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Notes from the Administrator

March 2011

Strengthening our Acquisition Workforce

As you know, if you've read a prior edition of Notes from the Administrator or heard me speak, strengthening the federal acquisition workforce so we can get the best deals for the American taxpayers is our Number 1 priority. The additional hiring that our agencies have been doing over the past two years (finally!) has helped us to cut contracting costs for the first time in more than a decade. But numbers are not enough—as I've heard from you again and again, we need to improve the training that we provide to our acquisition professionals. In that connection, I want to report to you on three meetings I had recently that I found very encouraging.

Over the past several weeks, I met with Donna Jenkins, the recently appointed Director of the Federal Acquisition Institute (FAI); Katrina McFarland, the recently installed President of the Defense Acquisition University (DAU); and Col. Harry Dorsey, USA (Ret.), and Dr. Linda Brandt from the National Defense University's Industrial College of the Armed Forces (ICAF), where Harry is the Dean of Faculty and Academic Programs and Linda is the Distinguished Professor and Chair of the Department of Acquisition. What I heard from Donna and Katrina was enthusiasm for their new roles and a commitment to ensuring that the training provided to our acquisition workforce is up-to-date, relevant, and user-friendly. They also both underscored the need to ensure that our CORs/COTRs receive more and better training—a point of special focus for us in OFPP, as we work to improve acquisition planning and contract management. Harry and Linda described the curriculum that ICAF provides to the hundreds of participants in their year-long Master's degree program for selected senior military officers, civilian officials (from DoD and other agencies), and others, and it was music to my ears: every participant must study acquisition, alongside courses in military strategy, economics, and other key subjects. In short, all these leaders were demonstrating a real commitment to mainstreaming acquisition and strengthening our acquisition training, including training people who in years past might not have been thought of as part of the acquisition world at all.

Strategic Sourcing Update: Progress Made, Much Work Remains

Our colleagues at GSA, along with Jack Kelly of OFPP, have been reporting to me regularly on the recent progress, as well as the ongoing challenges, in the effort to maximize the benefit of GSA's office supplies strategic sourcing effort, labeled OS2 (you'll also see it labeled 'FSSI', because it is part of our federal strategic sourcing initiative). Weekly sales reports show that use

of the 15 blanket purchase agreements (BPAs) that are the vehicle for OS2 has risen dramatically over the past few months. I was delighted to see a few days ago that the shortest month of the year, February, produced the highest dollar use so far. VA, the Navy, and DHS have been especially big users of the OS2 BPAs, which means that their agencies have saved more than other agencies, some of whose employees are still paying the higher schedule prices – or even retail prices – when they buy office supplies. We are on track to get more than \$150 million of sales pushed through these vehicles this year, but we want to drive that much higher—which will get us even deeper discounts, as sales exceed thresholds set in the BPAs. Please contact GSA or Jack if you see problems or barriers to use, and do your part to get your colleagues to use these vehicles. Jack can be reached at jkelly@omb.eop.gov or (202) 395-6106.

Why does strategic sourcing matter? Because it's a flagship element in our 'buying smarter' strategy – and, more fundamentally, because in tough budgetary times, we need to spend every dollar wisely, including when we're buying paper, toner, and other office supplies. In the upcoming months, you can expect to see GSA rolling out strategic sourcing efforts for wireless services, software licenses, and other commodities, as GSA and their partners across the government apply the lessons of what we're learning: do in-depth research, including through meetings with industry, to understand the market; work closely with user agencies to be sure the contracts meet the users' needs and provide the best prices and terms & conditions available anywhere; and ensure that the government will get good data so agencies can better manage the use of those commodities.

'Myth-busting': Opportunities and Challenges

Our campaign to encourage more communication between agencies and industry continues apace, and we are hearing lots of support—from vendors, the Hill, the press, and agencies. We all recognize that what's at issue is a cultural change more than anything else. As I've heard from many people in our agencies, this can be more challenging for the acquisition workforce than people in industry appreciate. I've shared with industry the concerns that many of our acquisition professionals have raised with me: our people are often overwhelmed with work demands, so that additional meetings with company representatives can seem like a luxury we just don't have time for. I've told contractors that they need to be sure that any meetings with government officials actually help the government understand the market better, to help the government define its requirements better – taking up our people's time with marketing is not going to be a good use of our time.

That said, I'd urge you to look for opportunities for more communication with vendors, tailored to obtain the maximum benefit for your agency. It can be through one-on-one meetings with companies before you issue a solicitation, or using a draft solicitation to get industry feedback, or whatever makes sense for you and your agency. Post-competition feedback to industry can also

help the government. Despite the constraints of time, sharing information with vendors about why they lost a competition can help them offer us something better next time—and that's true even when a full-fledged debriefing is not required. Obviously, you'll want to work closely with your agency counsel, but sharing more information with a company that spent the time and money to compete for government work can help us get a better offer next time, and we encourage you to view the debriefing rules in the FAR as the minimum amount that you can share, not the maximum.

Changes to the FAR

On March 16th, Federal Acquisition Circular (FAC) 2005-50 was published in the Federal Register. The FAC incorporates a number of changes to the FAR, including:

- An interim rule providing regulatory guidance on the proper use and management of all contracts, with a specific focus on cost-reimbursement contracts;
- An interim rule mandating enhanced competition for orders placed under multiple-award contracts, including GSA's Federal Supply Schedules and Blanket Purchase Agreements;
- An interim rule requiring a published justification and approval for any sole-source contract in an amount exceeding \$20 million under the 8(a) program authority;
- A final rule that requires that market research be conducted before an agency places a task- or delivery-order in excess of the simplified acquisition threshold under an ID/IQ contract, and also requires that prime contractors on contracts valued at more than \$5 million conduct market research before awarding subcontracts that exceed the simplified acquisition threshold; and
- An interim rule (sometimes called the “parity rule”) that amends the FAR to implement the Small Business Jobs Act of 2010 provision allowing a contracting officer to use discretion when determining whether an acquisition will be restricted to the 8(a), HUBZone, or SDVOSB programs.

For more details about any of these items, the FAC can be accessed here:

<http://www.federalregister.gov/articles/2011/03/16/2011-5551/federal-acquisition-regulation-federal-acquisition-circular-2005-50-introduction>.

Please keep those emails and postcards coming!

We encourage the CAOs and SPEs to share these Notes widely, but we don't know who actually gets them. If you're a contracting officer, contract specialist, or COR/COTR and you're willing to take a moment to send me an email telling me you've read this, I'd be really grateful. The address is dgordon@omb.eop.gov. It can just be a one-liner saying “Dan, I read the March

Notes.” Nothing would make us happier than getting thousands of emails like that – go ahead, fill my mailbox! If you’re willing to take the time to give feedback, that’d be even more appreciated: suggestions, criticism (gentle, please), and ideas are all welcome.

That’s it for this month, but I want to close by saying thanks for everything that you do to ensure that our agency customers’ needs are met and our citizens’ tax dollars are prudently spent.



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