



DLA
DEFENSE LOGISTICS AGENCY
Established 1961



The Nation's Combat Logistics Support Agency



DLA Land and Maritime Pricing Overview



WARFIGHTER ALWAYS



Agenda

- About Us
- Rules and Regulations
- The Buyer and Contracting Officer's Responsibility
- Fair and Reasonable Price
- Tips on Pricing to DLA Land and Maritime



About Us

- **DLA Land & Maritime – Cost/Price Office**
 - Staff of 11 Analysts
- Monitors and ensures the integrity of the prices DLA Land & Maritime pays
- Provides guidance and training
- Provides input on policy
- Performs analysis & assists in negotiations
- For procurements requiring submission of certified cost data (>\$2 million sole source), coordinates the data review with either DCMA or DCAA
- Performs reviews as required or requested



Rules of the Game - Regulations and Policy

- FAR – Federal Acquisition Regulation
- DFARS / PGI – DoD Federal Regulation Supplement
- DLAD / PGI – DLA Directive Regulations
- PROCLTRS (Procurement Letters) supplements DLAD policy
- DAG – DLA L&M Acquisition Guide
- Contract Price Reference Guide



The Buyer and Contracting Officer's Responsibility

- Conduct procurements in accordance to the listed policies and procedures.
- Purchase supplies and services from responsible sources at ***fair and reasonable prices***. FAR 15.402 (a).
 - Obtain the necessary data to establish a fair and reasonable price.
 - Often Buyers and Contracting Officers will fact find and negotiate to obtain a fair and reasonable price.



What is a Fair and Reasonable Price?

- There is not a specific definition for “Fair and Reasonable Price” in the FAR, but it is mentioned a lot!
 - But we generally view it as:
 - Reasonable: A price that a prudent and competent buyer would be willing to pay, given knowledge of
 - Market Conditions
 - Supply and Demand
 - General Economic Conditions
 - Competition
 - Market Definition
 - Relative Pricing
 - Fair: Fair to both the seller and buyer



What is a Fair and Reasonable Price?

- As mentioned a Fair and Reasonable price is a price that is acceptable to both the buyer and seller (i.e., win-win outcome).
 - “Profit” is not a dirty word and is necessary for companies to operate. We understand!
 - But it should be reasonable
 - DLA Land and Maritime is always interested in getting the best deal for the Warfighter and taxpayer!



Fair and Reasonable Takeaway

- The Contracting Officer/Buyer is responsible on ALL procurements to **determine** whether the price is fair and reasonable
- The contractor is responsible for **justifying** their price as being fair and reasonable by providing adequate support



Methods to Determine a Price Fair and Reasonable

- For DLA Land and Maritime the most common analysis techniques used are:
 - Cost Analysis
 - Price Analysis
- There has been some questions from vendors about the possibility of their financial supporting data or certified cost or pricing data getting released.
- **We DO NOT release your data to anyone outside of the government.**
- You should mark all financial data as proprietary or business sensitive information.



Cost Analysis

- Cost Analysis is used when certified cost or pricing data is required but can be used in other instances
- Certified cost data is required for sole source procurements valued over \$2 million
- Cost Analysis refers to review of the individual cost elements (i.e. Material, Labor, Overhead)
- This is where we will review your cost elements to come up with a position the Government believes to be fair and reasonable.



Price Analysis

- It's a comparison!
- A comparison of the proposed price to any of the following:
 - Other offered prices for the procurement
 - Previous/historic contract price
 - Similar items
 - Should Cost Estimate
 - Market Research
 - Catalog or Price Lists that have been in themselves determined fair and reasonable



Price Analysis

- Price analysis is always performed
- Price analysis is concerned with the overall selling price not individual components.
- Two most common types of price analysis used:
 - Comparison with other quotes/bids received
 - Comparison with past procurement(s) that were determined fair and reasonable
 - We will take into account quantity, inflationary factors, solicitation changes, economic conditions and any other factors that can affect the price.



Tips on Pricing to DLA Land and Maritime

- Review the solicitation and the requirements.
- Review the history listed on the solicitation.
 - This would be close to where the Government position would be after taking into account quantity, inflationary factors and current economic condition adjustments.
- Provide your best offer, since you never know what your competition is doing.



Tips on Pricing to DLA Land and Maritime

- Be prepared... The Buyers and Contracting Officers may call you to negotiate or obtain additional information concerning the item.
- When requested for an informal cost breakdown, we are looking for the key drivers to the cost of the item such as material, labor, overheads, profit, etc.
- Be open for fact finding and information gathering from the Buyers and Contracting Officers. The quicker you can get the information to them, the quicker they can make their decision concerning the procurement.