DID YOU KNOW?

It's a common misconception that foreign governments pay tariffs. In reality, tariffs are paid by importers at the port of entry to the government entity imposing the tariffs.

The Tariff Effect: Navigating Procurement Risks in an Unstable Global Market

BY MICHAEL BEVIS, JD, FNIGP, NIGP-CPP

Editor's Note: *Navigating the unpredictable landscape of tariffs is a significant challenge for buyers and contract managers today. Michael Bevis, JD, FNIGP, NIGP-CPP, a seasoned expert in government procurement, sheds light on "The Tariff Effect: What Buyers Need to Know" in a comprehensive presentation hosted by NCMA in May of this year. Bevis emphasized that as tariff requirements shift and change, understanding and managing tariff risk is crucial for protecting contract integrity and avoiding unnecessary costs. This article delves into the core tenets of his discussion, exploring who truly bears the cost of tariffs, the critical goals of tariff risk management, and practical strategies for addressing tariffs in both existing and new contracts.*

A tariff is a tax imposed by one country on goods and services imported from another. These taxes are levied for various reasons, primarily to influence the exporting country's actions, generate revenue, or safeguard competitive advantages for domestic industries.

It's a common misconception that foreign governments pay tariffs. In reality, tariffs are paid by importers at the port of entry to the government entity imposing the tariffs.

In the United States this means tariffs are paid at the port of entry to the U.S. Treasury and Customs Service. These costs then become a component of the supply chain expenses, much like transportation or labor costs, and can be passed through the supply chain to buyers as part of the total acquisition cost and ultimately to consumers through price adjustments. These adjustments may identify the specific tariff costs or may be reflected in a general price adjustment.

Tariffs come in several forms:

- **Ad Valorem Tariffs**: A flat percentage rate applied to the value of imported goods. This is the type most commonly discussed publicly, such as a 10% tariff on everything from a certain country.
- **Specific Tariffs**: A fixed charge on a particular type of product, irrespective of its value. Examples include specific tariffs on steel, aluminum, softwoods, or gypsum. These are often used to adjust competitive advantages or disadvantages in a given market for specific commodities.
- **Compound Tariffs**: A combination of both ad valorem and specific tariffs. For instance, a flat 10% on everything from a country plus an additional percentage for a specific commodity.
- **Quota-Based Tariffs**: The tariff rate changes, typically increasing with the volume of a product imported from a country. For example, a 10% tariff on the first 100 gallons of milk, increasing to 20% for the next 100 gallons.

Recent instability surrounding tariffs, with rates fluctuating up and down, creates a significant risk for businesses. Vendors often respond to this instability in several ways, by urging early purchases to deplete pre-tariff inventory, stating, "Buy it now before tariffs go up or before our pre-tariff

inventory is depleted." They might also demand commitments or deposits to hold existing inventory, or declare that they "can't guarantee our prices beyond today's order."

This market response underscores the crucial need for effective tariff risk management strategies, as suppliers fear that tariffs will impact their profits and are attempting to build in the ability to adjust prices in the future. Without the ability to adjust to future changes, they must adjust current pricing to accommodate the unpredictable impact of tariffs or avoid transactions that demand price guarantees.

The Imperative of Tariff Risk Management

Effective risk management involves identifying a risk, determining the likelihood of the risk occurring, calculating its potential impact, and developing a comprehensive plan to manage the risk. For tariffs, this means addressing both negative (price increases) and positive (price decreases) impacts. Traditionally, the party that can best manage a risk should bear the burden of risk management and the attendant consequences. The fundamental question is, "What do we do with a risk that cannot be controlled by either party?"

The answer can be summed up by analyzing the four key goals of managing tariff risk:

1. **Avoid Paying Unnecessary Risk Premiums**: A risk premium is an additional cost a vendor charges for assuming a risk, such as guaranteeing fixed prices regardless of tariff changes. By adopting a mechanism where prices fluctuate based on a neutral market index, buyers can avoid these premiums. One example is fuel procurement for local governments: instead of paying a fixed, exorbitant price that includes a risk premium, governments pay the average daily price off a neutral market index, plus a bid markup for delivery. This shifts the risk, avoiding the risk premium. If a buyer chooses explicitly to pay a risk premium (e.g., to fix budgets), it should be a conscious decision based on a correct balance of risk.
2. **Minimize the Likelihood or Possibility of Occurrence**: While directly controlling tariff imposition is impossible, buyers can mitigate risk. One way to minimize the likelihood of tariffs affecting a contract is to specify domestic production. Another approach is to defer, eliminate or develop new approaches to performing the function (e.g. extend replacement schedules, find alternate means to accomplish the mission, stop doing the task, etc.).
3. **Stop Profiteers**: It is important to watch for vendors that might raise prices under the guise of tariffs, even if their inventory was purchased before new tariffs took effect. Products delivered today were likely not subject to recent tariff changes due to typical supply chain timelines – most supply chains take time to work through. Robust documentation requirements are key to combating such profiteering, ensuring that price increases are genuinely driven by tariff impacts.
4. **Make the Process Work in Both Directions**: Crucially, any clauses or processes for price adjustments due to tariffs must allow for both increases and decreases. Many existing contract clauses are written to allow only for escalation, neglecting the possibility of price reductions. In one instance, an artificial intelligence program, when given a sample reciprocal clause, "corrected" my tariff adjustment clause into one that only accounted for inflation. Artificial intelligence created a flawed clause based on a population of flawed clauses. The goal is to avoid windfalls for the seller and ensure that, if tariffs decrease, the buyer benefits through price adjustments.

Addressing Tariffs in Existing Contracts

For existing contracts, be careful not to fall into the trap of immediate amendments to account for tariffs. Instead, examine how current contractual mechanisms can accommodate tariff impacts.

1. **Indices**: If contracts are tied to neutral industry indices (such as OPIS[1] for fuel), these indices will likely already incorporate tariff effects into daily price adjustments. This negates the need for separate tariff adjustments. However, if using annual adjustments based on indices such as the Department of Labor's Producer Price Indexes, there can be a significant lag time, possibly a year, which might not be fast enough to accommodate immediate tariff impacts.
2. **Adjustment Clauses**: Some existing contracts may contain general adjustment clauses that could be applicable.

3. **Pass-Through Clauses**: If a contract includes a pass-through clause, it means the buyer agrees to pay any applied tariffs, effectively neutralizing the tariff's impact on the supplier.
4. **Escape Devices**: While options such as "force majeure" clauses or "common law impossibility" exist, these typically allow a contractor to refuse to perform the contract, not to increase their prices. Legal counsel should be consulted to determine their applicability and consequences. The likelihood of tariffs being so dramatic as to trigger force majeure or impossibility is considered low, especially given how courts handled such claims during events such as COVID-19. If a contractor successfully claims force majeure or impossibility, they are excused from performance, and the buyer may need to resolicit the contract to secure performance.

Crafting New Contracts with Tariff Adjustments

For new contracts, proactive inclusion of tariff management provisions is paramount. They include:

- **Utilize Indices**: Leveraging reliable indices remains a strong strategy. Neutral industry sources, such as OPIS for petroleum or specific wood industry price indices provide the most current data, reflecting an average impact of tariffs on today's sales. Publicly traded markets can provide a basis for reasonable quarterly adjustments, especially dealing with raw materials. The Bureau of Labor Statistics (BLS) and Department of Labor (DOL) indices are highly reliable, well-developed, and widely used, but tend to have a 60-90 day lag in reporting current prices. I strongly recommend contacting the BLS for guidance on selecting appropriate indices.
- **Implement Adjustments**: Implementing specific adjustment clauses can provide a structured approach to managing tariff impacts. Before implementation, consider these three core principles:
  - ***What's the Basis?*** This defines the original cost or baseline for determining changes, often tied to a specific date such as the bid opening date. For competitive procurements, this could be the latest of five days before the bid submission date, the proposal due date for requests for proposals, or the best and final offer receipt date for negotiated agreements, as indicated on an appropriate basis form. For sole source or cooperative purchases, it might be the later of the date the contractor submitted pricing or the contractor's signature date on the cooperative contract. The basis sets "ground zero" for any adjustments.
  - ***What's the Trigger?*** This specifies what must occur for an adjustment to be made. It could be a significant percentage change in the applicable tariff that has a "significant" impact on the contract price. For example, the direct cost attributable solely to a tariff change might need to exceed 5% of the total contract price to trigger an adjustment.
  - ***What's the Calculation/ Formula?*** This outlines how the price adjustment will be determined and is applied if the triggering event occurs. For example, if a tariff change directly impacts the cost of a product or component, and the net change exceeds 5% of the total contract price, either party may request an adjustment. Any such adjustment could be limited to the lesser of 20% of the original contract price or 50% of the net increase caused by the tariff. This formula, by sharing the cost impact, aims to avoid excessive risk premiums while still assisting vendors and providing a colorable argument that the impact of tariffs is not being entirely neutralized. The specific percentage (e.g., 50%) for sharing the increase is a choice for the organization, weighing factors such as supporting small businesses against minimizing impact on their own budget. The formula provided is shown in Figure 1.

Practical Application and Considerations

To operationalize tariff adjustment clauses, several practical elements are needed:

- **Documentation Requirements**: Contractors requesting price adjustments must submit comprehensive cost breakdowns detailing the impact of the tariff on the total cost of the finished product. This includes official importer receipts or customs documentation showing proof of tariff payment and the

The Formula: Bc_1 (Tc) = Gtc

The lesser of ½ Gtc or 20% = Ntc | If Ntc exceeds 20% renegotiate

Bc_1 = Basis Cost, the actual cost of the tariffed component (based on an accepted Cost Analysis calculation at bid opening)	**Tc** = The total variance in tariff percentage since bid opening (as applied to the specific goods used based on FIFO accounting)
Gtc = Gross Tariff Change, the actual impact of tariff change on cost of goods sold	**Ntc** = Net Tariff Change, the actual amount of price adjustment based on the tariff risk allocation formula in the contract

transaction date. Such adjustments are only considered if they clearly demonstrate a direct impact from the tariff on the specific goods or components purchased under the contract.

- **Inventory Management**: To prevent profiteering, specify an inventory accounting method, such as First-In, First-Out (FIFO). This ensures that adjustments apply only to goods that were genuinely subjected to new tariffs based on their purchase date and receipt, preventing contractors from adjusting prices on inventory acquired before the tariffs went into effect.
- **Buyer Discretion and Approval**: The final decision and written approval for any price change should rest with the buyer (or contracting officer) and be at their sole discretion.
- **Two-Way Adjustments**: Any mechanism for adjustment must work in both directions, allowing for price decreases if tariffs are reduced. If the buyer requests a tariff adjustment, the contractor must provide all required supporting documentation within a specified timeframe, such as 30 calendar days.
- **No Retroactive Adjustments**: No retroactive adjustments are allowed for tariff changes prior to the applicable basis date. This firmly sets the starting point for price calculations.

To effectively implement these strategies, buyers need a fundamental understanding of tariffs. The U.S. International Trade Commission offers a free online course on how to use the Harmonized Tariff Schedule (HTS). I strongly recommend this course; knowing how to identify specific headings, subheadings, and statistical suffixes within the HTS is crucial for understanding how products are classified and taxed. This knowledge enables buyers to verify the accuracy of claimed tariffs and ensure fair adjustments, allowing for "trust but verify" in dealing with vendors.

Remember the core goals: avoid paying unnecessary risk premiums, share risk in a way that maximizes responsible behavior, prevent profiteering, and ensure the process works in both directions.

By understanding import content, utilizing appropriate indices and adjustment clauses, and focusing on long-term goals rather than market timing, buyers can effectively navigate "The Tariff Effect" and secure more stable and equitable contracts. **CM**

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ENDNOTE

1 https://www.opis.com/blog/

COUNSEL COMMENTARY

The OTA Protest Jurisdiction Divide

Conflicting decisions create uncertainty about the proper forum for resolving bid protests involving other transaction agreements.

BY STEPHEN L. BACON

During the past decade, the Department of Defense (DoD) has significantly increased its use of other transaction agreements (OTAs). That growth is poised to continue under the Trump administration, which is determined to accelerate the use of OTAs as part of a broader initiative to streamline and expedite the acquisition process.[1]

Despite the rapid growth of OTAs, the question of where these agreements can be protested remains deeply unsettled. Earlier this year, two judges on the U.S. Court of Federal Claims (COFC) issued diverging opinions in *Raytheon Co. v. United States* and *Telesto Group, LLC v. United States* regarding the jurisdiction of the COFC to resolve bid protests involving OTAs.[2]

While Judge Bonilla's decision in *Raytheon* declared the COFC as the "de facto forum" for OTA bid protests, Judge Hertling's decision just months later in *Telesto* articulated a much more limited boundary for the COFC's jurisdiction.[3] Most notably, the *Telesto* decision identifies an "effective jurisdictional blackout" that prohibits COFC challenges to agency evaluations during the critical prototype phases of an OTA project.[4]

These decisions have real and immediate implications for contractors that are pursuing an increasing number of acquisitions conducted under DoD's statutory OTA authority. Indeed, if Judge Hertling's more limited view of the COFC's jurisdiction prevails, challenges to OTA prototype evaluations would have to be filed in federal district court before a judge who almost certainly has no prior experience with bid protests.

The split jurisdictional decisions in *Raytheon* and *Telesto* underscore the urgent need for the U.S. Court of Appeals for the Federal Circuit or Congress to provide clarity on where contractors can file bid protests involving OTAs. Until this issue is resolved, contractors will face difficult and uncertain choices when considering an OTA challenge.

The Jurisdiction Puzzle

The Government Accountability Office (GAO) has very limited jurisdiction over OTA protests under the Competition in Contracting Act. GAO will not decide challenges to an agency's evaluation and award of an OTA but will resolve timely pre-award protests that an agency is improperly using its statutory OTA authority.[5]

Given GAO's limited jurisdiction, contractors have turned to either the COFC or federal district courts to resolve protests concerning the evaluation and award of OTAs.

Under the Tucker Act, the COFC has jurisdiction "to render judgment on an action by an interested party [1] objecting to a solicitation by a federal agency for bids or proposals for a proposed contract or [2] to a proposed award or the award of a contract or [3] any alleged violation of statute or regulation in connection with a procurement or a proposed procurement."[6]

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Because OTAs are, by definition, not "contracts," there is broad consensus that prongs (1) and (2) of the Tucker Act do not grant COFC jurisdiction over bid protests involving OTAs.

The unsettled question is whether and to what extent the COFC has authority to decide OTA protests under prong (3) of the Tucker Act. Although OTAs are not traditional "procurement" contracts, OTAs may be considered sufficiently connected to a procurement or proposed procurement to fall within the COFC's jurisdiction.

DoD statutory OTA authority allows agencies to award a sole-source, follow-on production contract or transaction to participants that successfully complete a prototype OTA project.[7] Agencies may invoke this authority if they used competitive procedures to award the prototype OTA and "provide for" the possibility of a follow-on contract in the prototype OTA.[8]

It is not surprising that a substantial majority of prototype OTAs do "provide for" a potential follow-on contract because that allows agencies to benefit from the OTA statute's unique sole-source authority.[9]

Prior to *Raytheon* and *Telesto*, several COFC judges and at least one federal district court have grappled with the question of where a protest involving a prototype OTA must be filed.[10] In some of these cases, the courts ruled that the COFC has jurisdiction where the prototype OTA at issue contemplates the possibility of a follow-on production contract.

These decisions are premised on the conclusion that there is an adequate connection between the prototype OTA and a future "procurement" because the prototype OTA awards limit the pool of competitors that are eligible for the eventual production contract.[11]

Raytheon v. United States

This case involved a Missile Defense Agency (MDA) program to develop a new Glide Phase Interceptor (GPI) to defend against hypersonic missile threats. MDA initially awarded prototype OTAs to three companies, including Raytheon and Northrop Grumman.

MDA subsequently issued a request for prototype proposals (RPP) to Raytheon and Northrop to continue technology development. After evaluating proposals from both companies, MDA selected Northrop to continue GPI development. In making that decision, MDA noted that Northrop's effort was "expected to lead to a follow-on development and production contract."[12]

Raytheon filed a bid protest in the COFC to challenge MDA's evaluation of prototype proposals and its decision to select Northrop. In response, the government moved to dismiss Raytheon's protest on several grounds, including that it did not fall within the bid protest jurisdiction of the COFC under the Tucker Act.

After synthesizing the existing OTA bid protest jurisprudence, Judge Bonilla attempted to develop a "predictable jurisdictional framework" and "working definition" for determining whether an OTA falls within the COFC's Tucker Act jurisdiction.[13]

Under that definition, the COFC has jurisdiction to decide protests challenging OTAs that constitute "an acquisition instrument other than a traditional procurement vehicle intended to provide the government with a direct benefit in the form of products or services."[14]

Judge Bonilla's framework focuses on "the federal agency's immediate endgame" and whether it is "seeking to acquire a specific product or service and directing or otherwise facilitating its generation and production."[15]

Critically, it did not matter for purposes of determining jurisdiction that "MDA had not yet formally committed to purchasing an end product from Northrop Grumman or any other successful prototype developer."[16]

Instead, the COFC determined that it had jurisdiction to decide Raytheon's protest based on MDA's "demonstrated intent, actions to date, and intentions moving forward," all of which suggested that it planned to award a follow-on production contract to Northrop if its solution was successfully proven.[17]

Telesto Group, LLC v. United States

The *Telesto* decision involved a challenge to the Army's Enterprise Business System-Convergence (EBS-C) program initiated under DoD's OTA authority. The prototype phase of the EBS-C program was conducted through a series of seven competitive steps after which the successful participant could receive a follow-on production contract.

Telesto was eliminated after phase six and the Army invited only Accenture Federal Services, LLC to proceed to the seventh and final step of the prototype phase. Telesto subsequently challenged various aspects of the Army's conduct of the prototype phase that led to Accenture's selection.

First, Telesto alleged that the Army failed to detect that Accenture "faked a key component of its technological demonstration at step 4."[18]

Second, Telesto claimed that "the Army changed the requirements for the key technological demonstrations at step 5," making it easier for Accenture to meet the new requirements.[19]

Finally, Telesto alleged that the Army violated the OTA statute because Accenture's team did not include "at least one nontraditional defense contractor … participating to a significant extent in the prototype project."[20]

Unlike Judge Bonilla in *Raytheon*, Judge Hertling concluded that "[i]t is not enough that the agency contemplates a follow-on procurement at the outset of an OT for that project to be a proposed procurement subject to [the COFC's] jurisdiction."[21]

In Judge Hertling's view, "that stage is reached only when the prototype process is completed successfully, and the agency decides to move forward to procure the prototype."[22]

Thus, "[d]uring the performance of the prototyping phase of an OT," Judge Hertling determined that "there is an effective jurisdictional blackout" at the COFC.[23] This meant that the COFC had no authority to decide Telesto's allegation

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that Accenture faked the demonstration at step 4. The COFC did, however, find that it had jurisdiction to resolve Telesto's second and third claims.

The COFC reasoned that the EBS-C program became "a procurement or, at least, a proposed procurement" when the Army successfully completed the prototyping process and decided that it would acquire a prototype through a follow-on production contract. As a result, the COFC ruled that it could hear "challenges to the Army's compliance with applicable statutes."[24]

This included Telesto's challenge to the Army's compliance with the participation requirement for non-traditional defense contractors (NDCs). The COFC also held that it had authority to decide Telesto's allegation that the Army violated the terms of the Prototype Project Opportunity Notice (PPON), which set the ground rules for the competition.

The Army's alleged violation of the "PPON and other program-related documents" was within COFC's jurisdiction "because these documents are integral to the statutory and regulatory integrity of the OT."[25]

Judge Hertling opined that, "[w]hen the agency alters the terms of the competitive process during the OT, a court may review revisions and changes to ensure that they do not eliminate competitive procedures, and that the OT remains compliant with the applicable statutes and regulations."[26]

Ultimately, Telesto did not prevail on its claims. The COFC ruled that the Army reasonably concluded that NDCs participated to a "significant extent" in Accenture's prototype project as required under 10 U.S.C. § 4022(d)(1)(A). And, as to the claim that the Army violated the PPON by changing the requirements of step five, the COFC concluded that Telesto waived its claim by waiting until after the completion of step six to challenge those changes.

Even though the COFC had jurisdiction to decide a challenge to the PPON changes, Judge Hertling held that Telesto filed its claim too late under the *Blue & Gold* doctrine. That doctrine generally requires offerors to challenge the terms of a solicitation before the deadline for receipt of proposals instead of after award.

The Uncertain Road Ahead

There is no dispute that OTAs are subject to judicial review. The only question is where such challenges must be filed: COFC or federal district court. The split between *Raytheon* and *Telesto* creates precisely the type of forum uncertainty that Congress sought to eliminate when it terminated federal district court jurisdiction over bid protests in 2001.

Congress made the COFC the exclusive bid protest forum "to develop a uniform national law on bid protest issues and end the wasteful practice of shopping for the most hospitable forum."[27] That rationale should apply with equal force to OTA protests.

Contractors and agencies benefit from uniform, predictable rules and procedures administered by judges with specialized expertise in government contracts law. But if a "jurisdictional blackout" exists at

the COFC during the prototype phases of OTA projects, federal district courts across the country will begin to decide an increasing number of OTA bid protests.

Under framework adopted in *Telesto*, it is even conceivable that the same prototype OTA project could be subject to some bid protest allegations in the COFC and others in federal district court. This is not a workable long-term solution for judicial oversight of prototype OTA evaluations and awards.

Until the Federal Circuit or Congress provides definitive guidance, contractors face difficult strategic choices. The weight of existing authority favors COFC jurisdiction, at least where the prototype OTA contemplates the possibility of a follow-on production contract. However, contractors should prepare for the possibility that other judges may follow Judge Hertling's more restrictive approach to COFC jurisdiction during the OTA prototyping phase.

Contractors also must act timely to challenge prototype OTA ground rules to avoid waiver under *Blue & Gold*. If a PPON or similar document establishing the terms of the competition is somehow defective, contractors should file their challenge in the pre-award phases before any deadline to submit prototype proposals. **CM**

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The views expressed in this article are those of the author and do not necessarily reflect the views of Rogers Joseph O'Donnell or its clients. This article is for general information purposes and is not intended to be and should not be construed as legal advice.

ENDNOTES

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2 Raytheon Co. v. United States, 175 Fed. Cl. 281 (2025); Telesto Group, LLC v. United States, No. 24-1784, 2025 WL 1551279 (Fed. Cl. 2025).
3 Raytheon, 175 Fed. Cl. at 284; Telesto, 2025 WL 1551279, at *14
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6 28 U.S.C. § 1491(b)(1).
7 10 U.S.C. § 4022(f).
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9 Office of the Under Secretary of Defense for Acquisition and Sustainment, *Report to Congress on the Use of Other Transaction Authority for Prototype Projects In FY 2022, at 3, 8 (April 2023).*
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WEATHERING CHANGE

Turning Uncertainty Into Opportunity: Coping With Change

BY STEPHANIE LEMAITRE, CFCM, PMP

"Change is the only constant," is a paraphrased quote from the famous Greek philosopher Heraclitus of Ephesus, who was known for his doctrine of change being central to the universe.[1]

Now, nearly 2,500 years later, the wisdom of this quote feels particularly significant for the contract management community, as we face significant advancements in technology coupled with unprecedented changes in the federal government and procurement policies, impacting our career field and workplaces in extraordinary ways.

From the Fourth Industrial Revolution[2] transforming the way we work, with momentous developments in artificial intelligence (AI), quantum computing, and other technological innovations, to the new presidential administration's priorities and executive actions impacting our daily work lives through agency restructures, contract terminations, and the Revolutionary FAR Overhaul (RFO),[3] a constant state of change has become the new normal for us. As such, our ability to cope with change has never been more critical.

Despite our natural tendency to fear change, we must acknowledge that change is inevitable and we can either be set back by it or learn to embrace it. Read on for a step-by-step process for how to cope with change – and turn uncertainty into opportunity.

Step 1: Understanding and Acknowledging Change

The first step in coping with change is to recognize that emotional reactions are a natural response to change. Fear, anxiety and resistance are common emotions we feel when change occurs. To recognize emotional responses to change, you can practice:

- Validating your emotional responses without judgment – cultivate awareness of your emotions and practice self-compassion for having them.
- Utilizing techniques for processing difficult emotions – for example, speak with a close friend or co-worker, consult with a mentor, work with a professional coach, or spend time journaling.

Step 2: Reframing Your Mindset Around Change

After acknowledging your emotions in response to change, some of which may be negative, the next step is to practice reframing how you think about and react to the change. You may not be able to control your initial emotional response, but you can control how you deal with it. This includes:

- Viewing the change as an opportunity for growth – change can be catalyst for you to introduce creativity, new ideas, and process improvements.
- Practicing adaptability and flexibility – think "outside the box" and embrace operating in gray areas rather than applying black-and-white thinking.
- Identifying what is in your span of control – focus on what you can control (how you respond and adapt to change) and let go of what you can't control (external factors and the fact of change itself).

Step 3: Staying Informed and Connected to Optimize for Change

The fear response to change is intensified when we face a lack of information around the change. Although we can't

predict the future or know all the causes of change, staying informed and connected better positions us to adapt to change in a positive manner. To optimize for change, we can focus on:

- Staying up-to-date on new and evolving information – in today's environment of constantly evolving regulations and policies, there is no better time for you to utilize resources like NCMA and other professional organizations as reliable sources of information.
- Tapping into professional networks – stay on top of news and trends in a healthy manner, including making time for browsing news outlets, reading articles and blogs, and listening to podcasts; and utilize your support network, such as talking with co-workers, mentors, and allies going through similar transitions for ideas, input and advice.
- Being proactive in solutioning – in addition to doing your research, set aside time for strategic and bigger-picture thinking, using creativity and problem-solving skills to navigate changes individually and with teams.

Step 4: Prioritizing Self-Care

Change can challenge our ability to practice work-life balance and lead to emotional and physical burnout. Focusing on self-care during periods of intense change positions us to process and react to change in a more positive manner. Self-care can take many forms, which can include:

- Setting boundaries at work to manage time more effectively – learn to delegate or say no to optional activities/requests, opt out of meetings and refer to notes instead, and practice employing a "perfect is the enemy of done" mentality.
- Maintaining healthy routines – get adequate sleep, make time for exercise, eat nutritionally, stay hydrated, and plan breaks from your computer (this can include setting reminders to stand up, walk around, and/or get fresh air outside).
- Intentionally create time away from technology – silence and turn off your notifications, leave electronics including phones and watches at home/out of sight, disconnect from media, and spend time in nature.
- Taking time off – go on vacation, travel, engage in hobbies, utilize flex time, and be with your loved ones; take advantage of time out of/away from work to do the things you love.

Step 5: Developing New Skills and Contributing Positively to Change

Embracing change can create opportunities to grow and contribute in impactful ways. To make the most of change, we need to exhibit change – adapting and evolving – ourselves. This can include:

- Upskilling or reskilling – learning new skills and growing your current skills is critical in an increasingly DOGE-centric environment; from sharpening your technical skills to deepening your business acumen, your options for valuable professional development engagement are endless.
- Adopting a positive, solution-focused attitude – don't dwell on the problems, wasting time and effort on what we can't change; instead, focus your efforts on solutions to optimize for change and benefit from it.
- Being a role model by spearheading ideas for adapting to change – organizations value workers and leaders who can stay positive and focused through periods of change, creating work cultures that embrace innovation and creativity; be one of these leaders and set an inspiring example for others.

Conclusion

Although change can trigger fear and other negative emotions, we can choose to cope with change in a manner that allows us to remain resilient and seize opportunities to grow.

Growth often begins outside of our comfort zone – as the saying goes, "No pain, no gain." As we face a period of unprecedented change, we could all use a reminder of how to cope with change for personal growth and professional success. CM

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ENDNOTES

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FUNDAMENTALS OF CONTRACT MANAGEMENT

Organizational Conflict of Interest (FAR Part 9)

BY JIM KIRLIN, CPCM, CFCM, NCMA FELLOW

A guiding principle of the Federal Acquisition System is to conduct business with integrity, fairness, and openness (FAR 1.102(b)(3)). This includes conducting acquisitions free of organizational conflicts of interest. Part 9 Contractor Qualifications prescribes policies and procedures for identifying, evaluating and resolving organizational conflicts of interest. The chart below summarizes the policies and general rules for identifying, avoiding and mitigating conflicts of interest.

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Applicability (9.502)	The applicability of this subpart is not limited to any particular kind of acquisition. However, organizational conflicts of interest are more likely to occur in contracts involving: (1) Management support services; (2) Consultant or other professional services; (3) Contractor performance of or assistance in technical evaluations; or (4) Systems engineering and technical direction work performed by a contractor that does not have overall contractual responsibility for development or production. An organizational conflict of interest may result when factors create an actual or potential conflict of interest on an instant contract, or when the nature of the work to be performed on the instant contract creates an actual or potential conflict of interest on a future acquisition.
Contracting Officer Responsibilities (9.504)	Contracting officers shall analyze planned acquisitions in order to: (1) Identify and evaluate potential organizational conflicts of interest as early in the acquisition process as possible; and (2) Avoid, neutralize, or mitigate significant potential conflicts before contract award. The contracting officer shall award the contract to the apparent successful offeror unless a conflict of interest is determined to exist that cannot be avoided or mitigated.
General Rules (9.505)	Each contracting situation should be examined based on its particular facts and the nature of the proposed contract. The exercise of common sense, good judgment, and sound discretion is required in both the decision on whether a significant potential conflict exists and, if it does, the development of an appropriate means for resolving it. The two underlying principles are: (a) Preventing the existence of conflicting roles that might bias a contractor's judgment; and (b) Preventing unfair competitive advantage. In addition to the other situations described in this subpart, an unfair competitive advantage exists where a contractor competing for award of any federal contract possesses- (1) Proprietary information that was obtained from a government official without proper authorization; or (2) Source selection information (as defined in 2.101) that is relevant to the contract but is not available to all competitors, and such information would assist that contractor in obtaining the contract.