The Talent & Employment Environment

**BABY BOOMERS:**
- Next 20 years, ~10K People Each Day will Reach age 65

**MILLENNIALS:**
- Flooding the Market; Anxious to be on the “Bleeding Edge”
- Getting Larger Salaries (Equal to SMEs) without a Clearance

**INDUSTRY (FFRDC, SETA AND Development):**
- VA Unemployment at ~2.1% Available Talent is Limited – even w/Bonus
- Willing to Pay for the Cutting-Edge Technology – but Clearance Constraints

**GOVERNMENT:**
- Need: SME (Institutional Knowledge) “+” Millennials (Cutting-Edge Technology)
- Shrinking experience base in Contracting & Program Management

**OVERALL:**
Commercial (AWS, GOOGLE, SPACE-X) is Hiring Away from GOV & GOVCOR
Commercial is the “Latest” Leading Edge causing a Resource Shortage for All
Observations: Primary Drivers
Given the Environmentals...

1. **Nature of the Work: Is it Cutting Edge, Impactful, Meaningful?**
2. **Contracting & Solicitations: Price vs. Cost**
   - Price/Performance is most effective measure of value delivered
   - Rates are not a viable measure of performance (potential to pay more for less value)
   - Pre-eminence of direct rates and wrap rates over price creates LPTA “conditions”
   - Salary, fringe, incentives (student debt relief), etc directly impacted
   - Rate pressure without considering impact on performance creates talent pressure
   - GED emphasis on Price Realism has potential to normalize this issue
3. **Contracts Portfolio: IDIQ vs Single Award, FFP/CP vs LOE**
   - Contracts mix impacts overhead (IDIQ “hunting license” = carry talent on overhead)
   - FFP/CP deliverable contracts offer more options to retain talent than LOE contracts
4. **Security Clearance Sponsorship: Requires an Onboarding Pipeline**
   - Chicken & Egg: must have a contract to sponsor. Can’t get a contract without.
   - Clearance “pipelines”: fundamental to attracting & retaining talent. 2-year lead time.
   - IC has instances of successful expertise-base or industry-base “pipeline contracts”.
   - Ultimately connected to Contracting approaches due to overhead pool impact.
Observations: SETA vs Development Acquisition

**SETA:**
- Reliant on SME Experience, Years and Knowledge “Networking”
- **Costs** are Inherently Higher (Level/Years of Experience & Clearances)
- Solicitations Must Achieve “Best Value” (don’t go LPTA on your “brain trust”)
- Idea: Sponsor “Interim” Cross-overs and Clearance to Get Skill Mix
- Idea: Set-aside “Junior and Uncleared Portions” within Solicitation

**Development:**
- Solicitations typically “Technical Significantly More Important than Cost”
- Greater Emphasis on Latest Technology (~ 5 to 10 Years)
- Idea: Provide Weighed Factors in Solicitation for XX% for Uncleared Support
- Idea: Reward Offerors who are Innovative with Use of “Waiting for Clearance”
- Idea: Leverage Cutting Edge COTS to Draw in the Leading Edge Talent

Government –
*Must* Differentiate between SETA & Development Talent Attraction and Solicitations
GOVERNMENT “Attract” the Talent

- Consider a portfolio approach to Contract Types (IDIQ vs Single Award)
  - Balance flexibility and speed of IDIQ TO approach with continuity and base of Single Awards
  - Investigate relationship between size/segmentation and contracting strategy impact on industry base

- Focus on Price/Performance and Cost Realism over Labor & Wrap Rates
  - Recognize that Talent drives fully-burdened and direct labor costs
  - Higher quality, faster delivery is less expensive and more predictable over course of program

- Emphasize Deliverable- or Milestone-Performance Based Contracts vs LOE
  - Provides Government leverage; provides Contractor flexibility to deliver talent
  - Buy “Capabilities” instead of Candidate Resumes
  - Reward risk taking (Innovation is typically risked up in proposals)

- Security Waivers, Continuous Evaluation or Interim Security Clearances
  - Provide Additional Security Billets to each Company and Interim Clearances
INDUSTRY: “Retain” the Talent

- Meet Needs
  - Sign-on Bonus, Retention Bonuses, Pay off School Loan
  - Quicker Promotions, More Career Flexibility

- Provide Continuing Training
  - Agile Processes/MBSE, Renewal of Certificates, Latest Seminars/Conferences
  - Provide “RIDE ALONG” Mentors

- Provide Corporate and Program IRADs
  - Accept Risk with Performance-Based Deliverable Contracts
  - Be More Creative with Cost/Schedule/Performance Constraints
  - Look at Functional versus Technical experience (to broaden talent pool)
  - Similar Pay Scales for those with “Functional” Experience

BOTTOM LINE

GOVERNMENT’S ROLE: Attract the Talent

INDUSTRY’S ROLE: Train & Retain the Talent
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