

New Federal Acquisition Regulations (FAR) and Anticipated Industry Impact

By Mike D. Russell, CPPS, Rocky Mountain Chapter

The long awaited FAR release is now a reality. How will this new road impact the industry? Looking at the changes, the impact will undoubtedly redefine our business approach and move us towards best commercial business practices.

The new FAR will change, for the best, how we move forward in the future. The changes will help property management enter the mainstream and align with ISO9100, CMMI and other industry best practices. These changes will help property management work smarter and more efficiently.

From a leadership perspective, the new regulations will allow more flexibility and deployment of innovative business solutions. The exciting part is a move towards partnering with your Government Property Administrator and working as a team. By creating a partnership you can jointly work together to create new approaches while strengthening your property control system.

One of the biggest changes is contractor self-oversight or internal assessment program requirements. This new change requires contractors to develop and maintain an internal audit program to manage and improve their system. The government in time will rely more and more on contractors to monitor the health of their systems. This will reduce the number of external audits, reducing the cost to both

“From a leadership perspective, the new regulations will allow more flexibility and deployment of innovative business solutions.”

the government customers and the company.

Other changes such as element consolidation, reduced equipment definitions, and clearly defined roles and responsibilities will change the process structures. All in all the changes will bring property management into the 21st century.

What's Behind the Change

The government in the late 1990s recognized the need to change and provide more flexibility. By moving towards best commercial practices it would allow greater competition by drawing in other commercial business. Increased competition, as we all know, reduces the overall cost to the government through competitive bidding.

The new concept and FAR language encourages contractors to be creative, innovative and efficient in how they structure their business processes and manage assets. This approach lends itself to new ways of managing assets through RFID, IUID and other commercially used systems.

Other benefits from commercialization are the ability to integrate commercial off the shelf products and move away from specialized design and fabrication.

Again this reduces cost, decreases cycle time for production and allows more product line flexibility.

Lastly, these changes move us more towards life-cycle performance-based property management and permits adoption of practices that fit your business base. The advantage is streamlined performance, efficiency, creativity and reduction in cost. Change helps to mature industries and develop improved ways of performing within your industry. This step forward will create continual changes and bring property management to the forefront of industry excellence. ■

Biography

Mike Russell has spent 25 years at Raytheon in leadership, program management or property management assignments. He is currently a property manager overseeing all property functions within Raytheon's Intelligence and Information Systems business unit with eight sites in five states. Mike is also a member of Raytheon's Corporate Property Council and the project lead for its corporate property awareness deployment team. Mike is writing a book dealing with Industry Leading Property Organizations. The book is due to be published by NPMA in November 2009.