



## Federal Contractor Past Performance Appraisals

### PART 1 of 3: Understanding how Past Performance Effects Future Government Contracts

#### Past Performance Overview

Even for 8a certified firms past performance and building relationships within the government is critical. The government tracks and monitors past performance closely and it is a key metric in getting future work. Federal procurement officers will tell you that without a solid record of past performance it is unlikely that a firm's proposal will make it to the final selection stage in the process. Our three part email series will go over how the Federal Process works and how building your government resume to make larger future awards possible.

#### Understanding the Current Process

Prior to 1994 the Government relied heavily upon detailed technical and management proposal and contractor experience to compare the relative strengths and weaknesses of offers. This practice gave companies that could write outstanding proposals the edge over firms that provided outstanding performance on the job. The Federal Government looked to make changes providing a higher emphasis on past performance with the goal that these firms are more likely to meet future expectations. Many of these changes became possible due to the improvement of information technology that was occurring in the 1990s.

In 1994 the Federal Acquisitions Streamlining Act was approved requiring all Federal Departments and Agencies to initiate procedures to record contractor performance. The purpose of these evaluations is to make determinations regarding future contract awards or "source selections". These past performance are instrumental in making a "best value" determination for government purchasing agents. This is because it gives federal agencies the ability to better predict the quality of future work provided by any given contractor and therefore the "degree of risk" associated with each competing offer on a contract bid. The Federal Acquisitions Streamlining Act required for all procurement actions exceeding \$100,000 have a performance appraisal completed.

On July 1, 2009 FAR now requires all Federal Agencies to post all contractors performance evaluations on PPIRS (Past performance information retrieval system). It is now recommended that **Past Performance count for at least 25%** of the total evaluation or equal to all other non-cost evaluation factors combined.

How do I prove myself if I am a new contractor?



There are a few different avenues to breaking into the government market space and to begin developing your Past Performance Resume with the Federal Government. One of the key things to remember about doing business with the government is that each successful contract you complete makes it that much easier in the future for obtaining the next contract. Many firms feel like the effort was so great in obtaining their first Prime Contract that they get discouraged.

Joint Ventures / Primary Contractors

It should be noted that Government only has privity of contract only with the Prime Contractor. What this means is that it is not legal for the government to give subcontractors teams and joint venture partners a separate rating. Therefore the performance of subcontractors will be reflected in the ratings for the prime for rating purposes. Therefore if a firm is doing work for a Primary Contractor a good project will help build its resume where a poor project will detract from it. Therefore finding Primary Contractors to do work for is recommended.

## **Federal Contractor Past Performance Appraisals**

### **PART 2 of 3: How and what does the Government Measure?**

The following are the ratings that can be awarded in each area:

- (5) Exceptional – significantly exceeds contracts requirements to the government’s benefits
- (4) Very Good– Performance exceeds contract requirements; minor problems occurred with corrective actions taken by the contractor
- (3) Satisfactory – Performance meets requirements and corrective actions were taken to meet contract requirements
- (2) Marginal– Performance does not meet contract requirements and corrective action that was taken only was marginally effective.
- (1) Unsatisfactory– Performance does not meet contractual standards and recovery is not likely to be delivered in an effective manner and corrective action was minimal and ineffective.

#### **The government measures the performance of its contractors in four key areas.**

- **1. Technical / Quality of performance:** How well the contractor followed the defined standards in the contract.  
**Example:** (5) The software met all contract performance requirements for ease of use and output. The speed and accuracy of the financial system package exceeded expectations.
- **2. Cost performance:** How close to the cost estimates was the contractor.  
**Example:** (5) The contractor’s cost management was excellent and resulted in a 2



- percent under-run from target cost. The contractor submitted a value engineering change proposal that resulted in a price decrease of 10 percent.
- **3. Schedule performance:** Did the contractor accurately follow the timeliness of completion established for the contract at interim and final milestones dates.  
**Example:** (5) The contractor met all contract milestones for system development and field installation. Some internal contractor management milestones were missed, but timely identification of problems and corrective actions kept the program on schedule.
  - **4. Business relations:** The overall professional behavior of the members of the firm as well as the timely and accurate completion of administrative requirements of the project.  
**Example (5):** Strong working relationship between the contractor and contract administration team. The integration and coordination of all activities needed to execute the contract, change proposal submissions, and the contractor's history of professional behavior with all parties.

Other requirements of the contract not directly related to cost were met regarding end user satisfaction, subcontract management including achievement of SBA small/small disadvantaged and women-owned business participation goals, and incentive fees earned on exceeding subcontracting goals.

## Federal Contractor Past Performance Appraisals

### PART 3 of 3: What you should know about performance evaluations?

#### Who Assesses the Primary Contractor's Performance

The Contracting Officer, Contracting Officer's Technical Representative, Contracting Officer's Representative and Quality Assurance Evaluator are jointly responsible for assessing contractor performance. The person responsible for preparing the initial assessment must consider inputs from the program manager, end user, the Contracting Officer, and other parties affected by the item or service. A final assessment must be prepared for contracts or deliver orders exceeding \$100,000. These evaluations are to be completed upon completion of the contract order. Interim assessments should be prepared by the Contracting officers if the performance period exceeds 18 months, and if this is the case at a minimum of every 12 months.

The Primary contract receives a copy of the performance evaluation for comments. The contractor can submit a rebuttal for any or all of the ratings and an agreement on the ratings cannot be reached by the contractor and the Contracting Officer. The contractor may seek review at least one level above the Contracting Officer if they disagree with the rating that has been assigned. (see FAR 42.1503(b)). Key Point: The Agency can only evaluate what they placed



in the bid solicitation therefore a Primary's best defense to a poor rating is to review the solicitation and compare with the evaluation comments.

**Key Point: The Agency can only evaluate what they placed in the bid solicitation therefore a Primary's best defense to a poor rating is to review the solicitation and compare with the evaluation comments.**

Why are Good Performance Evaluations Critical?

Your most recent performance evaluation will be your firm's most heavily weighted for near term contracting opportunities. According to Federal Past Performance Guidelines it is best to request the most recent references and limiting references to 1 or 2 years back is recommended. So one poor evaluation can greatly inhibit a firm's ability to bid on future contracts.

Tips for firms starting out

- 1. Always take government work seriously and provide a quality product or service to the government.
- 2. Your firm can obtain experience by working for a primary contractor as a subcontractor. This is very valuable experience so that the firm can be awarded future contracts.
- 3. Bid in areas where your management team has worked in the past so that your past experience has a high degree of "relevancy". Focusing on a more specific contracting area when starting out will increase your overall bid effectiveness.
- 4. Make doing government work a priority. The government overweight's the past two years of experience so if your firm performs successfully on several contracts in a short period of time many doors can be opened to the firm.
- 5. Get your feet wet by bidding on smaller contracts. Obtaining smaller contracts are much easier to obtain and the risk is much lower to the contracting agency.
- 6. Discuss your performance on an ongoing basis with your Contracting Officer, this will lessen the likelihood of a negative surprise at the end of the contract.
- 7. Obtain a GSA schedule; this helps the firm obtain smaller contracts due to the ease of procurement. The other advantage is it eliminates the audit requirements for primary contractors as items/rates are preapproved by the GSA.
- 8. Obtain an SBA certification. 8a, HUBZone, WOSB, and SDVOSB, certifications help the procurement officer fulfill congressional budgetary guidelines. Therefore a procurement officer will favor smaller firms with these certifications. Primary contractors also have targets they must attain in order to receive the highest performance rankings increasing subcontracting opportunities as well.



Breaking into the government marketplace can greatly enhance your firm's profitability. However a strategy must be put in place to break-into this market space. We hope this 3 PART Series has been informative and feel free to contact our firm if you are interested in learning more about our GSA Schedule and SBA Certification services.