915.404-4720 Weighted guidelines system.

(a) To properly reflect differences among contracts and the circumstances relating thereto and to select an appropriate relative profit/fee in consideration of these differences and circumstances, weightings have been developed for application by the contracting officer to standard measurement bases representative of the prescribed profit factors cited in 48 CFR 15.404-4(d) and paragraph (d) of this section. This is a structured system, referred to as weighted guidelines. Each profit factor or subfactor, or component thereof, has been assigned weights relative to their value to the contract's overall effort. The range of weights to be applied to each profit factor is also set forth in paragraph (d) of this section. Guidance on how to apply the weighted guidelines is set forth in 915.404-4780.

(b) Except as set forth in 915.404-4740, the weighted guidelines shall be used in establishing the profit objective for negotiation of contracts where cost analysis is performed.

(c) The negotiation process does not contemplate or require agreement on either estimated cost elements or profit elements. Accordingly, although the details of analysis and evaluation may be discussed in the fact-finding phase of the negotiation process in order to develop a mutual understanding of the logic of the respective positions, specific agreement on the exact weights of values of the individual profit factors is not required and need not be attempted.

(d) The factors set forth in the following table are to be used in determining DOE profit objectives. The factors and weight ranges for each factor shall be used in all instances where the weighted guidelines are applied.

Profit factors	Weight ranges (percent)
I. Contractor Effort (Weights applied to cost):	
a. Material acquisitions:	
(1) Purchased parts	1 to 3.
(2) Subcontracted items	1 to 4.
(3) Other materials	1 to 3.
b. Labor skills:	
(1) Technical and managerial:	
(a) Scientific	10 to 20.

Profit factors	Weight ranges (percent)
(b) Project management/administration	8 to 20.
(c) Engineering	8 to 14.
(2) Manufacturing	4 to 8.
(3) Support services	4 to 14.
c. Overhead:	
(1) Technical and managerial	5 to 8.
(2) Manufacturing	3 to 6.
(3) Support services	3 to 7.
d. Other direct costs	3 to 8.
e. G&A (General Management) expenses	5 to 7.
II. Contract Risk (type of contract-weights applied to total cost of items I.a. thru I.e.)	0 to 8.
III. Capital Investment (Weights applied to the net book value of allocable facilities)	5 to 20.
IV. Independent Research and Development:	
a. Investment in IR&D program (Weights applied to allocable IR&D costs)	5 to 7.
b. Developed items employed (Weights applied to total of profit $ for items I.a. thru I.e.)	0 to 20.
V. Special Program Participation (Weights applied to total of Profit $ for items I.a. thru I.e.)	−5 to +5.

Profit factors	Weight ranges (percent)
VI. Other Considerations (Weights applied to total of Profits $ for items I.a. thru I.e.)	−5 to +5.
VII. Productivity/Performance (special computation)	(N/A).

Parent topic: Subpart 915.4—Contract Pricing