

Center for Job Order Contracting Excellence
Performance Based Studies Research Group
Arizona State University
Quarterly Meeting
October 28/29, 1997
Location: Arizona State University

Performance Based Procurement/Job Order Contracting Presentation (October 28, 1997)

Dr. Kashiwagi presented the Performance Based Procurement System to the new members (Team Contracting, Inc., Allied Surety) at 5:30pm at Arizona State University. Meeting was concluded at 6:30pm. Dinner was served at 7:30pm.

Attendees:

See attachment 1

Dr Kashiwagi presented “Information Theory,” Performance Based Procurement, and Job Order Contracting. Dr Kashiwagi addressed the following issues:

1. Low bid awards in a “high risk” industry leads to higher life cycle cost and lower performance.
2. Performance Based Procurement uses performance information to identify a “sustainable” performance at a fair price.
3. The “Performance Based Procurement System” (PBPS) is the only procurement system that awards a contract in one step, competitive bid, considering price and performance, that motivates a contractor to continually change using performance information.
4. Multiple awards to JOC/DOC contractors in competing situations using a “unit price book” removes all the advantages of JOC/DOC. This will also lead to higher costs.
5. Optimal procurement methods include the PBPS for single procurements, JOC/DOC (selection) using the PBPS for redundant minor construction, facility repair and maintenance needs, and Design/Build (using the PBPS) for new construction.
6. The PBPS allows the performing manufacturers, contractors, and engineers to partner and provide the best performing systems and information that the engineer would not have in the traditional process.
7. The PBPS and Performance Information attracts performing contractors and manufacturers. It has been the history at ASU that those who do not participate or who use their energy to resist the use of performance information do not understand that information will dictate policy in the next generation, or that nonvalue added jobs will be eliminated, or whose performance does not give them the competitive advantage in the performance arena.

JOC Quarterly Business Meeting

Attendees:

See attachment 2

Introduction:

1. Owen Jones called the meeting to order at 8:30am. John Delane (Current Industry Chair) is in Washington DC conducting a video conference on past performance of contractors.
2. Allied Surety and Team Contracting (new members) were welcomed to the meeting.
3. Dean Kashiwagi touched on the following:
 - CJE has its own structure under the College of Engineering and Applied Sciences. Relationship with Alliance for Construction Excellence should continue.
 - The Performance Based /Job Order Contracting concept needs to be applied in a certain arena. Facility owners should be encouraged to participate and implement the theory.
 - A map of all JOC/SABER sites should be developed. The members can target certain sites and hold Performance Based seminars/presentations.
 - The JOC Steering Committee is proposing to hold a joint seminar with CJE.
4. Ken Jayne addressed the following:
 - The importance of getting associated with the government. He proposed that ASU host the JOC Steering/CJE seminar.
 - The Logistic Management Institute published a report "Improving the Army's Job Order Contracting Program". Ken left a copy for CJE to duplicate and distribute to all members.
 - Performance Based Procurement System (PBPS) is part of JOC.
 - Membership in the CJE should be balanced. More Facility owners should be brought to the quarterly meetings. Ken Jayne proposed that each member bring two facility owners to the CJE meetings/seminars.
5. Richard Galloway confirmed on the mission of CJE which is to support Job Order Contracting.
6. Owen Jones suggested that the Performance Based/JOC presentations and seminars to be conducted by a non-contractor entity. Most Facility owners have a reluctance position when contractors address the multiple award and its disadvantages.
7. Bill Sweetser referred to the performance trend analysis table that was enclosed in the package. He indicated that it is obvious that the trend of JOC is improving which meets the objectives of the CJE.

8. Rex Shaver indicated that Lt Frank Mulcahy from NAS Whidbey Island, WA. supports the CJE agenda and will assist in building the bridge between CJE and the government. Government representatives like Frank should be used to conduct some of the CJE seminars.
9. Ken Jayne suggested that facility owners could also participate through teleconferences which would minimize their travel expenses.
10. A CJE committee will be responsible for coordinating the JOC Steering /CJE seminar. This committee will be responsible for developing a standard JOC presentation that will be used to educate facility owners. This committee includes:
 - Owen Jones
 - Bill Sweetser
 - Ken Jayne
 - Ziad Al-Sharmani
11. It was agreed by all members that a government representative should assist in giving the Performance Based Contracting/Job Order Contracting presentations. Richard Galloway proposed Terry Phelps.
12. Owen Jones indicated that it is time to elect a president to lead the CJE in 1998. Richard Galloway elected Bill Sweetser. There were no oppositions and it was agreed that Bill Sweetser will be the industry Chair for CJE in 1998.

Bill Sweetser addressed the following:

- The evolving of the Task Order Contracting(TOC)/Service Order Contracting (SOC) methods. These methods are different from JOC and will reduce the volume of JOC contracts.
 - Will CJE support these new methods?
 - SOC favors local contractors.
13. Ken Jayne indicated that these new methods are taking money away from the JOC contracts. CJE should get involved in the new methods and write an article on the main differences between JOC/SOC/TOC.
 14. Dr. Dean Kashiwagi stated that all these new methods are coming out to get a known commodity "JOC". Job Order Contracting should be improved and enhanced by using the Performance Based Contracting Seminars to educate the government representatives. Facility owners need to know the advantages of the system.
 15. It was agreed that PI Construction will host next quarterly meeting on January 19-20, 1998 in Austin, Texas.

16. The Gordian's Group membership was brought up next. Robert Coffey from The Gordian Group indicated that his company wishes to be a member of the CJE. He has contacted CJE two months ago and requested a membership application. John Delane (current industry chair) responded to The Gordian Group's membership request addressing the following:
 - It has been the perception of most JOC industry members that The Gordian Group specializes in open bidding.
 - CJE has approached the Harry Mellon three years ago with Performance Based / JOC concept. Unfortunately, Harry Mellon dropped out of the center and decided not to participate in the CJE activities.
17. Ken Jayne stated that if The Gordian Group wishes to be a member, then it has to practically participate in the improvement of the JOC industry by using the Performance Based Contracting System.
18. Robert Coffey mentioned that he believes that the future of JOC industry is Performance and that is why the The Gordian Group wants to be a member of CJE. He also mentioned that the membership in the center has to be balanced. The Gordian Group could bring more facility owners who might be willing to implement the Performance Based Contracting.
19. Richard Galloway stated that he and Harry Mellon discussed the Performance Contracting on several occasions. The Gordian Group is not against "Performance Theory" and should be given a chance to prove its intentions.
20. Robert Coffey said that he will do his best to convince Dade County (Florida) to implement the Performance Based/JOC Contracting System.
21. Ken Jayne stated that the FAR law promotes the best selection system and government facility owners should be approached from that perspective. Ken Jayne suggested that The Gordian Group's membership should be considered after their efforts to promote the Performance Contracting are recognized.
22. Robert Coffey indicated that The Gordian Group will not pursue the membership in the future if its request has been denied at this moment.
23. PI Construction suggested a letter of commitment written by The Gordian Group since there has been mis-trust in the past.
24. Dr. Dean Kashiwagi indicated that Harry Mellon was not ready to contribute to CJE's objectives a few years ago. Dr. Dean approached Ken Jayne and stressed that all members must be performance players.
25. Owen Jones decided that each member votes on whether The Gordian Group should or should not be a member of CJE. Ziad Al-Sharmani was asked to collect the votes

and announce the results. Seven members agreed to The Gordian Group's membership against one opposition.

26. It was agreed that The Gordian Group will pay its past and current dues.

27. Owen Jones thanked everyone for attending and the meeting adjourned at 11:00am.

Action Items:

1. Develop a map of all JOC/SABER/DOC sites and target these sites with Performance Based Contracting Presentations.
2. Contact the JOC Steering Committee and coordinate a two day joint seminar at ASU.
3. Develop a standard JOC presentation and educate the facility owners.
4. Publish an article comparing the TOC/SOC/JOC delivery methods.
5. Send a copy of the LMI reports to all members.
6. Develop a CJE logo.