The perfect contract creative writing examples

Business, Company

The Perfect Contract

A review all contract types discussed in Chapter 5

Most government contracts are awarded through a process that involves competitive bidding. This process is always headed by a government's contracting officer. The officer conducts the bidding process through negotiated procurement or sealed bidding. There are two general categories of contract types. This includes: cost-reimbursement and fixed price contracts, (Hearn, 2011). Different types of contracts are defined by different obligations, rewards, incentives and expectations for both the government and the contractor. The contract also defines the following:

i. The timing and degree of the responsibility afforded to the contractor

ii. The nature and amount of the rewards offered too contractor for accomplishing the specified objectives.

Most types of contracts are provided to contractors and the government for them to be aware of the importance of flexibility in supplying the volumes of supplies required by the government. Selection of best contract is usually conducted during the contract negotiations process (Stanberry, 2009).

Develop a new or hybrid contract type that would be most advantageous to both the government and the contractor.

The contract is used during an acquisition process because of the varied advantages for both the contractor and government. From the perspective of the government, the most advantageous contract would be the firm-fixed price contract. This is because the contractor is entirely responsible for the costs of performance as well as the resulting profits and losses. From the perspective of the contractor, the most advantageous contract is the cost-plus-fixed-fee. This is whereby the contractor is given minimum responsibility for the costs involved in performance with a fixed negotiation fee (Hearn, 2011).

Describe the various types of contracts and considerations for their use

There are two principal categories of contract types:

i. Fixed-price contracts

ii. Cost-reimbursement contracts

Fixed-Price Contracts:

These contract types provide a flexible price for a firm. The prices of the contracts can be easily adjusted under realistic circumstances. These types of contracts are used when requiring commercial items.

Firm-Fixed-Price Contract

In these types of contracts, the contractor is required to show a certain level of effort for a specified period for a fixed amount. These types of contracts are usually used in research investigations or study.

Firm-Fixed-Price Contract

These contracts are used in buying of overhaul services and repairs whilst giving the contractor fixed prices for the services provided and assurance reimbursement for delivery costs.

Fixed-Price Contract with Economic Price Adjustment

These contracts are used when protecting both the contractor and the government. This occurs in cases where there is a serious doubt in the stability of the prices of resources during the contract's life. There can be either upward or downward price adjustments.

Fixed-Price Incentive Contracts

These are types of contracts where it is possible to adjust the contractor's profit. The contract price agreed upon is usually established by comparing the total costs of the final negotiations and the total target costs.

Fixed-Price Redetermination

This contract allows a contractor a fixed price during the initial stages of performing the contract. The cost either may be restructured to move down or up at stipulated times of contract performance.

Cost Reimbursement Contracts:

These contracts provide reimbursement for allowable cost incurred to a level that has been prescribed in the contract. The contract establishes the estimated total costs, which the contractor is not supposed to exceed. In case, the contractor exceeds the established costs without the approval of the firm, then it will be at own risk. These types of contracts are best for use where there are uncertainties, which do not allow estimated costs to employ any fixed price contract.

Cost-Plus-A-Fixed-Fee Contract

This contract minimizes contractor's cost responsibility and maximizes government's cost responsibility. The contractor enjoys reimbursement for allocable costs and expenses. There is a fixed profit for the contractor, but the total contractor's price is not fixed.

Issues in federal acquisition and contract management

There are two crucial issues involved in the process of federal acquisition and contract management:

Standardization and Data Quality

This has become a significant issue in the federal acquisition community. In order for the federal government to be credible, it needs credible data. High levels of transparency and data will be required. The Procurement Data Standard Department is developing the basis for sharing acquisition data among the federal government's reporting systems. This will also provide a standard for data sharing between the federal systems engaged in the process of acquisition, (Hearn, 2011).

Change

The most prevalent issue in the federal acquisition is change. The rapid change of things in the acquisition community has forced the federal government to adapt quickly. Organizations cannot be resistant to change; therefore, they need to prepare themselves. This will help them to respond appropriately and embrace the change successfully (Stanberry, 2009).

References

Hearn, E. E. (2011). Federal acquisition and contract management. (7th ed.) Los Altos, CA:

Hearn Associates.

Stanberry, S. A. (2009). Federal contracting made easy (3rd ed.). Vienna, VA: Management

Concepts.