

Performance-Based Acquisition Matrix: Guidance for Completion

The performance based acquisition matrix provides a highly effective mechanism for assuring that PBA components are combined in a complete and logical manner. Each of the elements that comprise the SOW is contained in a table format that ensures that each activity (a logically related set of tasks) has an outcome, required services that lead to the outcome, performance standards/acceptable quality levels and monitoring methods associated with each of the services. Another advantage of using the matrix is that a significant portion of the Quality Assurance Surveillance Plan (the monitoring method) is created at the same time. As a result, performance standards and acceptable quality levels should only be defined while considering the availability of a cost-effective Government monitoring method for measuring compliance with them. The final component of the matrix is the identification of appropriate incentives and disincentives that should be included in the last row(s) of the table. Incentives and disincentives are typically aggregated at a fairly high level. The SOW forms the basis for the technical proposal and Section C of the resulting contract. Additional guidance about each of the areas follows:

PBC Component	Guidance
Outcome(s)	<p>Ask: What is the end result that the Government seeks to be achieved during performance of the contract activity? Draft a clear, succinct statement that expresses the overall significance and benefit(s) that result from performing a set of related tasks in a successful manner.</p>
Required Services	<p>Ask: What tasks must be performed to accomplish the desired outcome(s)? To analyze the services effectively, break the work down and link the activities and tasks in a logical flow.</p> <p>Suggested checklist:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Have all major phases of the effort been identified and each tied to achievement of project outcomes? <input type="checkbox"/> Is each activity broken down into all tasks necessary for its completion? <input type="checkbox"/> Is each task broken down into necessary sub-tasks? <input type="checkbox"/> Have all data requirements (reports, software and other deliverables) been identified and associated with tasks?
Performance Standards	<p>For each required service, ask: What measures of quality, quantity and/or timeliness are appropriate and reasonable?</p> <p>Performance standards should be:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Measurable or quantifiable <input type="checkbox"/> Clear and understandable <input type="checkbox"/> Realistically achievable <input type="checkbox"/> True indicators of outcome or output <input type="checkbox"/> Representative of the Government's actual needs <input type="checkbox"/> Non-prescriptive about how work should be performed

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Acceptable Quality Levels (AQLs)	<p>Performance standards typically address the following questions: What? How well? How many? When?</p> <p>Ask: <i>What tolerance or deviation (if any) from the performance standard should be permitted?</i></p> <p>To avoid unnecessarily high contract costs, and to provide some flexibility, the Government should define any allowable variation from standards that would provide a better contract value without hindering the overall achievement of outcomes or project goals. These variations should only be proposed for standards where variance would not interfere with compliance with health, safety, or other established Government regulations. Therefore, the Government should propose an AQL for each performance standard that defines the degree to which the contractor's performance will be allowed to vary from the standard.</p>
Monitoring Method	<p>Ask: <i>What method of surveillance or measurement will be used to determine whether or not identified performance standards and AQLs have been met?</i></p> <p>In developing the monitoring methods:</p> <ul style="list-style-type: none"> ❑ How the monitoring will be accomplished and how frequently the performance should be monitored ❑ Availability of relevant data: include contractor provided data for Government validation ❑ The cost to the Government to monitor each standard/AQL ❑ The criticality of the process and its output <p>The methods should focus on the measurements inherent in the standards and AQLs, and not on the steps or procedures the contractor employs to provide the services.</p> <p>Types of monitoring:</p> <ul style="list-style-type: none"> ❑ Random sampling-works best when the number of instances of services being performed is very large ❑ 100% inspection-use for stringent performance requirements (e.g. health and safety) ❑ Periodic inspection, judgmental inspection or planned sampling-for evaluation of tasks on other than 100% or random basis ❑ Customer feedback-usually not a primary surveillance method but is valuable in support of more systematic methods
Incentives/ Disincentives	<p>Ask: <i>What meaningful provisions should be included to provide rewards for exceeding performance expectations or penalties for failure to meet AQLs.</i></p> <p>Incentives/disincentives should not be developed for every performance standard/AQL. They should represent a judicious balance between the costs and value to the agency and the benefit to the contractor. Incentives can be a combination of positive and negative (disincentives) but the Government should assure that incentives do not conflict with one another.</p>

PBC Component	Guidance
	<p data-bbox="394 177 1535 207">Monetary incentives/disincentives for exceeding/failing to meet the AQLs include:</p> <ul data-bbox="394 250 1535 354" style="list-style-type: none"> <li data-bbox="394 250 680 280">❑ Bonus payments <li data-bbox="394 285 1535 316">❑ Price /fee reductions-should reflect the cost to the agency of non-performance <li data-bbox="394 321 1335 354">❑ Increased/reduced award fees on cost plus award fee contracts <p data-bbox="394 396 968 427">Non –monetary incentives might include:</p> <ul data-bbox="394 469 1352 573" style="list-style-type: none"> <li data-bbox="394 469 1352 500">❑ Reduction in contract surveillance and /or reporting requirements <li data-bbox="394 505 1188 535">❑ Positive (or negative) performance evaluation reports <li data-bbox="394 540 1087 573">❑ Additional performance periods (Award Term) <p data-bbox="394 615 1934 712"><i>Note: Program and contracts staff should work closely to define a proposed set of incentives/disincentives that are appropriate for the project and the contract type being contemplated by the Government.</i></p>

Required Services	Performance Standards	AQL	Monitoring Method
Overall Program Outcome:			
Activity 1: Activity Outcome:			
Activity 2: Activity Outcome:			

Required Services	Performance Standards	AQL	Monitoring Method
Activity 3: Activity Outcome:			
Incentives/Disincentives			

For more information, contact Jefferson Solutions at 202.626.8550 or go to: www.jeffersonconsulting.com

