or external stakeholders not included in the sampling groups are dangerous external stakeholders of the DOC. The DOC needs to be alert to possible dangerous stakeholders and develop a means to mitigate the possible negative actions they might take.

7. Definitive External Stakeholders

Definitive stakeholders have the power to influence the DOC to immediately take actions on their urgent and legitimate claims. The DOC must develop strong business relations with definitive external stakeholders. From external stakeholders' responses, the researcher determined that the DOC has eight (8) definitive external stakeholders. They are:

- Vendor Pay, Defense Finance and Accounting System
- Army Contracting Agency-Southern Region (ACA-SR)
- Installation Legal Office (ILO)
- Directorate of Public Works (DPW)
- Directorate of Resource Management (DRM)
- Directorate of Logistics (DOL)
- Directorate of Human Resources (DHR)
- Contractors

8. Summary of External Stakeholder Attributes

Attributes of external stakeholders were used to identify and classify DOC's external stakeholders who responded to the questionnaire. Below, DOC's external stakeholders are matched to Classes of Stakeholders according to their corresponding stakeholder attributes.

Classes of Stakeholders as Determined by Attributes of Power, Legitimacy, Urgency			
CLASS/ATTRIBUTE	POWER	LEGITMACY	URGENCY
Discretionary		X	
Religious Support Office (RSO) Public Affairs Office (PAO) Equal Employment Opportunity (EEO) Directorate of Moral, Welfare, and Recreation (DMWR) Directorate of Plan, Training, Mobilization, and Security			
Dominant	X	X	
U.S. Small Business Administration (SBA) Government Purchase Card, Program Office (GPC) Directorate of Information Management (DOIM)			
Definitive	X	X	X
Vendor Pay, Defense Finance and Accounting System Army Contracting agency - Southern Region (ACA-SR) Installation Legal Office (ILO) Directorate of Public Works (DPW) Directorate of Resource Management (DRM) Directorate of Logistics (DOL) Directorate of Human Resources (DHR) Contractors			

Table 7.   Classes of Stakeholders as Determined by Attributes of Power, Legitimacy, and Urgency

The DOC should have procedures for responding to all of their external stakeholders' claims and acknowledge the importance of establishing strong business relationships with their external stakeholders. From the collected data,

the researcher identified eight (8) Definitive external stakeholders for the DOC. Being definitive stakeholders, they have the power to influence the DOC to immediately take actions on their urgent and legitimate claims. (Mitchell, 1997) The DOC should prioritize their work effort to meet definitive stakeholders' claims. To respond to definitive stakeholders' claims, the DOC should work aggressively at developing and maintaining strong business relationships with its definitive external stakeholders. The DOC should establish formal business procedures to facilitate effective communications and promote the exchange of information with their definitive external stakeholders.

From the collected data, three (3) Dominant external stakeholders were identified by the researcher for the DOC. Dominant stakeholders are similar to definitive stakeholders except they do not have the attribute of urgency. (Mitchell, 1997) The DOC needs to stay fully aware of their dominant external stakeholders since dominant stakeholders have the potential of quickly gaining urgency and creating significant impacts on the DOC. To prepare for this case, the DOC should employ the same formal business procedures with dominant as with definitive external stakeholders.

From the collected data, the researcher determined the DOC has five (5) Discretionary external stakeholders. Since there are no external influences forcing a relationship with the discretionary external stakeholders (Mitchell, 1997), the DOC can easily overlook discretionary

94

stakeholders. The DOC must make a diligent effort at staying attuned to the claims of discretionary external stakeholders.

No participating organizations met the criteria for Dormant, Demanding, Dependent or Dangerous external stakeholder for the DOC. This determination does not rule out the possibility that non-respondents or external stakeholders not included in the sampling groups might be dangerous, dependent, demanding, or dormant external stakeholders of the DOC. The DOC needs to be alert to possible dangerous and demanding stakeholders and develop a means to mitigate the possible negative actions they might take.

On a systematic basis, the DOC needs to reassess their external environment, determine their external stakeholders, and then adjust their business relationships accordingly. The DOC gains a greater understanding of its external stakeholders by identifying and classifying them. With this increase in understanding, the DOC will be better at planning for and servicing the needs of its external stakeholders.

G. STEP 7: DETERMINE EXTERNAL STAKEHOLDERS' CRITERIA FOR EVALUATING DOC'S PERFORMANCE AND ASSESSMENT

Step seven focuses on how external stakeholders evaluate the performance of the Directorate of Contracting and whether the DOC is satisfying its external stakeholders. The key to success for a Directorate of Contracting is to meet external stakeholders' expectations according to their criteria of satisfaction. The researcher used the responses from Question #4, "What performance indicators does your organization use to

95

evaluate the Directorate of Contracting?" to determine external stakeholders' criteria for assessing the DOC's performance. The results presented below are arranged by the classification categories identified in the previous section: Definitive, Dominant, and Discretionary.

1. **Definitive External Stakeholders' Performance Indicators of the DOC**

   a. *Vendor Pay, Defense Finance and Accounting System*

   - The <u>payment of Prompt Payment Act interest penalties</u> caused by untimely contracting actions.

   b. *Army Contracting Agency - Southern Region (ACA-SR)*

   - ACA-SR uses FORSCOM Pamphlet 715-9 to evaluate the performance of the DOC. As DOC's higher headquarters, ACA-SR <u>evaluates the DOC's performance in executing acquisition and contracting policies and procedures</u> concerning: management and administration, simplified acquisitions, formal contracts, contract administration, and the involvement of legal in acquisitions and contracting.

   c. *Installation Legal Office (ILO)*

   - The <u>amount of coordination and cooperation</u> with the ILO is how ILO evaluates DOC's performance. The researcher interprets this to mean: how much time is the DOC allocating for legal review of contracting actions and what is the frequency of communications between the DOC and the ILO?

d. *DPW, DRM, DOL and DHR*

Directorate of Public Works (DPW), Directorate of Resource Management (DRM), Directorate of Logistics (DOL), & Directorate of Human Resources (DHR) have similar criteria for evaluating the DOC's performance.

- Completion Time: Time between placing a contract requirement and the actual award of that contract or other action.
- Quality of goods or services received compared to the requirement placed.
- Quality of Contract: measured by the error rate or complications caused by contracting actions performed by DOC.
- Contracting personnel knowledge: the accuracy of information received from DOC's personnel concerning contracting actions.
- Customer Service: Courteous, Approachable, Helpful, and Professional behavior displayed by DOC's personnel.
- Flexibility: measured by the willingness and adaptability of DOC's personnel to meet the ever changing customer requirements.

e. *Contractors*

- Invoice Payment: Actions taken to ensure invoices are paid on time.
- Completion Time: Response time to answer inquiries and to resolve contract administration issues.
- Quality of Contract: Number and type of contract modifications.
- Customer Service: Knowledge, professionalism, and interpersonal skills of contracting personnel.

2. **Dominant External Stakeholders' Performance Indicators of the DOC**

    a. *U.S. Small Business Administration (SBA)*

        - Small Business Goals: comparing the DOC's performance with its small business goals

    b. *Government Purchase Card, Program Office (GPC)*

        - Number of delinquent Government Purchase Card accounts
        - Number of cases of fraud, waste, and abuse relating to the GPC program

    c. *Directorate of Information Management (DOIM)*

        - DOIM's performance criteria for the DOC are the same as DPW, DRM, DOL, & DHR in paragraph G.1.d. above.

3. **Discretionary External Stakeholders' Performance Indicators of the DOC**

    Religious Support Office (RSO), Public Affairs Office (PAO), Equal Employment Opportunity (EEO), Directorate of Moral, Welfare, and Recreation (DMWR), and Directorate of Plans, Training, Mobilization, and Security (DPTMS) have the same performance criteria for the DOC as DPW, DRM, DOL, & DHR in paragraph G.1.d. above.

4. **External Stakeholders' Perceptions of the DOC's Performance**

Question #5 asks, "How well did the Directorate of Contracting meet your needs and expectations?" Respondents were free to answer this question in any format. The data presented are direct quotes from survey submissions.

Satisfaction with DOC's Performance by Classification of External Stakeholders			
CLASS/ATTRIBUTE	**POWER**	**LEGITMACY**	**URGENCY**
Definitive	X	X	X

Vendor Pay, Defense Finance and Accounting System

  Assessment: Positive response. "Most times, needs and expectations are met in a prompt and professional manner. Vender Pay needs more assistance in clearing over 30 day invoices."

Army Contracting agency - Southern Region (ACA-SR)

  Assessment: Positive response. "Very well. Most importantly the DOC succeeded in getting the troops out the door and back again. This office validated an above average rating for the DOC during the last Contract Management Review in 2003."

Installation Legal Office (ILO)

  Assessment: Negative response. "Probably adequate, probably could be better."

Directorate of Public Works (DPW)

  Assessment: Negative response. "Fairly well; a few glitches here and there."

Directorate of Resource Management (DRM)

  Assessment: Positive response. "Satisfactory."

Directorate of Logistics (DOL)
Assessment: Mixed response. "Excellent for supply contracts and not satisfied with service contracts."
Directorate of Human Resources (DHR)
Assessment: Negative response. "Fair over the past two years. In the recent past, the DOC has not shown itself to be focused on its customers. Communications between DOC and its customers has been poor. It appears that DOC feels it is OK for them to miss a suspense, but if a customer does not follow up on an action in a specified amount of time, DOC is apt to return the original action to the submitter who has to start the process over. DOC has some personnel that are hard to reach and have a reputation for not returning phone calls or e-mails."
Contractors
Assessment: Positive responses. No contractor submitted a negative response. One contractor stated, "DOC has done a very good job under some very trying times: mass troop deployments, fast track project execution, training new employees, minimizing interdepartmental difference." Another contractor stated, "The DOC has met our needs and expectations in an excellent manner. We have always received input on questions we asked and all invoices have been processed expeditiously."   Table continued on next page.

CLASS/ATTRIBUTE	POWER	LEGITMACY	URGENCY
Dominant	X	X	

U.S. Small Business Administration (SBA)

Assessment: Not applicable -- the respondent had not covered the DOC for a full rating period.

Government Purchase Card, Program Office (GPC)

Assessment: Positive response. "All GPC program requirements were met or exceeded by the DOC at Fort Stewart."

Directorate of Information Management (DOIM)

Assessment: Positive response. "Better than average. I couldn't expect better service from an organization. I hope the DOC is never regionalized. It would take away the personal benefit we have come to enjoy."

CLASS/ATTRIBUTE	POWER	LEGITMACY	URGENCY
Discretionary		X	

Religious Support Office (RSO)

Assessment: Positive response. "Exceeded, DOC has been a vital ally in the Chaplain's mission at Fort Stewart. You have met every challenge."

Public Affairs Office (PAO)

Assessment: Positive response. "Very well."

Equal Employment Opportunity (EEO)

Assessment: Positive response. "Doc has met our expectations to the fullest."

Directorate of Morale, Welfare, and Recreation (DMWR)   **Assessment**:   Positive response.   "Very well, DOC is a dedicated group of individuals willing to assist with and expedite contracts to meet customer needs."
Directorate of Plan, Training, Mobilization, and Security   **Assessment**:   Positive response.   "Fairly well with most contracts."

Table 8.   Satisfaction with DOC's Performance by
Classification of External Stakeholders

5.   Summary of External Stakeholders' Criteria for Evaluating DOC's Performance and Their Assessment

a.   Criteria for Evaluating DOC's Performance

External   stakeholders   were   asked,   "What performance indicators does your organization use to evaluate the Directorate of Contracting?"   Responses were listed according to Definitive, Dominant and Discretionary stakeholder classes.   Common performance criteria from respondents are listed below:

- Completion time for contracting actions;

- Quality of goods or services received;

- Quality of contract;

- Accuracy   of   received   information (contracting personnel knowledge);

- Customer service; and

- Flexibility to requirement changes.

In addition to the performance criteria stated above, specific external stakeholders used the following:

- Payment of interest penalties;

- Amount of coordination and cooperation;

- Small business goals;

102

- Delinquent GPC accounts;

- Cases of fraud, waste, and abuse; and

- Timely payment of invoices.

b. *Assessment of DOC's Performance*

External stakeholders were asked. "How well did the Directorate of Contracting meet your needs and expectations?" Respondents were free to answer this question in any format. The researcher characterized each response as being positive or negative. Definitive external stakeholders of the DOC submitted one (1) mixed, three (3) negative, and four (4) positive evaluations. Dominant external stakeholders responded with two (2) positive responses and one (1) unable to make a judgment. Discretionary external stakeholders submitted five (5) positive responses.

Meeting external stakeholders' expectations according to their criteria of satisfaction is the key to success for a Directorate of Contracting. From the collected data, the DOC is satisfying its dominant and discretionary external stakeholders; however, it is not satisfying 50% or four (4) of its definitive external stakeholders.

H. STEP 8: DETERMINE EXTERNAL STAKEHOLDERS' PERCEPTIONS OF THE DOC'S MISSION AND PURPOSE

Question # 9 asks, "What do you believe is the mission and purpose of the Directorate of Contracting?" Overall, external stakeholders' perceptions of DOC's purpose are linked to their criteria of satisfaction and their claims and expectations of the DOC.

1. Government External Stakeholders

Fourteen (14) Government external stakeholders submitted their perception of the DOC's mission and purpose. The researcher analyzed the responses to identify connecting themes that linked the responses. Common themes of DOC's perceived mission and purpose include:

- Service or support to customers in accomplishing their mission; customer oriented
- Accomplish contracting actions in a timely manner
- Comply fully to the letter and the spirit of the Federal Acquisitions Regulation
- Advise, Inform, Teach, Assist, Guide customers and vendors in areas relating to contracting and acquisition processes, rules, and regulations
- Purchase goods and services at the quality level desired by the customer

2. Contractor External Stakeholders

Fourteen (14) Contractors submitted their perception of the DOC's mission and purpose. The researcher analyzed the responses to identify connecting themes that linked the responses. Connecting themes include:

- Support the missions of its customers in a timely manner;
- Support and instruct the many contractors supporting Fort Stewart and Hunter Army Airfield;
- Ensure the Government and contractors comply to the terms and conditions of any contract;
- Oversee and administer Government contracts in accordance with the Federal Acquisition Regulations and directives
- Obtain the best value for the Government while ensuring contractors earn a reasonable profit

I. STEP 9: DETERMINE EXTERNAL STAKEHOLDERS' PERCEPTIONS OF DOC'S CHALLENGES

Question #13 asks, "What challenges do you see the Directorate of Contracting having to deal with?" From the perception of DOC's external stakeholders (Government and contractors) resource constraints are DOC's biggest challenges facing the DOC.

1. Time

External stakeholders perceive time as a challenge for the DOC. They know customers want expeditious contract actions without always adequately identifying their requirements and planning acquisition time into their schedules. Time is consumed by customers changing their requirements; and contracting actions require interdepartmental coordination, which consume time.

2. Personnel

External stakeholders perceive the DOC facing increasing work load with a decreasing DOC staff from constraints in the number of authorized personnel and the retirement of experienced personnel. They perceive the DOC being challenged with recruiting, training, and retaining personnel. They perceive that manpower shortages and inexperienced personnel contribute to slow responses and processing times.

3. Contracting Laws and Policies

External stakeholders perceive the DOC is challenged and constrained by the contracting laws and policies they must follow. DOC's customers also perceive their own lack of understanding of the procurement process is a challenge for the DOC.

4. DOC's Mission

Some external stakeholders perceive DOC's mission as challenging. They see the challenges in learning and implementing acquisitions and contracting regulations. They see the challenges in coordinating contracting actions with interdepartmental organizations, requiring activities, and contractors. They see the challenge in providing contracting services that satisfies every customer every time. They see the challenging mission of the DOC.

J. CHAPTER SUMMARY

This chapter presented the collected data from the stakeholder questionnaire and the information from the external stakeholder analysis.

Step 1 identified 39 external stakeholders that can place a claim on the resources, attention, or output of the Directorate of Contracting (DOC) or are affected by the DOC's output. An external stakeholder map (see Figure 1) was created to provide a visual of the DOC's external environment. The researcher used ten (10) categories to organize and list external stakeholders according to common characteristics, purposes, or objectives.

Step 2 collected and organized the data for the external stakeholder analysis. Twenty (20) Government and 20 contractor organizations received the stakeholder questionnaire. A response rate of 75% and 70%, respectively, was achieved.

Step 3 used the perspectives of the external stakeholders to determine their claims. Every Government external stakeholder responded with a different mission and purpose. A U.S. Army installation has eight (8) major service areas that execute 38 separate functions and

provides 95 services. For each of the 95 services, there is usually more than one contractor who is willing to assist.

Determining the DOC's external stakeholders' claims is an important step in establishing stakeholder management. Organizational effectiveness can be improved by creating compatibility between the DOC's priorities and its external stakeholders' claims. (Burton and Orbel, 2000) By learning each external stakeholder's mission and purpose, a better awareness and understanding of the DOC's external stakeholders' requirements and claims has been gained.

Government external stakeholders and contractors have two similar expectations. Both sampling groups expect the DOC to provide timely, expeditious, responsive, and prompt contracting actions. Both sampling groups see DOC's personnel as the subject matter experts in acquisitions and contracting and expect accurate and professional information relating to contracting from the DOC. Timely contracting actions and accurate information are expected of DOC's personnel, who are expected to be professional and the experts in acquisitions and contracting.

From the collected data, Government stakeholders and contractors have unique claims (expectations, challenges, gains, and losses) in regard to the performance of the DOC. From the DOC, Government external stakeholders expect courteous and flexible customer service that provides quality goods and services in a timely manner. This enables the Government external stakeholders to achieve mission success, which benefits their customers and earns them creditability and notoriety.

Contractors expect the DOC to be impartial, fair, and equitable, which affords them the opportunity to gain Government business and earn a reasonable profit. For some contractors, this satisfies a desire to support the defense of the United States of America. Contractors also expect the DOC to enforce the terms and conditions of the legally binding contract.

Government external stakeholders are challenged by the requirements generation process, obtaining sufficient funding and budget closeout, acquisition and contracting procedures, and improving coordination and cooperation with the DOC. Challenges facing contractors include: changing or poorly defined requirements, contract administration actions, and increased competition within their market sector.

Government external stakeholders lose credibility, funding, and the ability to execute their mission when the DOC fails to achieve its mission. Contractors lose business and financial stability when the DOC fails its mission. An ineffective DOC adversely affects external stakeholder's customers and employees and has a negative impact on the supported U.S. Army installation and the surrounding community.

By learning the unique claims of its external stakeholders, the DOC can better prioritize its efforts towards meeting the desires of it external stakeholders. The table below summarizes the DOC's external stakeholders' claims. The summary table lists the common factors of external stakeholders' expectations, challenges, and the impact on external stakeholders when DOC achieves or fails

its mission.   The table indicates whether each claim was endorsed by government or contractor external stakeholder groups.

Summary of External Stakeholders' Claims	Government	Contractors
EXPECTATIONS		
1. Timely, expeditious, responsive or prompt contracting actions	X	X
2. Accurate and professional information relating to acquisitions and contracting	X	X
3. Enable mission with quality goods and services	X	
4. Courteous Customer Service	X	
5. Flexibility to requirement changes	X	
6. Impartial, fair, and equitable treatment		X
7. Enforcement of the terms and conditions of the contract		X
CHALLENGES		
1. Requirements generation process	X	
2. Changing or poorly defined requirements		X
3. Obtaining sufficient funding and budget closeout	X	
4. Acquisition and contracting procedures	X	
5. Contract administration actions		X
6. Coordination and cooperation	X	
7. Increased competition within market sector		X
GAIN From DOC achieving mission success		
1. Receive quality products and services in a timely manner	X	
2. Creditability and notoriety	X	
3. Customers receive benefit	X	
4. Business opportunities		X
5. A reasonable profit		X
6. Satisfaction of supporting the defense of the U.S.A.		X
LOSS from DOC failing to achieve its mission		
1. Lose the ability to execute mission	X	
2. Customers suffer	X	
3. Lose credibility	X	
4. Lose funding	X	
5. Negative impact to the U.S. Army Installation	X	
6. Lose Business Opportunities		X
7. Lose financial stability		X
8. Adverse affect on contractor's employees		X
9. Negative impact on community		X

Table 9.   Summary of External Stakeholders' Claims

Steps 4, 5, and 6 implemented the "Theory of Stakeholder Identification and Salience" (Mitchell, 1997) and culminated with the classification of participating external stakeholders. Stakeholder attributes of power, legitimacy, and urgency were used to classify external stakeholders into to seven (7) classes: definitive, dangerous, dependent, dominant, demanding, discretionary, and dormant. From the collected data, the researcher identified eight (8) definitive, three (3) dominant, five (5) discretionary, no dangerous, no dependent, and no demanding external stakeholders for the DOC. Definitive stakeholders (e.g., Army Contracting Agency - Southern Region) have the power to influence the DOC to immediately take actions on their urgent and legitimate claims. Dominant stakeholders (e.g., Government Purchase Card - Program Office) are similar to definitive stakeholders except they do not have the attribute of urgency. Discretionary stakeholders (e.g., Directorate of Moral, Welfare, and Recreation) have legitimate claims, but lack the power to influence the DOC. Table 7 lists all participating external stakeholders according to their stakeholder classification.

The DOC should have procedures for responding to all of their external stakeholders' claims and acknowledge the importance of establishing strong business relationships with them. The DOC should prioritize their work effort to meet definitive stakeholders' claims. The DOC should establish formal business procedures to facilitate effective communications and promote the exchange of information with their definitive external stakeholders. In addition to formal business procedures, the DOC should

110

establish appropriate metrics and incentives to facilitate mission attainment. The DOC should employ the same formal business procedures with dominant external stakeholders.

Since there are no external influences forcing a relationship with discretionary external stakeholders, the DOC must make a diligent effort at staying attuned to the claims of discretionary external stakeholders. The DOC needs to be alert to possible dangerous and demanding stakeholders and develop a means to mitigate the possible negative actions they might take. On a systematic basis, the DOC needs to continuously reassess their external environment, determine their external stakeholders, and then adjust their business relationships accordingly. (Mitchell, 1997) The DOC gains a greater understanding of its external stakeholders by identifying and classifying them. With this increase in understanding, the DOC will be better at planning for and servicing the needs of its external stakeholders.

Step 7 determined external stakeholder's criteria for evaluating the DOC's performance. The criteria for evaluating the DOC's performance are also the external stakeholder's criteria of satisfaction. Common performance criteria cited by a substantial majority of respondents are listed below:

- Completion time for contracting actions;
- Quality of goods or services received;
- Quality of contract;
- Accuracy of received information (contracting personnel knowledge);
- Customer service; and
- Flexibility to requirement changes.

111

In addition to the performance criteria stated above, specific external stakeholders used the following:

- Payment of interest penalties;

- Amount of coordination and cooperation;

- Small business goals;

- Delinquent GPC accounts;

- Cases of fraud, waste, and abuse; and

- Timely payment of invoices.

External stakeholders were asked. "How well did the Directorate of Contracting meet your needs and expectations?" Meeting external stakeholders' expectations according to their criteria of satisfaction is the key to success for a Directorate of Contracting. (Bryson and Alston, 1996) From the collected data, the researcher determined the DOC is satisfying all of its dominant and discretionary external stakeholders and not satisfying 50% or four (4) of its definitive external stakeholders.

Step 8 determined external stakeholders' perceptions of the DOC's mission and purpose. DOC's Government external stakeholders' perceptions include:

- Service or support to customers in accomplishing their mission; customer oriented

- Accomplish contracting actions in a timely manner

- Comply fully to the letter and the spirit of the Federal Acquisitions Regulation

- Advise, Inform, Teach, Assist, Guide customers and vendors in areas relating to contracting and acquisition processes, rules, and regulations

- Purchase goods and services at the quality level desired by the customer

Fourteen (14) Contractors submitted their perception of the DOC's mission and purpose. Common themes from these respondents include:

- Support the missions of its customers in a timely manner;

- Support and instruct the many contractors supporting Fort Stewart and Hunter Army Airfield;

- Ensure the Government and contractors comply to the terms and conditions of any contract;

- Oversee and administer Government contracts in accordance with the Federal Acquisition Regulations and directives

- Obtain the best value for the Government while ensuring contractors earn a reasonable profit.

Step 9 determined external stakeholders' perception of DOC's challenges. From the perceptions of DOC's external stakeholders (Government and contractors), resource constraints are the biggest challenges facing the DOC. External stakeholders perceive time, personnel, contract laws and policies as being additional challenges for the DOC. Step 9 concluded the stakeholder analysis.

The stakeholder process allows one to collect data and provides a method to determine information for better strategic planning and improved organizational effectiveness. Chapter V provides conclusions and recommendations. It begins with a summary of how the open system perspective has been applied to the DOC. The results of the external stakeholder analysis are used to characterize the external environment of a U.S. Army Directorate of Contracting. Organizational effectiveness is addressed. The results from external stakeholders' expectations (step 3), stakeholders' criteria of satisfaction (step 7), and perceived purpose of the DOC

(step 8) are compared and similarities are presented. Also, the results of Chapter IV are analyzed to gain new insights about the characteristics of stakeholder map groups.

V. CONCLUSIONS AND RECOMMENDATIONS

A. INTRODUCTION

Using the definition of an organization following Burton and Obel (2000), a U.S. Army Directorate of Contracting (DOC) is defined as a group of people (contracting officers, contracting specialists, information systems managers, and administrative assistants), who are arranged in an orderly manner and coordinated for the achievement of a specific purpose. The specific purpose of a U.S. Army Directorate of Contracting is to award or execute contracts for supplies or services and perform post-award contract administration functions for the Army installation and Army units stationed at the installation.

The basic premise of this thesis research is to improve the organizational effectiveness of a U.S. Army Directorate of Contracting (DOC) through the examination of its external environment, particularly, external stakeholders. By learning the desires and expectations of critical external stakeholders, the DOC can better meet the demands, constraints, and opportunities of its environment. In this way it can become more effective in achieving its purpose and meeting the desires of its external stakeholders.

The conclusions and recommendations within this chapter can be used to improve the organizational effectiveness of a U.S. Army Directorate of Contracting.

B. A DIRECTORATE OF CONTRACTING IS AN OPEN SYSTEM

Taking the Open Systems Perspective (Wagner and Hollenbeck, 1998), the DOC is an arrangement of internal components that are interrelated to form a system. The DOC

is open to the influences of its surrounding environment. The DOC imports inputs from its environment and subjects them to a transformation process to produce outputs, which are exported to its environment. Environmental inputs (resources provided by external stakeholders) were identified in Chapter IV. These environmental inputs are:

- Authorized Personnel Strength
- Personnel Qualifications
- Personnel Hiring
- Personnel Training and Certification
- Contracting Authority
- Operating Budget
- Office Space
- Internet, E-mail, and Telephones
- Acquisitions and Contracting Policies and Procedures (e.g., Federal Acquisition Regulation)
- Contracting Information Management System
- Purchase Card Information Management System
- Legal Review of Contracting Actions
- Item Descriptions or Statements of Work
- Fund Cites
- Contracting Officer Representatives
- Vendor Payments, and
- Contractors

These environmental inputs are then transformed into outputs by the DOC's internal components. The DOC is effective if its outputs are desired by its external stakeholders and meet their criteria of satisfaction. The DOC's external stakeholders are part of the DOC's environment and the DOC is open to their influences. The

DOC is not an end in and of itself, but an open system operating within the context of its environment.

As stated in Chapter II, organizations display open systems characteristics of capacity for feedback, adaptation, and equilibrium. (Nadler and Tushman, 1980) A DOC has the capacity to receive feedback from its environment and make changes to its open system. By using stakeholder management and conducting a stakeholder analysis, the researcher was able to obtain feedback from the DOC's environment and provide information that can be used by the DOC to change its open system. The DOC must rely on the open system characteristic of adaptation to maintain the equilibrium between its systems elements and its environment. As environmental conditions change, elements of DOC's open system must display flexibility and change to meet the new environmental conditions. By receiving feedback, adapting to environmental changes to maintain equilibrium, the DOC can maintain its organizational effectiveness.

C.   CHARACTERISTICS OF DOC'S EXTERNAL ENVIRONMENT

A U.S. Army Directorate of Contracting operates in a complex, diverse, hostile, and dynamic environment with a moderate degree of environmental uncertainty. As stated in Chapter II, an organization's environment provides the conditions, circumstances, and influences that surround and affect an organization. An organization's external environment is characterized by its complexity (complex or simple), diversity (similar or diverse), uncertainty (degree of predictability), hostility (supportive or hostile), and change (stable or dynamic). (Wagner and Hollenbeck, 1998) Below, the open systems model and the

characteristics of an organization's environment are used to summarize and integrate the findings and analyses reported in the previous chapter. This discussion and summary addresses the primary research question, "What are the external environment / context of a United States Army Directorate of Contracting?"

1. Complex

Environmental complexity is derived from the number of external stakeholders and their missions. The DOC's external stakeholder analysis identified 39 external stakeholders that have different missions and purposes. At the installation level, external stakeholders are organized into eight (8) major service areas and execute 38 separate functions and 95 services. The complexity of DOC's environment requires it to process volumes of information and use a considerable amount of knowledge to understand environmental events.

2. Diverse

The DOC operates in a diverse environment. From the DOC's external stakeholder map, the DOC has 39 external stakeholders grouped into ten (10) categories. Independently or by stakeholder group, DOC's external stakeholders can influence the DOC. The DOC must stay aware of their diverse environment, which may cause the work for one type of customer to detract from the work provided to another type of customer. The diverse environment requires the DOC to track and respond to the demands of each sphere of influence without adversely effecting other DOC operations.

3. Moderate Degree of Environmental Uncertainty

Environmental uncertainty is the degree of not knowing an environmental variable and its relative importance to

the DOC. The DOC has a moderate degree of environmental uncertainty. The DOC must track the information flow of 39 external stakeholders. At any given time, not all external stakeholders are providing the DOC with accurate information for total predictability to eliminate uncertainty. Requiring activities change their item descriptions or statements of work and expect the DOC to promptly take action on the changes. Changes are made to policies and procedures that support acquisitions and contracting and installation support offices. The uncertainty of DOC's environment requires it to use various information collection methods to increase information flow between the DOC and its external stakeholders.

4.   Hostile

The DOC operates in an environment that can be characterized as hostile in that there are factors that threaten the DOC's progress towards achieving its purpose. A total of 17 resources are controlled by external stakeholders. As perceived by DOC's external stakeholders, the DOC is not adequately staffed with knowledgeable contracting personnel. Requiring activities regularly submit incomplete statements of work, item descriptions, or changes in requirements. Each customer wants timely results without considering the workload of the DOC or the needs of other DOC customers. The DOC must operate within the parameters established by acquisition regulations and instructions. The hostility of DOC's environment requires it to respond quickly to external environmental variables.

5.   Dynamic

The DOC operates in a dynamic environment of continuous change that is sometimes predictable and sometimes not. Over time, requirements and procedures of

each external stakeholder change. The dynamic environment requires the DOC to be very adaptable to external stakeholders' changes in order to stay relevant and in balance with its environmental variables.

6.   Summary of Environmental Characteristics

The section above addressed the primary research question, "What are the external environment / context of a United States Army Directorate of Contracting?" The environment of the DOC can be characterized as: complex, diverse, hostile, and dynamic with a moderate degree of environmental uncertainty. Referring back to organizational theory on environment discussed in Chapter II, a U.S. Army Directorate of Contracting exists in an environment that requires it to process volumes of information, use a considerable amount of knowledge to understand environmental events, establish effective information flows between itself and its external stakeholders, be responsive, and adaptable, and have a division of tasks to avoid the distraction of work from different spheres of influence (Wagner and Hollenbeck, 1998).

D.   DOC'S ORGANIZATIONAL EFFECTIVENESS

The effectiveness of the Directorate of Contracting depends on its ability to produce contracting services that are desired by its many external stakeholders and meet their criteria for satisfaction and quality.

1.   Definitive Stakeholders

This section addresses the secondary question, "What external stakeholders are most important to a United States Army Directorate of Contracting?" Since the DOC's definitive stakeholders (Mitchell, 1997) have the power to influence the DOC to immediately take actions on their

urgent and legitimate claims, the DOC needs to develop strong business relations with these organizations in particular. The DOC's definitive stakeholders are:

- Contractors;

- Vendor Pay, Defense Finance and Accounting System (DFAS);

- U.S. Army Contracting Agency – Southern Region (ACA-SR);

- Directorate of Public Works (DPW);

- Directorate of Logistics (DOL);

- Directorate of Resource Management (DRM);

- Directorate of Human Resources (DHR); and

- Installation Legal Office (ILO).

These eight (8) organizations are critical in determining the organizational effectiveness of the DOC.

2. Desired Contracting Services

This section addresses the secondary question, "What claims do external stakeholders place on a United States Army Directorate of Contracting?" Producing desired contracting services is the key to organizational effectiveness. DOC's external stakeholders desire contracting services that produce timely, expeditious, responsive, or prompt contracting actions. They desire contracting actions that procure quality services and goods, which enable them to meet the demands of their customers and achieve mission success. External stakeholders expect contracting personnel to be the subject matter experts in acquisitions and contracting and desire accurate and professional assistants, advice, and information. Most external stakeholders of the DOC are customer service organizations and desire fair and equitable treatment and courteous customer service from the

DOC. When requirements change, external stakeholders desire the DOC to be flexible to changes and execute timely contract modifications. Adjectives used to describe the desires of the DOC's external stakeholders include: timely, quality, accurate, professional, fair and equitable, courteous, and flexible.

3. Negative Impact of an Ineffective DOC

As determined in Chapter IV, an ineffective Directorate of Contracting has a negative impact on the supported U.S. Army Installation and the surrounding community. An ineffective DOC produces late contracting actions and procures deficient services and goods at high prices. External stakeholders are treated poorly and erroneous information is provided by contracting personnel. When the DOC fails to produce desirable contracting services, fourteen (14) out of the 15 Government respondents stated they would lose ability to execute their mission. As a result, customers (soldiers, families of soldiers, and civilians) of DOC's external stakeholders suffer. External stakeholders lose credibility with their customers. The optimal use of dollars is not achieved and external stakeholders may lose funding. Contractors lose as well when the DOC fails to achieve its mission. For a U.S. Army Installation, mission failure is not an option, but an ineffective DOC has the potential to create mission failures.

4. Effectiveness before Efficiency

A Directorate of Contracting needs to achieve and sustain organizational effectiveness before organizational efficiency. Failure is not an option for a Directorate of Contracting. As determined in Chapter IV, external stakeholders of the DOC have too many claims at stake and

rely on the DOC's effective performance. The DOC's contracting services produce desirable contracting actions that uphold Federal Law; prudently spend taxpayers' dollars and avoid unreasonable costs; enable external stakeholders to take care of their customers and achieve their missions; and provide fair and equitable treatment to contractors. In order to be effective, a DOC must meet the criteria of its external stakeholders: timeliness, quality, accuracy, professionalism, fair and equitable treatment, courtesy, and flexibility. Additionally, a DOC must fulfill mandated public policies and socio-economic objectives. In order to be effective, a DOC must be very adaptive and responsive to its external stakeholders. In order to be adaptive and responsive, a DOC must have surge capacity and/or innovative processes to execute contracting services. (Burton and Obel, 2000) The mission of the Directorate of Contracting requires organizational effectiveness and then efficiency. To achieve organizational effectiveness, a DOC requires surge capacity to meet the desires of its external stakeholders according to their criteria of satisfaction.

E.   CRITERIA OF SATISFACTION / MEASURES OF EFFECTIVENESS

This section addresses the secondary question, "How do external stakeholders evaluate a United States Army Directorate of Contracting?" The results for external stakeholders' expectations (step 3), criteria of satisfaction (step 7), and perceived purpose of the DOC (step 8) are similar. This is to be expected, since the expectations of external stakeholders and the purpose of the DOC are really on different sides of the same coin. Stakeholders' expectations are the demand for contracting services. The DOC's purpose is the supply of contracting services. Since external stakeholders' criteria of

satisfaction measure the fulfillment of their expectations, the two should be similar. Using the same coin analogy above, criteria of satisfaction measure the demand satisfaction of contracting services provided. The criteria can be used to measure the DOC's effectiveness at supplying contracting services. From Chapter IV, external stakeholders' criteria of satisfaction or DOC's measures of effectiveness are:

- Completion time for contracting actions;
- Quality of goods or services received;
- Quality of contract;
- Accuracy of received information (contracting personnel knowledge);
- Customer service;
- Flexibility to requirement changes;
- Payment of interest penalties;
- Amount of coordination and cooperation;
- Small business goals;
- Delinquent GPC accounts;
- Cases of fraud, waste, and abuse; and
- Timely payment of invoices.

The above measures of effectiveness can be used to develop metrics for tracking DOC's organizational effectiveness.

F. CONTINUOUS LEARNING

The dynamic nature of DOC's external environment requires it to be in a state of continuous learning. Organizations, requirements, processes, and people are continuously changing. Both Government external stakeholders and contractors must be continuously educated on new or current contracting procedures. Contracting

personnel must continuously learn changing contracting processes, changing needs of requiring activities, and changing business practices of contractors. To facilitate continuous learning, the DOC, an open system, has the ability to gain new information from its environment by establishing feedback loops with its external stakeholders. (Nadler and Tushman, 1980) Continuous learning is required to maintain DOC's organizational effectiveness.

G. CHARACTERISTICS OF EXTERNAL STAKEHOLDER GROUPS FROM STAKEHOLDER MAP

During Step 1 of the external stakeholder analysis, the researcher created ten (10) stakeholder map categories to group the 39 identified external stakeholders of the DOC by common functions and characteristics. Figure 1 is the external stakeholder map for the DOC. The ten (10) stakeholder map categories are: The General Public; Supply or Service Providers; Installation Management/Requiring Activities; Policies and Procedures Management; Training, Certification, and Knowledge Management; Compliance Management; Information Management; Personnel Management; Money Management; and End Users or Customers. These categories were defined prior to data gathering and analysis that allowed for the further elaboration of stakeholder characteristics in Chapter IV.

In this section, the researcher reflects on the attributes and classification of the participating external stakeholders to gain new insights about the characteristics of the ten (10) stakeholder groups used in the map. Most notably, the "Money Management" category is composed of 83% "Definitive" external stakeholders. This means the "Money Management" category has the power to influence the DOC's behavior to immediately take actions on their urgent and

125

legitimate claims. The "Information Management" category is composed of 66% "Dominant" external stakeholders. This means the "Information Management" category does not place urgent claims on the DOC, but does have the power to influence the DOC on its legitimate claims.

External stakeholder categories showing "Definitive" stakeholder characteristics are: Money Management, Personnel Management, Compliance Management, Supply or Service Providers, and Installation Management / Requiring Activities. External stakeholder categories showing "Dominant" stakeholder characteristics are: Information Management, Compliance Management, and Installation Management / Requiring Activities. Figure 2 is the DOC's external stakeholder map with category characteristics indicated. Groups with bold framed boxes display "Definitive" stakeholder characteristics. Groups with shaded boxes display "Dominant" stakeholder characteristics. Groups can display characteristics from more than one class of stakeholder.

The external stakeholder map for the DOC (Figures 1 or 2) answers the secondary question, "What organizations are external stakeholders of a United States Army Directorate of Contracting?" The following external stakeholder list supports the external stakeholder map with characteristics indicted for stakeholder categories.

```
┌─────────────────────────────────────────────────────────────────────────┐
│            EXTERNAL STAKEHOLDER MAP FOR THE DOC AT FORT STEWART           │
│                                                                           │
│  ┌──────────────────────────┐        ┌─────────────┐  ┌─────────────────┐ │
│  │ End Users or Customers   │        │ Supply or   │  │ Installation    │ │
│  │ 3RD Infantry Division    │        │ Service     │  │ Management/     │ │
│  │ Tenant Units             │        │ Providers   │  │ Requiring       │ │
│  │ Civilian Employees       │ ┌────────────────┐   │  │ Activities      │ │
│  │ Soldiers & Their Families│ │ The General    │   │  │ Fort Stewart    │ │
│  └──────────────────────────┘ │ Public         │ Contractors│ Hunter Army│ │
│                               │ Taxpayers      │   │  │ Airfield        │ │
│                               └────────────────┘   │  │ ...             │ │
│                                                                           │
└─────────────────────────────────────────────────────────────────────────┘
```

EXTERNAL STAKEHOLDER MAP FOR THE DOC AT FORT STEWART

End Users or Customers
3RD Infantry Division
Tenant Units
Civilian Employees
Soldiers & Their Families

The General Public
Taxpayers

Supply or Service Providers

Contractors

Installation Management/ Requiring Activities
Fort Stewart
Hunter Army Airfield
Installation Support
Offices: **DPW**, **DOL**, **DHR**, *DMWR*, *DPTMS*, DPS, DOIM, **DRM**, *PAO*, **ILO**, *EEO*,*RSO*, and WACH

Money Management
U.S. Congress
DFAS
ACA-SR
DRM
DPW & DOL

Personnel Management
U.S. Congress
AW&CM, DPAP, USD (AL&T)
ASC, ASA (AL&T)
ACA-SR
DHR

Information Management
SPS
GPC
DOIM

DOC

Policies and Procedures Management
U.S. Congress
OFPP
CP&A, DPAP, USD (AL&T)
DAR, DPAP, USD (AL&T)
DASA (PP), ASA (AL&T)
ACA
ACA-SR

Training, Certification,& Knowledge Management
DAU, DPAP, USD (AL&T)

Compliance Management
GAO   U.S. SBA
DCAA   ASBCA
AAA   ACA
ACA-SR   **ILO**

Legend
Box Shaded: Definitive
Box Dbl. Framed: Dominant
Box Shaded & Framed: Both
Definitive Stakeholders
Dominant Stakeholders
Discretionary Stakeholders

Figure 2.   DOC's External Stakeholder Map with
Characteristics Indicated for Categories of
Stakeholders

1.   **External Stakeholders of a U.S. Army Directorate of Contracting**

External   stakeholders   are   listed   by   category.
Categories and external stakeholders are characterized.

      a.   **The General Public**
         (1) Taxpayers

      b.   **Supply or Service Providers (Definitive)**
         (2) Contractors (**Definitive**)

      c.   **Installation Management / Requiring Activities (Definitive,** Dominant**, and** *Discretionary***)**
         (3) Headquarters, Fort Stewart and

         (4) Headquarters, Hunter Army Airfield

Installation Support Offices:

127

(5) Directorate of Public Works (DPW)
   (**Definitive**)
(6) Directorate of Logistics (DOL)
   (**Definitive**)
(7) Directorate of Human Resources
   (DHR) (**Definitive**)
(8) Directorate of Morale, Welfare, and
   Recreation (DMWR) (*Discretionary*)
(9) Directorate of Plans, Training,
   Mobilization and Security (DPTMS)
   (*Discretionary*)
(10) Directorate of Public Safety (DPS)
(11) Directorate of Installation
   Management (DOIM) (<u>Dominant</u>)
(12) Directorate of Resource Management
   (DRM) (**Definitive**)
(13) Public Affairs Office (PAO)
   (*Discretionary*)
(14) Installation Legal Office (ILO)
   (**Definitive**)
(15) Equal Employment Office (EEO)
   (*Discretionary*)
(16) Religious Support Office (RSO)
   (*Discretionary*)
(17) Winn Army Community Hospital
   (WACH)

d.   Policies and Procedures Management

(18) U.S. Congress

(19) Office of Federal Procurement Policy

   (OFPP)

(20) Contract Policy and Administration,
   Directorate of Defense Procurement and
   Acquisition Policy, Under Secretary of
   Defense (Acquisition, Logistics, and
   Technology (CP&A, DPAP, USD (AL&T))

(21) Defense Acquisition Regulations,
   Directorate of Defense Procurement and
   Acquisition Policy, Under Secretary of
   Defense (Acquisition, Logistics, and
   Technology (DAR, DPAP, USD (AL&T))

(22) Office of the Deputy Assistant
   Secretary of the Army for Policy and
   Procurement, Office of the Assistant
   Secretary of the Army (Acquisitions,

Logistics, and Technology) (DASA (PP), ASA (AL&T))

    (23) Army Contracting Agency (ACA)

        (24) Army Contracting Agency-Southern Region (ACA-SR) (**<u>Definitive</u>**)

e. Training, Certification, and Knowledge Management

    (25) Defense Acquisition University (DAU, DPAP, USD (AL&T))

f. Compliance Management (<u>Definitive</u> and <u>Dominant</u>)

    (26) General Accounting Office (GAO)

    (27) United States Small Business Administration (U.S. SBA) (<u>Dominant</u>)

    (28) Defense Contract Audit Agency (DCAA)

    (29) Armed Services Board of Contract Appeals (ASBCA)

    (30) Army Audit Agency (AAA)

Army Contracting Agency (ACA)

    Army Contracting Agency-Southern Region (ACA-SR) (**<u>Definitive</u>**)

Installation Legal Office (ILO) (**<u>Definitive</u>**)

g. Information Management (<u>Dominant</u>)

    (31) Standard Procurement System, Program Office (SPS)

    (32) Government Purchase Card, Program Office (GPC) (<u>Dominant</u>)

Directorate of Information Management (DOIM) (<u>Dominant</u>)

h. Personnel Management (<u>Definitive</u>)

U.S. Congress

    (33) Acquisition Workforce and Career Management (AW&CM, DPAP, USD (AL&T))

    (34) Acquisition Support Center (ASC, ASA (AL&T))

Army Contracting Agency-Southern Region

(ACA-SR) (**Definitive**)

Directorate of Human Resources (DHR)

(**Definitive**)

i.   **Money Management (Definitive)**

U.S. Congress

(35) Vendor Pay, Defense Finance and

Accounting System (DFAS) (**Definitive**)

Army Contracting Agency-Southern Region
(ACA-SR) (**Definitive**)

Directorate of Resource Management (DRM)

Definitive)

Directorate of public Works (DPW)

(**Definitive**)

Directorate of Logistics (DOL) (**Definitive**)

j.   **End Users or Customers**

(36) 3RD Infantry Division (Mechanized)

(37) Other Tenant Units

(38) Government Civilian Employees

(39) Soldiers and Their Families

H.   **DOC'S MOST CRITICAL RESOURCE - PEOPLE**

Personnel are the DOC's most critical resource. The
DOC's organizational effectiveness is a result of its
personnel successfully completing many activities, which
meet the desires of its external stakeholders (Burton and
Obel, 2000). The quantity of personnel and the acquisition
and contracting knowledge of those personnel enables DOC's
organizational effectiveness.

From Chapter IV, external stakeholders perceive the
DOC is facing challenges within the personnel area. They
perceive the DOC is facing increasing workload with a
decreasing DOC staff due to both constraints in the number
of authorized personnel and the retirement of experienced
personnel. The DOC loses knowledge when experienced

personnel retire or leave for another job. External stakeholders perceive the DOC is challenged by recruiting, training, and retaining personnel. They perceive that manpower shortages and inexperienced personnel contribute to slow responses and long processing times.

DOC's personnel have a direct impact on the DOC's ability to meet the expectations of its external stakeholders. Chapter IV identified the expectations of DOC's external stakeholders. Both Government external stakeholders and contractors expect DOC's personnel to be the subject matter experts in acquisitions and contracting and provide accurate and professional information to them. If needed, external stakeholders expect DOC's personnel to educate and mentor them. Contracting personnel have a direct impact on customer service, completion time of contracting actions, and the quality of contracting services.

On the external stakeholder map for the DOC, Figure 2, two (2) categories are directly related to personnel-- "Personnel Management" and "Training, Certification, and Knowledge Management." The category, "Personnel Management," displays "Definitive" stakeholder characteristics (power, legitimacy, and urgency). DOC's external stakeholder map depicts the importance of DOC's personnel.

As argued earlier in this chapter, the DOC works in a complex environment. According to Wagner and Hollenbeck (1998), a complex environment requires DOC's personnel to have and use a considerable amount of knowledge to process and understand volumes of information. Wagner and Hollenbeck would also recommend a decentralized decision-

making process that both requires and capitalizes on knowledgeable people within the DOC to be responsive to the dynamic and complex environment.

The external environment of the DOC desires to have contracting personnel involved in the entire acquisitions and contracting process. As presented in Chapter IV, some Government stakeholders are challenged by the requirements generations process and desire assistance from DOC's personnel. Contractors desire DOC's personnel involvement in the invoice payment process. DOC's personnel are critical to the acquisitions and contracting process.

Since the DOC's organizational effectiveness depends on the quantity and knowledge of its personnel, the DOC must stay focused on recruiting personnel; and developing the knowledge and professionalism of its personnel. The DOC should leverage the outside support from external stakeholders within the stakeholder map categories of "Personnel Management" and "Training, Certification, and Knowledge Management." As stated in this chapter, the DOC must have surge capacity to meet all the desires of its external stakeholders. Since DOC's personnel are its critical resource, the quantity and knowledge of DOC's personnel are its source of surge capacity. The quantity and knowledge of DOC's personnel are critical to its organizational effectiveness.

I. STAKEHOLDER MANAGEMENT AND ANALYSIS

The researcher used the concept of stakeholder management and stakeholder analysis (Roberts and King, 1989). Stakeholder management provided the overarching framework for the importance of examining the DOC's relationships with its external stakeholders. The

stakeholder analysis approach converted data into useable information. The external stakeholder map provides an important visual tool for displaying the DOC's many external stakeholders. Classifying and characterizing external stakeholders and groups enables the DOC to better prioritize their efforts to meet the desires of their external stakeholders and achieve organizational effectiveness. This research is only the start of stakeholder management for this particular U.S. Directorate of Contracting. However, hopefully this research demonstrates the utility of these tools for any DOC that wants to improve it's effectiveness through stakeholder management and stakeholder analysis.

J.   SUGGESTED AREAS FOR FURTHER RESEARCH

   1.   Organizational Efficiency of A DOC

There is a need for research that examines the organizational efficiency of Directorates of Contracting. As defined in Chapter II, organizational efficiency is a measure of how well an organization is optimizing the utilization of scarce resources to produce an output. An organization is efficient when it utilizes an optimal mix of resources to produce a good or service. An efficient organization minimizes the amount of resources consumed to produce a product while maintaining product quality. A balance between using too few and too many resources to produce goods and services is found by an efficient organization. Organizational efficiency is normally expressed as a ratio between the number of resources consumed to the number of outputs produced; for example: dollars per product, labor hours per product, or materials per product. An organization must collect data (measure) in order to determine their organizational efficiency.

Organizational efficiency improves when more products are produced with the same amount of resources or the same amount of product is produced with fewer resources. (Burton and Obel, 2000)

This research is based on the assumption that efficiency is not the sole criteria of effectiveness. The DOC is an open system, which is affected and influenced by its external environment. This research determined and characterized the external environment of the DOC as complex, diverse, hostile, and dynamic with a moderate degree of environmental uncertainty. Due to the DOC's external environment and the many desires of its external stakeholders, the researcher concluded the DOC must achieve organizational effectiveness before organizational efficiency and must have surge capacity to be responsive to external stakeholder requirements and environmental uncertainties. This suggests an area for future research:

- How much surge capacity is needed for a U.S. Army Directorate of Contracting?

The researcher knows that DOC's long term success or survivability is dependent on its ability to simultaneously achieve organizational effectiveness (produce an output that is desirable) and organizational efficiency (optimal utilization of scarce resources). (Burton and Obel, 2000)

Suggested future research questions:

- What are the measures of efficiency (measures of internal processing) for a U.S. Army Directorate of Contracting?

- What resources are used to produce contracting services? (Refer to Ch. IV, Sec. D, Para. 5)

134

- How can measures of effectiveness, which are derived in terms of external stakeholder criteria, be balanced with measures of efficiency (measures of internal processing) for a U.S. Army Directorate of Contracting?

2. External Stakeholder Analysis of a Contingency Contracting Office

The same research needs to be executed for a Contingency Contracting Office. When U.S. Army units deploy, they leave the installation and all of its supporting offices beyond. As discussed in this research, installation support offices are the primary customers of the DOC and not the U.S. Army unit. In theater (foreign country), deployed Contingency Contracting Offices are tasked with providing contracting services to deployed U.S. Army units. A systemic problem is that deploying units do not know acquisitions and contracting procedures. They are untrained since they do not act as requiring activities when in garrison. Contractors in foreign countries must be trained on how to conduct business with the U.S. Government. Information systems used to facilitate acquisition and contracting actions for a DOC may or may not be used for a Contingency Contracting Office. These are just some of the issues facing Contingency Contracting Offices.

Suggested future research questions:

- What is the external environment of a Contingency Contracting Office?

- Who are the external stakeholders of a Contingency Contracting Office?

135

- What are the measures of effectiveness for a Contingency Contracting Office?

- When should a systematic external stakeholder analysis be conducted in order to improve or sustain the organizational effectiveness of a deployed Contingency Contracting Office?

3. **Time Required To Gain Contracting Knowledge and Experience**

Since the quantity and knowledge of DOC's personnel are critical to its organizational effectiveness, the following future research questions are proposed:

- How much time is needed for contracting personnel to gain the knowledge and experience to be effective?

- How is the quantity of personnel determined for a DOC?

- What are the considerations and factors for determining the quantity of personnel for a DOC?

APPENDIX A: STAKEHOLDER QUESTIONNAIRE

1.   What are the name, mission and purpose of your organization?

2.   Is the <u>Directorate of Contracting (DOC)</u> important in accomplishing your organization's mission?

Indispensable: Organization's mission will fail
Very Important: DOC contributes greatly to mission success
Important: Mission success requires DOC support
Slightly Important: Mission requires minimal DOC support
Not Important: Mission accomplish without DOC

3.   What are your organization's expectations and requirements of the Directorate of Contracting?

4.   What performance indicators does your organization use to evaluate the Directorate of Contracting?

5.   How well did the Directorate of Contracting meet your needs and expectations?

6.   How many contracting actions does your organization require per year?

     0 – 50
    51 – 100
   101 – 150
   151 – 200
   201 – 250
   251 and greater

7.   What challenges are your organization facing related to acquisitions and contracting?

8.   How often does your organization submit a time sensitive and critical requirement to the DOC?
     Once a year
     Once every 6 months
     Once every 5 months
     Once every 4 months
     Once every 3 months
     Once every 2 months
     Once a month
     Once a week

9.	What do you believe is the mission and purpose of the Directorate of Contracting?

10.	To what degree is your organization important to the mission accomplishment of the Directorate of Contracting (DOC)?

Indispensable: DOC's mission will fail
Very Important: Contributes greatly to mission success
Important: Mission success requires support
Slightly Important: Mission requires minimal support
Not Important: Mission accomplish without your organization

11.	Does your organization control a resource(s) needed by the Directorate of Contracting? If yes, what is the resource(S)?

12.	Does your organization have the ability to influence the Directorate of Contracting's behavior, direction, processes, or outcomes? If yes, explain?

13.	What challenges do you see the Directorate of Contracting having to deal with?

14.	What does your organization gain or lose when the Directorate of Contracting achieves or fails to achieve their mission?

15.	What additional information about your organization or the Directorate of Contracting do you want to include in this questionnaire?

A.   EXPLANATION OF QUESTIONS

1.   Question 1

What are the name, mission, and purpose of your organization? The data from question 1 were used to determine the DOC's environmental complexity, determine external stakeholders' claims, and the legitimacy of the stakeholder. This open format question was intended to focus the respondent on their organization and to learn their mission and purpose from their perspective.

2.   Question 2

Is the Directorate of Contracting (DOC) important in accomplishing your organization's mission?

```
Indispensable:     Organization's mission will fail
Very Important:  DOC contributes greatly to mission success
Important:            Mission success requires DOC support
Slightly Important:  Mission requires minimal DOC support
Not Important:       Mission accomplish without DOC
```

Question 2 is a closed format question due to the need to rate the importance of the DOC in relation to the accomplishment of the stakeholder's mission. The collected data were used to determine how the stakeholder viewed their relationship with the DOC. The stakeholder viewing their relationship with the DOC as important is one of two criteria for the stakeholder having the attribute of urgency.

3.   Question 3

What are your organization's expectations and requirements of the Directorate of Contracting? The collected data from question 3 were used in determining external stakeholders' claims and the stakeholder attribute of legitimacy. This open format question allowed respondents to freely express their expectations and requirements.

4.   Question 4

What performance indicators does your organization use to evaluate the Directorate of Contracting? Question 4 is a lead in question for question 5.   This open format question assists the stakeholder in establishing their performance indicators for evaluating the DOC's performance in meeting their expectations and requirements.   The data for this question were used to determine the external stakeholder criteria for assessing the DOC's performs.

5.   Question 5

How well did the Directorate of Contracting meet your needs and expectations?   The key to an effective organization is the ability to meet the needs and expectations of key external stakeholders.   Question 5 opens the door for the stakeholder to provide an explicit performance evaluation of the DOC.

6.   Question 6

How many contracting actions does your organization require per year?

```
  0 -  50
 51 - 100
101 - 150
151 - 200
201 - 250
251 and greater
```

Question 6 is a closed format question, which established categories for the level of stakeholder demand on the DOC.   The collected data were used in determining stakeholder's claims and the stakeholder attribute of power.

7. Question 7

What challenges are your organization facing related to acquisitions and contracting? Question 7 is intended to gain a deeper understanding of the problems, concerns, and issues facing a stakeholder as they relate to acquisitions and contracting. Data from this open format question were used to determine stakeholder claims and the attribute of legitimacy.

8. Question 8

How often does your organization submit a time sensitive and critical requirement to the DOC?

> Once a year
> Once every 6 months
> Once every 5 months
> Once every 4 months
> Once every 3 months
> Once every 2 months
> Once a month
> Once a week

Question 8 assumes each stakeholder at one time or another view their requirement as time sensitive and critical. This closed format question categorizes the frequency of those requirements. The collected data were used to determine the stakeholder attribute of urgency.

9. Question 9

What do you believe is the mission and purpose of the Directorate of Contracting? Question 9 changes the respondents focus from their organization to the Directorate of Contracting. This open format question solicited the stakeholder's perspective of the DOC's mission and purpose. The data were used to determine stakeholder perspective of the DOC's mission and purpose.

10. Question 10

To what degree is your organization important to the mission accomplishment of the Directorate of Contracting (DOC)?

Indispensable: DOC's mission will fail
Very Important: Contributes greatly to mission success
Important: Mission success requires support
Slightly Important: Mission requires minimal support
Not Important: Mission accomplish without your organization

Question 10 is a closed format question that rated the importance of the stakeholder to the mission accomplishment of the DOC. Data from this question were used to determine the stakeholder attribute of power and stakeholder influence on the DOC.

11. Question 11

Does your organization control a resource(s) needed by the Directorate of Contracting? If yes, what is the resource(s)? Question 11 obtains data for determining stakeholder attribute of power. If a stakeholder controls a resource needed by the DOC, then the stakeholder has utilitarian power over the DOC.

12. Question 12

Does your organization have the ability to influence the Directorate of Contracting? If yes, explain? Question 12 also collects data for determining the stakeholder attribute of power. If a stakeholder as the ability to reward or punish the DOC, then that stakeholder has coercive power over the DOC.

13. Question 13

What challenges do you see the Directorate of Contracting having to deal with? This open format question is intended to discover if the DOC's external stakeholders know and understand the challenges affecting the DOC's performance. Data from this question were used to determine stakeholder perception of the challenges facing the DOC in the performance of its mission and purpose.

14. Question 14

What does your organization gain or lose when the Directorate of Contracting achieves or fails to achieve their mission? Data from question 14 were used to determine stakeholders' claims and the stakeholder attribute of legitimacy. From the stakeholder's perspective, this question addresses the cause and affects relationship between the DOC's performance and the resulting affect on the stakeholder.

15. Question 15

What additional information about your organization or the Directorate of Contracting do you want to include in this questionnaire? This open format question is a catch all question. Question 15 provides the respondent with the opportunity to address any topic and openly provide their perspective on that subject. Data from question 15 were used as they related to stakeholder claims, resources, influence, stakeholder attributes, or performance criteria.

THIS PAGE INTENTIONALLY LEFT BLANK

APPENDIX B: DATA TABLE OF DOC'S EXTERNAL STAKEHOLDERS' PERCEPTIONS OF IMPORTANCE, SOURCES OF POWER AND INFLUENCE, AND ATTRIBUTES OF POWER, LEGITIMACY, AND URGENCY

INDISPENSABLE External Stakeholder's Perceived Importance to the DOC
Vendor Pay, Defense Finance and Accounting System **Provided Resource(s):** Vendor payments **Influence:** Will not make vendor payments until all contracting documents are correct **Number of Required Contracting Actions**: 251 and greater **Power:** *Yes*. Utilitarian and Normative Power **Legitimacy:** *Yes*. Vendor Pay, DFAS is the only organization that makes payments to vendors. Vendor pay wants timely payments to prevent paying Prompt Payment Act interest penalties. **Urgency**: *Yes*. The DOC is "Indispensable" to Vendor Pay's mission. Once a week, a time sensitive and critical requirement is submitted to the DOC.
Army Contracting Agency–Southern Region (ACA-SR) **Provided Resource(s):** Authorized personnel strength, Contracting authority, Operating Budget, Acquisitions and Contracting Procedures **Influence:** Higher Headquarters of the DOC. **Number of Required Contracting Actions**: Not Applicable

Power: *Yes.* Coercive and Utilitarian Power

Legitimacy: *Yes.* ACA-SR's mission is directly dependent on the DOC. At risk is mission failure.

Urgency: *Yes.* The DOC is "Indispensable" to ACA-SR's mission. Once a week, a time sensitive and critical requirement is submitted to the DOC.

Installation Legal Office (ILO)

Provided Resource(s): Legal review of contracting actions

Influence: Provides legal sufficiency determinations for proposed contracting actions

Number of Required Contracting Actions: 251 and greater

Power: *Yes.* Utilitarian and Normative Power

Legitimacy: *Yes.* The ILO provides legal services in order to enforce U.S. Laws and protect the command from breaching an U.S. Laws.

Urgency: *Yes.* The DOC is "Indispensable" to ILO's mission. On a daily basis, ILO and DOC handle time sensitive and critical requirements.

VERY IMPORTANT

External Stakeholder's Perceived Importance to the DOC

U.S. Small Business Administration (SBA)

Influence: Has the right to appeal DOC's proposed procurement decisions

Number of Required Contracting Actions: Not Applicable

Power: *Yes.* Coercive Power

Legitimacy: *Yes*.   The U.S. SBA is empowered through Federal Law. The DOC directly affects the SBA's mission of providing opportunities for America's Small Businesses.

Urgency: *No*. The DOC is "Very Important" to SBA's mission. However, the SBA does not submit time sensitive and critical requirements to the DOC.

Government Purchase Card, Program Office (GPC)

Provided Resource(s):   Purchase Card Information Management System

Influence: Can terminate the DOC's GPC program

Number of Required Contracting Actions: 0 – 50

Power: *Yes*. Coercive and Utilitarian Power

Legitimacy: *Yes*.   The GPC controls the use of the Government Purchase Card. They want no fraud, waste, and abuse of the GPC.   They also want timely payments to prevent paying Prompt Payment Act interest penalties

Urgency: *No*.   The DOC is "Important" to GPC's mission. However, once every 6 months, GPC submits a time sensitive and critical requirement to the DOC.

Directorate of Public Works (DPW)

Provided Resource(s): Office Space, Item Descriptions or Statements of Work, Fund Cites, Contracting Officer Representatives

Influence: Installation Management / Requiring Activity

Number of Required Contracting Actions: 251 and greater

Power: *Yes*. Utilitarian and Normative Power

Legitimacy: *Yes.* DPW maintains and repairs all of the infrastructure on Fort Stewart and Hunter Army Airfield and manages minor constructions projects.

Urgency: *Yes.* The DOC is "Very Important" to DPW's mission. Once a week, DPW submits a time sensitive and critical requirement.

Directorate of Information Management (DOIM)

Provided Resource(s): Internet, E-mail, Telephones; Item Descriptions or Statements of Work

Influence: Installation Management / Requiring Activity

Number of Required Contracting Actions: 101 – 150

Power: *Yes.* Utilitarian Power

Legitimacy: *Yes.* DOIM manages, plans, resources, and maintains Information Systems.

Urgency: *No.* The DOC is "Important" to DOIM's mission. However, once every 3 months, DOIM submits a time sensitive and critical requirement to the DOC.

Directorate of Resource Management (DRM)

Provided Resource(s): Fund Cites, Item Descriptions or Statements of Work

Influence: Installation Management / Requiring Activity

Number of Required Contracting Actions: 101 – 150

Power: *Yes.* Utilitarian Power

Legitimacy: *Yes.* DRM prepares, obtains, distributes, controls, and executes the budgets for the Installation Support Offices and military units.

Urgency: *Yes.* The DOC is "Very Important" to DRM's mission. Once a month, DRM submits a time sensitive and critical requirement.

Religious Support Office (RSO)

Provided Resource(s): Item Descriptions or Statements of Work

Influence: Installation Management / Requiring Activity

Number of Required Contracting Actions: 0 – 50

Power: *No.*

Legitimacy: *Yes.* RSO facilitates the free exercise of religion on the installation and in military units.

Urgency: *No.* The DOC is "very Important" to RSO's mission. However, once every 2 months, RSO submits a time sensitive and critical requirement to the DOC.

IMPORTANT

External Stakeholder's Perceived Importance to the DOC

Directorate of Logistics (DOL)

Provided Resource(s): Fund Cites, Item Descriptions or Statements of Work

Influence: Installation Management / Requiring Activity

Number of Required Contracting Actions: 251 and greater

Power: *Yes.* Normative Power

Legitimacy: *Yes.* DOL provides installation logistical support (supply, maintenance, and transportation).

Urgency: *Yes.* The DOC is "Very Important" to DOL's mission. Once a week, DOL submits a time sensitive and

critical requirement.

Directorate of Human Resources (DHR)

Provided Resource(s): Personnel Hiring, Item Descriptions or Statements of Work

Influence: Installation Management / Requiring Activity

Number of Required Contracting Actions: 51 – 100

Power: *Yes.* Utilitarian Power

Legitimacy: *Yes.* DHR provides personnel, training, and educational services to soldiers, family members, DA / DOD civilians at Fort Stewart and Hunter Army Airfield.

Urgency: *Yes.* The DOC is "Very Important" to DHR's mission. Once a month, DHR submits a time sensitive and critical requirement.

Public Affairs Office (PAO)

Provided Resource(s): Item Descriptions or Statements of Work

Influence: Installation Management / Requiring Activity

Number of Required Contracting Actions: 0 – 50

Power: *No.*

Legitimacy: *Yes.* PAO provides timely, accurate, and truthful communications about the command and its activities to soldiers, family members, retirees, and the American public.

Urgency: *No.* The DOC is "Very Important" to PAO's mission. However, once a year, PAO submits a time sensitive and critical requirement to the DOC.

Equal Employment Opportunity (EEO)

 Provided Resource(s): Item Descriptions or Statements of Work

 Influence: Installation Management / Requiring Activity

 Number of Required Contracting Actions: 0 – 50

 Power: *No.*

 Legitimacy: *Yes.* EEO provides technical and professional advice on all EEO regulatory guidelines, which safeguard the workplace from discrimination based on sex, race, color, national origin, age, disability, religion, reprisal, or physical / mental disability.

 Urgency: *No.* The DOC is "Important" to EEO's mission. However, once every 6 months, EEO submits a time sensitive and critical requirement to the DOC.

SLIGHTLY IMPORTANT

External Stakeholder's Perceived Importance to the DOC

Directorate of Morale, Welfare, and Recreation (DMWR)

 Provided Resource(s): Item Descriptions or Statements of Work

 Influence: Installation Management / Requiring Activity

 Number of Required Contracting Actions: 0 – 50

 Power: *No.*

 Legitimacy: *Yes.* DMWR contributes to the readiness, retention, and well being of America's Army.

 Urgency: *No.* The DOC is "Very Important" to DMWR's mission. However, once a year, DMWR submits a time

sensitive and critical requirement to the DOC.

Directorate of Plans, Training, Mobilization, and Security (DPTMS)

  Provided Resource(s): Item Descriptions or Statements of Work

  Influence: Installation Management / Requiring Activity

  Number of Required Contracting Actions: 101 – 150

  Power: *No*.

  Legitimacy: *Yes*. DPTMS provides training to active, reserve, and mobilized units. DPTMS also operates army airfields.

  Urgency: *No*. The DOC is "Important" to DPTMS's mission. However, only once every 3 months, DPTMS submits a time sensitive and critical requirement to the DOC.

CONTRACTORS
Contractors' Perceived Importance to the DOC ranged from "Indispensable" to "Not Important"

Contractors

  Provided Resource(s): Contractors are a resource and they control themselves. Once contracted, they control the labor and materials for successful contract execution.

  Influence: Contractors' influence the DOC through past performance and proposing quality goods and services. Contractors can protest a contracting officer's contract award decision to either the General Accounting Office or the Armed Services Board of Contract Appeals.

Number of Required Contracting Actions: Contractors have between 1 to over 251 contracting actions each per year

Power: *Yes*. Utilitarian and Normative Power

Legitimacy: *Yes*. Contractors have the general mission and purpose to provide a good or service and earn a reasonable profit so that they can pay their bills and stay in business.

Urgency: *Yes*.   The   DOC   is   "Indispensable"   to Contractors' missions.   Once   a   week   and   monthly, contractors   submit   time   sensitive   and   critical requirements to the DOC.

THIS PAGE INTENTIONALLY LEFT BLANK

LIST OF REFERENCES

Bolman, L.G. and Deal, T.E., *Reframing Organizations: Artistry, Choice, and Leadership*, 2nd ed., Jossey-Bass Inc., 1997.

Bryson, J.M., *Strategic Management in Public and Voluntary Services: A Reader*, Elsevier Science Ltd, 1999.

Bryson, J.M. and Alston F.K., *Creating and Implementing Your Strategic Plan: A Workbook for Public and Nonprofit Organizations*, Jossey-Bass Inc., 1996.

Burton, R.M. and Obel, B., *Strategic Organizational Diagnosis and Design: Developing Theory for Application*, 2nd ed., Kluwer Academic Publishers, 1998.

Burton, R.M. and Obel, B., *Organizational Consultant Software*, 2nd ed., Kluwer Academic Publishers, 1998.

Defense Finance and Accounting Service (DFAS), *Stakeholders' Report Fiscal Year 2003*, pp. 10-17, DFAS Corporate Communications, 2003.

Dobler, D.W. and Burt, D.N., *Purchasing and Supply Management*, The McGraw-Hill Companies, Inc., 1996.

Federal Acquisition Regulation (FAR), [http://akss.dau.mil], 2004

Freeman, R.E., *Strategic Management: A Stakeholder Approach*, Pitman, 1984

Galbraith, J.R. and Lawler E.E., *Organizing for the Future: The New Logic for Managing Complex Organizations*, Jossey-Bass Inc., 1993.

Galbraith, J.R. and Nathanson, D.A., Strategy Implementation: *The Role of Structure and Process*, West Publishing Company, 1978.

Galbraith, J.R., *Organization Design*, Addison-Wesley Publishing Company, Inc., 1977.

Harrison, M.I. and Shirom, A., *Organizational Diagnosis and Assessment: Bridging Theory and Practice*, SAGE Publications, Inc., 1999.

Kotter, J.P., *Organizational Dynamics: Diagnosis and Intervention*, Addison-Wesley Publishing Company, Inc., 1978.

Mitchell, R.K., Agle, B.R., and Wood, D.J., "Towards A Theory of Stakeholder Identification and Salience: Defining the Principle of Who and What Really Counts." *Academy of Management Review*, 4th ed., v.22, pp. 853-886, October 1997.

Mohrman, S.A., Galbraith, J.R., and Lawler, E.E., *Tomorrow's Organizations: Crafting Winning Capabilities in a Dynamic World*, Jossey-Bass Inc., 1998.

Nadler, D.A. and Nadler, M.B., *Champions of Change: How CEOs and Their Companies Are Mastering the Skills of Radical Change*, Jossey-Bass Inc., 1998.

Nadler, D.A., Gerstein, M.S., and Shaw, R.B., *Organizational Architecture: Designs for Changing Organizations*, Jossey-Bass Inc., 1992.

Nadler, D.A., and Tushman, M.L., "A Model for Diagnosing Organizational Behavior: Applying a Congruence Perspective," *Organizational Dynamics,* American Management Association, Autumn 1980.

O'Rourke, Diane P.. "Questionnaire Design." Survey Research Laboratory, University of Illinois, [http://www.srl.uic.edu/seminars/Qdesign/QDESIGN.pdf]. December 2003.

Questionnaire Design, [http://www.cc.gatech.edu/classes/cs6751_97_winter/Topics /quest-design/]. December 2003.

Roberts, N.C. and King, P.J., "The Stakeholder Audit Goes Public," *American Management Association,* pp. 63-79, 1989.

Smith, L.W., "Project Clarity Through Stakeholder Analysis," *Cross Talk: The Journal of Defense Software Engineering*, December 2000.

156

Sudman, S. and Bradburn, N.M., *Asking Questions: A Practical Guide to Questionnaire Design,* Jossey-Bass Inc., 1983.

United States Army Directorate of Contracting at Fort Stewart (DOC), Business Operations Division, *Strategic Plan*, October 2002

United States Army Installation Management Agency (IMA), *What Installations Do*, [http://www.ima.army.mil/commandstaff.asp]. November 2003

United States General Accounting Office (GAO), Program Evaluation and Methodology Division, GAO/PEMD-10.1.7, *Developing and Using Questionnaires*, Government Printing Office, Washington D.C., October 1993.

Wagner, J.A. and Hollenbeck, J.R., *Organizational Behavior: Securing Competitive Advantage*, 3rd ed., Prentice Hall, 1998.

Walonic, David S., "Excerpts from: Survival Statistics," [http://www.statpac.com/surveys/surveys.doc]. StatPac, Inc., 1997-2003

Walonic, David S., "Designing Surveys and Questionnaires." [http://www.statpac.com/surveys/index.htm#toc]. December 2003

THIS PAGE INTENTIONALLY LEFT BLANK

INITIAL DISTRIBUTION LIST

1. Defense Technical Information Center
    Ft. Belvoir, Virginia

2. Dudley Knox Library
    Naval Postgraduate School
    Monterey, California

3. Dr. Susan P. Hocevar
    Naval Postgraduate School
    Monterey, California

4. Professor Jeffrey R. Cuskey
    Naval Postgraduate School
    Monterey, California

5. Stephen S. Kandul
    Army Contracting Agency, Southern Region
    Director of Contracting
    Fort Stewart, Georgia

6. Major Timothy E. Hannon
    Defense Supply Center Philadelphia
    Philadelphia, Pennsylvania