Essay on long-term relationship

Business, Company

With the aid and use of robotics in the mechanical department, the company was in a position to implement and take ideas from conceptual phases to full production in a short period. That meant that the company was ready to not only expand, but also compete for government contracts for exceptional products they would implement. However, for the companies make that a reality, it had to implement and adopt various contracting financing techniques (Newell, 2008). To start with, contract financing, well-defined as the funds transfer from a company that was awarded a contract to the contractor who is the owner of the project. The funds transfer would take the form of advance payments, interim payments, performance based payments, and progress payments. In other words, it was a scheme that was designed specifically to costume the needs of companies that were pursuing financing for a specific contract awarded from the government at a competitive rate (Mukri, 2004). It is from that rationale that this paper will endeavor at elucidating and giving further details on the effects the different approaches used to contract financing would have on a company as well as determining the best approach that would suit an organization. In addition, the paper will be expounding the approaches an organization would require to exist before a government quality would be met.

How the different approaches to contract financing can impact the company

The advance payment is one of the methods or approach used to contract financing having some influence on the company. They include the advance money by the government to the main company that was awarded the contract for the purpose of attaining the performance required. They ought to be liquidated from payments since they are not measured by performance making them different from partial, progress, or other forms of payments of a contract. Progress payments as well bear an influence on the company in that they are made on the grounds that they are incurred by the contracting companies as they continue working on the projects assigned to them (Burman, 2008). However, they do not include other payments that are based on the percentage or payments for partial deliveries that are accepted by government that awarded the contracts. Loan guarantees that are made by the Federal Reserve banks have an influence on the company. That happens since the payments made by the Federal banks enable the companies that have the contract to have access finances from private sources that would be used for the acquisition of services and supplies for the work progress (O'Brien, & Revell, 2005).

Partial payments are as well accepted by the companies that were awarded the contracts. In the process, they influence on the supplies and services that stated within the contract during the signing process. Worth noting also about the partial payment is the fact that apart from being a method of payment, but it becomes a method that makes it possible for the contractors to take part in other Government contracts with or without minimal contract financing in the future (Burman, 2008). That becomes possible when the contracts are designed to permit acceptable standards of payment for discrete portions of their tasks once they are awarded the tender by the government. Worth mentioning also is the progress payment since it does influence on how the company awarded the tender conducts its work (Chapin

& Fetter, 2002). They influence the company by ensuring that payments are commensurate with the work that they ought to accomplish in the long run.

The best contract financing approach that will best suit the organizational needs

There are various payments that were used in contracting financing as expounded within the paper, and they all are favorable to different companies for different reasons as well. Based on the company's needs and requirements, the performance-based payment approach would be preferable. That was based on various reasons starting from the scope of the method, to the policy, as well as the standards that were used for the same. Starting for the scope of the payment approach, it was deduced that the method provides policy and procedures that the payment will adhere to under noncommercial purchases as indicated at Subpart 32. 1. The other reasons why the method was advantageous to the company leading to its selection was the fact that they are recovered fully in case a default event takes place (Burman, 2008). Similarly, the approach does not include contracts that were awarded through sealed bid procedures, contracts for engineering services or construction, and payments under cost-reimbursement items.

The other reason why the contract financing approach best suits the organizational needs and requirements would be traced to the methods criteria of use and application. Under the payment approach, it the contracting managers are allowed to use the method as long as; the contracting manager and the government representative agree on the preference-based payment terms. That implies that the payment will be tailored made for them only rather than following the premeditated payment procedures that would not cover their special needs. In addition to that, the contract as well as the individual order is all fixed-price type acting as an added advantage that the method offers to the contractors (Chapin & Fetter, 2002). The procedures that are to be followed are also advantageous to the company based on the fact that the method may be made either on a whole contract or on a deliverable item basis. Other advantages attributed to the performance based contracting approach, and also explaining why it was preferred. For instance, they utilize alternative and innovative service delivery approach as well as enabling the contracting them achieve higher levels of performance of the contractors (Burman, 2008). Likewise, they allow the governments to decrease the time and efforts spend on contract monitoring; the contractors allow additional compensation and contract extensions for the achievement of superior performance; the approach also allows the governments to minimize service delivery costs. That was because they were only meant to pay for the performance that was achieved or attained.

Policies the organization will need due to presence of The Defense Contract Audit Agency

There are numerous policies that ought to be ascertained for the organization that will be due to presence of The Defense Contract Audit Agency (DCAA). Importantly, the policies and procedures are those that are documented in DoD 54700. In addition to those encompassed therein, the DCAA ought to ensure and promote public confidence and expectation. That it does through offering maximum information to the various companies upon request and pertaining to the operation and activities of the contracting company (Chapin & Fetter, 2002). The other policy that the organization will require in the process of dealing with The Defense Contract Audit Agency (DCAA) was the permission of accessing records from the agency something that it does through the public services without the petitioning the Freedom of Information Act (FIOA). At the same time, the information given out was meant to follow certain procedures that were established by the DCAAP (Burman, 2008). Further policies the organization might need due to presence of DCAA would include a certificate of worthiness that ought to be prepared by the contracting officer. The agency will as well evaluate the relevant data that will include other relevant information that will be placed on the contractor's financial status and their performance.

Aspects or elements the organization will need in place due to the government's need for quality

There are various aspects or elements that an organization ought to sort out before the government opts to consider them for a contract. For instance, the contracting officer representing the company ought to have specific type of security that the government will accept. That implies that in case the government requires more in form of security, the contracting representative should be in a position to present them since it ensure that the company might secure the contract (O'Brien, & Revell, 2005). In addition, the contracting officer ought to ensure that the security that they will present to the government will be almost equal to the maximum amount that will be offered. However, the security might be adjustable in the process of enacting the contract when need arises.

Other eligibility aspects that the company ought to put in place to qualify for a government contract include but not limited to a certificate of eligibility that is acquired from the relevant sources. For example, if the contract that the company is aiming to get is from the department of defense, the certificate in question ought to be offered by the national defense departments. In additional to that, the company must ensure that they have no practicable alternative source for their acquisition without prejudice to the department to which the company is trying to get a contract from (Chapin & Fetter, 2002). Moreover, the companies technical abilities to implement the contract that they are aiming at getting, that would ensure that they will get an opportunity to secure the contract. Worth mentioning also is the fact that the company ought to ensure that they have the willingness and capabilities in terms of resources and facilities to enable the company implement the contract to the fullest in the given deadline (Burman, 2008).

In closing, the paper has without a doubt expounded on the contract financing. It started by defining contract financing as a scheme that was designed specifically to costume the needs of companies that were pursuing financing for a specific contract awarded from the government at a competitive rate. The paper goes on to expound how different features the payment approaches to contract financing can impact on a company clearing any doubts that an individual might have had initially (Chapin & Fetter, 2002). Moreover, a contract financing approach that was deemed to best suit an organizational needs where performance-based payment approach was opted for reasons for which are deliberated herein. The various policies the organization will need due to presence of The Defense Contract Audit Agency as well were discussed and in the process, it was determined which among the approaches the organization was to put in place due to the government's need for quality.

Reference

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