

## 35.006 Contracting methods and contract type.

(a) In R&D *acquisitions*, the precise specifications necessary for sealed bidding are generally not available, thus making negotiation necessary. However, the use of negotiation in R&D *contracting* does not change the obligation to comply with [part 6](#).

(b) Selecting the appropriate contract type is the responsibility of the *contracting officer*. However, because of the importance of technical considerations in R&D, the choice of contract type *should* be made after obtaining the recommendations of technical personnel. Although the Government ordinarily prefers fixed-price arrangements in *contracting*, this preference applies in R&D *contracting* only to the extent that goals, objectives, specifications, and cost estimates are sufficient to permit such a preference. The precision with which the goals, performance objectives, and specifications for the work can be defined will largely determine the type of contract employed. The contract type *must* be selected to fit the work required.

(c) Because the absence of precise specifications and difficulties in estimating costs with accuracy (resulting in a lack of confidence in cost estimates) normally precludes using fixed-price *contracting* for R&D, the use of cost-reimbursement contracts is usually appropriate (see [subpart 16.3](#)). The nature of *development* work often requires a cost-reimbursement completion arrangement (see [16.306\(d\)](#)). When the use of cost and performance incentives is desirable and practicable, fixed-price incentive and cost-plus-incentive-fee contracts *should* be considered in that order of preference.

(d) When levels of effort can be specified in advance, a short-duration fixed-price contract *may* be useful for developing system design concepts, resolving potential problems, and reducing Government risks. Fixed-price *contracting* *may* also be used in minor projects when the objectives of the research are well defined and there is sufficient confidence in the cost estimate for price negotiations. (See [16.207](#).)

(e) Projects having production requirements as a follow-on to R&D efforts normally *should* progress from cost-reimbursement contracts to fixed-price contracts as designs become more firmly established, risks are reduced, and production tooling, equipment, and processes are developed and proven. When possible, a final commitment to undertake specific product *development* and testing *should* be avoided until-

(1) Preliminary exploration and studies have indicated a high degree of probability that *development* is feasible and

(2) The Government has determined both its minimum requirements and desired objectives for product performance and schedule completion.

**Parent topic:** [Part 35 - Research and Development Contracting](#)