

TEAMING AGREEMENTS

What Does a Team Do?

A team captures best the reputations and capabilities of a group of companies under one prime contract for greater work capacity, increased technical capabilities and quality performance. Teaming is also a great way for small businesses to build credibility and demonstrate proficiency to other larger contractors.

What's in it for the Customer?

- Only one contract to administer:
 - Single point of contact for performance and delivery
 - Prime contractor is responsible for their team member's performance and improvement
- Stabilizes the supplier base and relationships over an extended time period
- Fosters speed of implementation, improvement in quality and delivery
- Reduces administrative costs and errors
- Encourages a cost effective system
- Simplifies procurement because few small businesses have all the capabilities needed for performance and delivery
- Fosters a team approach that will work together as one organization

What's in it for the Team?

- Each partner complements the team with their unique abilities (such as expertise, products, facilities and technologies)
- Excellent tool for meeting needs in resources, capabilities and personnel
- Value created through collaborative information and relationships
- Fosters trust in team and inter-relationships
- Increases potential of contract opportunities
- Enhances the team's ability to strategize and diversify into new markets
- Team members can focus on core capabilities and services
- Team member's interests are protected
- Fosters environment for the team to reduce costs, improve quality and skills
- Enables work share opportunities between prime contractor and team members

- Fosters support for maintaining centers of excellence and core capabilities
- Team members have an incentive to improve their areas of weakness
- Allows team members a broader base to collaborate strategic knowledge
- Spreads capital investments and risk management throughout the team

Risks of Teaming Agreements

- Team members may become insolvent or financially unstable
- Reputation or capability of one team member can affect the entire team
- Potential for litigation among parties
- Greater potential for organizational conflict of interest issues
- Expectations of the Teaming Agreement may differ from final solicitation's scope

Fundamentals of Agreements

- Include “boiler plate” terms and conditions
- Include clauses for definitions, payment, disputes indemnity, liabilities and remedies
- Incorporate appropriate language for firewalls, level of effort, propriety information, intellectual property, etc.
- Allow flexibility to periodically amend or change work scope and terms

Prime Contractor's Role

- Managing risks and costs
- Developing best possible teaming partnership for the customer
- Managing the team's performance
- Capturing lessons learned for future agreements
- Negotiating terms and conditions, fees, amendments, terminations and close-out

TEAMING AGREEMENT CHECKLIST

How can you compete for large contracts when your company is only capable of providing part of the services required? Teaming is the answer. Teaming is used by companies of all sizes to create a group (or team) to address the specific needs of certain contracts. This Teaming Agreement Checklist will guide you through teaming requirements and open new business opportunities for your company.

Things the Team Should Consider

- ✓ **Are there mutually beneficial levels of experience by size and category?**
 - Are the groups technologically compatible?
 - Are members competent to compete?
 - Do teaming members have previous history with the client?
 - Do the team members have any previous history with each other?
 - Are there other agendas individual team members need to discuss?

- ✓ **Which team member carries the greatest financial risk and to what extent?**
 - What happens if the team is unsuccessful in getting the job?
 - What is the overall scope of the agreement?
 - How will the team respond to a potential "best and final offer?"
 - How will the team be allocated to the project (s)?
 - Will team members have exclusivity?
 - Will you disclose any team member conflicts?
 - Will a team member be able to withdraw from the relationship?
 - What is the allocation among team members for fees, stipends?
 - What is the final approval process for proposals?

The Teaming Agreement should include the following:

- The purpose of the Teaming Agreement.
- Designation of a firm as the "lead" firm in the arrangement with responsibility for the overall performance of the work. The contract will be issued in the name of the lead firm.
- A "team" plan should any firm withdraw from the teaming agreement during the contract performance period.

- Designation that accounting and administrative records relating to the agreement will be kept in the office of the lead firm.
- Designation that the original contract records will be retained by the lead firm upon completion of the contract performed by the team.
- Required percentage of work to be performed by the formal team must be in compliance.
- All changes, amendments, or additions to the agreement must have client approval.

Submission of the Teaming Agreement package should include:

- Teaming Agreement signed by all parties or copies of the individual Teaming Agreements with all team members.
- Cover letter from the firm acting as the lead (prime) contractor listing all parties, their respective business size, and the areas in which each will perform.