

# Subpart 17.4 - Leader Company Contracting

Parent topic: [Part 17 - Special Contracting Methods](#)

## 17.401 General.

Leader company *contracting* is an extraordinary *acquisition* technique that is limited to special circumstances and utilized only when its use is in accordance with agency procedures. A developer or sole producer of a product or system is designated under this *acquisition* technique to be the leader company, and to furnish assistance and know-how under an approved contract to one or more designated follower companies, so they can become a source of supply. The objectives of this technique are one or more of the following:

- (a) Reduce delivery time.
- (b) Achieve geographic dispersion of suppliers.
- (c) Maximize the use of scarce tooling or special equipment.
- (d) Achieve economies in production.
- (e) Ensure uniformity and reliability in equipment, compatibility or standardization of *components*, and interchangeability of parts.
- (f) Eliminate problems in the use of proprietary data that cannot be resolved by more satisfactory solutions.
- (g) Facilitate the transition from development to production and to subsequent competitive *acquisition* of end items or major *components*.

## 17.402 Limitations.

- (a) Leader company *contracting* is to be used only when-
  - (1) The leader company has the necessary production know-how and is able to furnish required assistance to the follower(s);
  - (2) No other source can meet the Government's requirements without the assistance of a leader company;
  - (3) The assistance required of the leader company is limited to that which is essential to enable the follower(s) to produce the items; and
  - (4) Its use is authorized in accordance with agency procedures.
- (b) When leader company *contracting* is used, the Government *shall* reserve the right to approve subcontracts between the leader company and the follower(s).

## **17.403 Procedures.**

(a) The *contracting officer* may award a prime contract to a-

(1) Leader company, obligating it to subcontract a designated portion of the required end items to a specified follower company and to assist it to produce the required end items;

(2) Leader company, for the required assistance to a follower company, and a prime contract to the follower for production of the items; or

(3) Follower company, obligating it to subcontract with a designated leader company for the required assistance.

(b) The *contracting officer* shall ensure that any contract awarded under this arrangement contains a firm agreement regarding disclosure, if any, of contractor trade secrets, technical designs or concepts, and specific data, or software, of a proprietary nature.