Preface

This report describes a review of the economics and business management literatures on issues related to outsourcing. It discusses recommendations regarding the selection of activities for outsourcing and, given the decision to outsource, how to structure contracts and manage buyer/seller relationships. It should be of interest to managers and analysts concerned with support matters in the Air Force, especially those involved with outsourcing and privatization, and to support services managers and contracting officials in the other military departments and in the Office of the Secretary of Defense.

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Project AIR FORCE

Project AIR FORCE, a division of RAND, is the Air Force federally funded research and development center (FFRDC) for studies and analyses. It provides the Air Force with independent analysis of policy alternatives affecting the development, employment, combat readiness, and support of current and future aerospace forces. Research is performed in three programs: Strategy and Doctrine, Force Modernization and Employment, and Resource Management and System Acquisition.

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