

**ARTICLE 4****USAID Implementing Partners: The Annual Frenzy is Almost Over. Now What?**

Over the last five years, more than 50% of USAID's annual procurement dollars were awarded in the 4<sup>th</sup> quarter of the USG fiscal year (FY) ending September 30<sup>th</sup>.

With the close to FY2018 looming and the US administration's recent threat to freeze and rescind between \$3b - \$5b of foreign assistance (*Politico*; 8/2018), USAID has used a variety of ways to obligate its funds before the end of the year. These include an increased use of:

1. Justification and Approvals
2. Cost and no-cost extensions
3. Sole source awards to small businesses
4. New contracting mechanisms such as the GSA Personal Services Schedule (*e.g.*, SIN 874-1, *in particular*)
5. Existing IDIQ mechanisms

USAID's 4<sup>th</sup> quarter spending spree is not unique. It is a common, annual practice in all USG agencies, and some would argue that it is akin to giving your child \$20 and saying, "Do not come back until it is all gone, and you only have 5 minutes to spend it."

There are USG implementing partners (IPs) that incorporate this seasonality into their annual budget planning process. If we generously assume that the average USG full-cycle procurement process takes three to six months (don't laugh!), these IPs are smart to align the right mix of financial, human, and institutional resources in March or April of every year just as the heavy season begins.

Within the USAID space, it's why more and more IPs are using blanket purchase agreements (BPAs) and retainers for business development (BD) services. Both of these mechanisms simplify the IP's internal procurement processes so that they will have 'ready-access' to BD surge support when they need it most. For those IPs with more aggressive growth strategies, BPAs and retainers offer ready-access to BD support services all-year round.

**So. Now What?**

With five weeks remaining in FY18, IPs are (*should be!*) assessing the early impacts the heavy procurement season had upon their organization. I will not highlight the many benefits that emerge from this six-month, intense, emotionally-charged, and very personal experience. It's because

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there aren't any. The greatest gift this season has to offer is now knowing who your real friends are...and who are not.

Now seriously. In addition to the spoils that come from strong captures and lucky breaks, the close of the heavy season offers your organization an opportunity to evaluate, learn, and adapt from the experience so as not to repeat the same mistakes twice...or at least twice in a row.

I call these 'little nuggets of learning' the heavy season impacts (HSIs), and I categorize them into three buckets. These are the same three buckets of resources your organization tries to maximize when the heavy season hits: Financial, Human, and Institutional resources. The kinds of questions that IPs are asking themselves to better inform next year's BD planning include:

- **Financial HSIs.** Did we meet our BD goals without burning through the G&A cost pool? Should we invest more in fewer bids, or do we remain graduates from the 'throw spaghetti on a wall' university? Under the right circumstances, both approaches can work.
- **Human HSIs.** What is the present morale of staff? Did we have the right staffing mix to support this year's BD appetite? What are some of the industry best practices in structuring BD operations? How do I stop my BD Director from resigning?
- **Institutional HSIs.** Were internal processes followed? Were these processes effective? Where were the logjams – technical, BD, pricing, recruitment, contracts, or all of the above? How can we support these units to make our processes work smarter for us?

After getting the answers to these kinds of questions, what you do next will determine staff turnover, morale, and ultimately organizational performance. With focus and a little planning, you can respond quickly and smartly to transform your FY18 HSI lessons-learned into FY19 organizational priorities. Alternatively, there is something admirable about choosing a life of fighting fires and rescuing proposals with new people every year. 😊

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