

# CONTRACT PRICING

## SYNOPSIS

How do you determine the appropriate price for a contract? How does the government evaluate prices? How do contractors set prices? The answers to these questions form the core of this course. Contracting officers are required to award contracts at "fair and reasonable prices." While this sounds clear, it presents an enormous challenge to contractors and government personnel. Contractors must establish and support their proposed prices in a manner that enables the government to make a determination of price reasonableness. And, from the other side, government personnel must exercise skill in price and cost analysis to support the contracting officer's pricing decision. Mistakes in the process can be costly to all parties concerned.

This course offers you a comprehensive, practical approach to establishing and evaluating prices for government contracts. You'll receive thoroughly up-to-date coverage of The Federal Acquisition Streamlining Act of 1994 and the Clinger-Cohen Act on key pricing issues. Plus, you'll learn about updates to the Truth in Negotiations Act and the Federal Acquisition Regulation (FAR) cost principles and about the unique challenges you face when pricing commercial items.

**Please bring a calculator to class.**

## LEARN

- Develop and maintain cost estimating systems that deliver justifiable pricing information
- Evaluate price and cost proposals
- Establish and justify "fair and reasonable prices"
- Prepare successful price and cost proposals
- Recognize and apply common industry pricing strategies
- Know the right types of cost- and pricing-related data to require from offerors
- Identify the low offer or through price-related award factors

*This course uses digital materials.*

## TOPICS

### INDUSTRY PRICING STRATEGIES

- Industry Pricing Objectives
- Market-Based Pricing
- Cost-Based Pricing
- Markup Pricing
- Margin on Direct Cost
- Rate of Return Pricing

### MARKET RESEARCH

- Market Conditions and Pricing
- Types of Market Research
- Defining Commercial Items
- Performing Market Research
- Sources of Market Research

### COST ESTIMATES

- Methods of Cost Estimating
- Grassroots
- Parametric
- Analogy
- Work Breakdown Structure
- Cost Estimate Package
- Engineering (Detailed) Estimating
- Graphic Analysis
- Regression Analysis
- Learning Curve
- Indexing
- Present Value
- Contractor Cost Estimating Systems

### CONTRACT TERMS AND CONDITIONS

- Contract Type and Risk Analysis
- Selecting The Proper Contract Types
- Terms and Conditions That Affect Price
- Commercial Item Contracts

### GOVERNMENT PRICING STRATEGIES

- Government Pricing Objectives
- Fair and Reasonable
- Government Approaches to Contract Pricing
- Price Analysis
- Cost Analysis
- Cost Realism Analysis

### COST OR PRICING DATA

- Cost Or Pricing Data
- Obtaining Cost or Pricing Data
- Circumstances Where Cost or Pricing Data Are Prohibited or Not Required
- Certification of Cost or Pricing Data
- Defective Pricing

### PRICE ANALYSIS

- Definitions
- Performing Price Analysis
- Factors That Affect Comparability
- Adjusting Prices and Accounting for Differences

### COST ANALYSIS

- Definitions
- Performing Cost Analysis
- Cost Accounting Systems
- Analyzing Direct and Indirect Costs
- Calculating a Weighted Average
- Cost Allowability
- Audits
- Analyzing Contractor Profit/Fee

### PRICE CHANGES

- Pricing Contract Changes
- Evaluating Contract Changes and Claims
- Equitable Adjustment
- Adjusting for Delay
- Pricing Termination Settlements

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