

COALITION FOR GOVERNMENT PROCUREMENT

T&M CONTRACTING:
A QUALITY ASSURANCE PERSPECTIVE

August 18, 2005

ABOUT THE COALITION

- ✍ Multi-industry Association of over 330 Schedule and GWAC Contract Holders
- ✍ Large, Small, and Medium Commercial Companies
- ✍ Twenty-Six Years of Working with People in Government for Common Sense Procurement Policies

COMMERCIAL MARKET USE OF T&M CONTRACTING

- ✍ Coalition Member Firms DO Use T&M Contracting in their Commercial Work
 - ✍ T&M contracts permit effective cost control
 - ✍ T&M contracts provide flexibility

HOW/WHY T&M IS USED COMMERCIALY

- ✍ Controls Costs by Utilizing Market Rates, Yet Allows Project Costs to be Capped with Dollar Ceilings
 - ✍ Avoids locking in artificially low rates that make attracting trained and qualified professionals difficult
 - ✍ Conversely, there is no need to pay a premium for COBOL programmers post Y2K
- ✍ Permits Rapid Response, Providing for an Increase or Decrease in Personnel without Delay
- ✍ Allows for Projects with Many Variables, Improving Administrative Efficiency and Opportunity

T&M AND SUBCONTRACTING

✍ Important Tool for Primes to Control Costs

- ✍ Fixed price contracts can have variables at sub level
- ✍ Primes can distinguish between intended work vs. actual work
- ✍ Primes can conform staff levels to client needs, allowing the easy use of a variety of subs to meet specific tasks

✍ Effective Cost Tracker/Performance Evaluator

- ✍ Non-performing subs can be suspended by prime w/o risking government money or government litigation

T&M IN GOVERNMENT

- ✍ Compels Managers to Manage to Appropriated Line Items, Increasing Efficiency
- ✍ Affords the Ability to Validate Pricing in the Presence of Adequate Market Data
- ✍ Serves as an Easy and Effective Cost Tracker and Allows for the Suspension of Non-Performers
- ✍ Permits Dollar Ceilings to be Applied to Costs
- ✍ Specifically Authorized by SARA

THE BOTTOM LINE

- ✍ T&M Contracting is a Valid, Valuable, Flexible Tool
- ✍ Properly Used, it Can Control Costs
- ✍ May be a Better Alternative than FFP Contracts in Certain Situations

QUESTIONS

THANKS FOR YOUR TIME

Coalition for Government Procurement

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