

Old vs. New Team Structures In Federal Contracting

OLD: PRIME/SUB



NEW: NETWORK/HUB



BASIC ORGANIZATION

Create a hierarchy

Organize the contract team like a military unit, in a top-down hierarchy with fixed lines of authority.

Build a network

Organize the contract team like a software project, in a collaborative network with fluid collaboration.

TEAMING STRATEGY

Lock in subordinates

Lock in subcontractors with legally-enforced exclusive deals. Use their qualifications to get work.

Free up teammates

Sign up member firms on a non-exclusive basis. Leverage their capabilities to do work.

TECHNOLOGY APPROACH

Protect proprietary systems

Keep out private-sector firms whose technology might displace contractors' old cash cows.

Build new and open systems

Invite in private-sector firms with technology that's useful in creating new, open systems.

OPERATIONAL METHOD

Aggregate the work

The prime contractor uses its position as team leader to aggregate work and maximize profits.

Assemble a team

The team lead positions itself to assemble "task teams" tailored to specific projects.

COST STRUCTURE

Pass on high costs

Large prime contractors typically have high overhead costs, which are passed on to the customer.

Reduce project costs

The team lead's operations require minimal overhead, which brings down project costs.