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May 1, 2013

Deputy Assistant Secretary of the Navy  
Acquisition and Procurement  
1000 Navy Pentagon  
Room BF992  
Washington, DC 20350-1000

Attention: Clarence Belton

Subject: Rockwell Collins Comments on Department of the Navy Superior Supplier Incentive Program

Dear Mr. Belton:

Rockwell Collins, Inc. is pleased to submit comments in response to the subject proposed policy letter as issued in the Federal Register on April 9, 2013. This proposed policy letter is a result of a revision to the previous initiative to recognize superior supplier performance known as the Preferred Supplier Program (PSP).

In response to the Department of the Navy's request for feedback in the Federal Register, Rockwell Collins provides answers to questions and other comments as set forth in the attached document. Please note that we would be interested in participating in this Pilot Program. I can be contacted at (319) 295-3107 or [jfstegga@rockwellcollins.com](mailto:jfstegga@rockwellcollins.com).

Sincerely,

A handwritten signature in black ink, appearing to read "J. Steggall".

J.F. Steggall  
Manager, Contracts

Enclosure:

(1) Rockwell Collins Comments on Department of the Navy Superior Supplier Incentive Program dated May 1, 2013

Rockwell Collins Comments on Department of the Navy Supplier Incentive Program  
May 1, 2013

Questions to Answer:

- What clauses are currently being used in government subcontracts, and commercial contracts and subcontracts, to incentivize superior performance, at the corporate level, in the areas of cost, schedule, performance, quality, and business relations?
  - Award Term Incentive (extends term without additional competition)
  - FAR Part 12 commercial item contracts incentivize the supplier to reduce costs by inserting the most current technologies that also enhance product performance and reliability
  - Cost Reimbursement Incentive Contracts (FAR 16.405)
  - Cost Incentive (contractor can keep portion of cost underrun as additional profit)
  - Schedule Incentive (contractor receives a reward in terms of additional fee/profit for improving a delivery schedule)
  - Technical Performance Incentive (contractor receives a reward in terms for improving on some performance of product or service)
- What solicitation provisions, contract clauses, and performance incentives will provide contractors with the greatest motivation to achieve SSS?
  - The currently identified favorable terms and conditions would not equally benefit all contractors. Terms and conditions should be identified which would encourage all contractors to strive to achieve SSS.
  - Favorable terms and conditions must provide a meaningful way for the supplier to receive performance based pricing/profit
  - The most favored financing approach (Performance-Based Payments) must also be considered as a favorable term
  - The DoN should work with strategic suppliers to ensure equitable commercial item determinations are made. FAR Part 12 contracts are the best way to motivate supplier performance.
- What contract terms and conditions increase cost or impair performance and could be removed from contracts with Superior Suppliers without significant risk to the Government?
  - Superior Suppliers should be permitted to use a Single Process Initiative approach whereby common processes could be used at the supplier facility to reduce costs. An example would be using Contractor Quality Systems (ISO-9001 based) in lieu of Government-unique Higher Level Quality Requirements
  - FAR Part 12 contracts should be used to the maximum extent practicable. These encourage the use of best commercial practices that will reduce costs to comply with Government-unique terms
- Energy Efficiency is a critical DoN requirement significantly impacting the successful achievement of DoN's missions. How should a contractor's use of energy as it relates to the entire life-cycle of a product – design, manufacture, use, maintenance, and disposal – be considered in the designation of Superior Suppliers?
  - Not all suppliers may be able to meet this requirement. It should allow a contractor to earn an additional star but not penalize a supplier. Currently, you can't receive a 5 star rating unless you meet this requirement.

- How long should SSS last?
  - The SSS should last for a minimum of 12 months
- What criteria, other than CPARS data elements, should DoN use to select companies for evaluation as superior suppliers?
  - Many of the currently identified criteria are subjective and could depend on who is conducting an evaluation. Objective areas should be measured and given at least equal weight as the subjective factors.
  - For subjective areas, objective evaluation criteria could be identified to guide ratings. (e.g. for Management Responsiveness, define what this means and examine days it took to respond to an issue, etc.)
- Is there any other aspect of the proposed SSIP on which you wish to comment?
  - This is almost identical to the PSP, which did not work. How will the SSIP differ from that program so that it is more likely to succeed?
  - Will the top 15 contractors evaluated in the pilot fairly represent contractors within the industry? We would encourage a group of subsystem suppliers to be included
  - This program could potentially put small businesses and commercial companies at a competitive disadvantage and discourage them from participating in government contracting.
  - Who will determine what favorable terms are offered? How will they be offered? For how long will they be offered? (i.e. for one contract, for a set period of time, etc.)