

ACQUISITION ADVISORY PANEL

Meeting Minutes

April 21, 2006

White House Conference Center

Washington, D.C.

The Acquisition Advisory Panel (AAP) convened its twentieth public meeting on April 21, 2006 in the Truman Room of the White House Conference Center (WHCC), Washington, D.C. Ms. Marcia Madsen, Chair of the AAP, opened the meeting at approximately 10:10 AM.

The guest speakers and affiliations were as follows:

Tony Scott	Senior VP and CIO, Walt Disney Company	No Attachment
Frank Camm	Senior Economist, Rand Corporation	Attachment 1

The Working Group updates were as follows:

Ty Hughes	Commercial Practices	No Attachment
Tom Luedtke	Appropriate Role of Contractors Supporting the Government	No Attachment
Joshua Schwartz	Acquisition Workforce	Attachment 2

The Designated Federal Officer, Laura Auletta, called the roll. The following Panel members were present:

Mr. Louis M. Addeo
Mr. Frank J. Anderson, Jr. (left at lunch break)
Dr. Allan V. Burman
Mr. David Drabkin
Mr. Jonathan Lewis Etherton
Mr. James A. (Ty) Hughes, Jr.
Mr. David A. Javdan (arrived at 11:14 AM)
Ms. Deidre A. Lee
Mr. Thomas Luedtke (arrived at 12:45 PM)
Ms. Marcia G. Madsen
Mr. Joshua I. Schwartz
Mr. Roger D. Waldron (arrived at 12:29 PM)

The following Panel members were not in attendance:

Mr. Carl DeMaio
Mr. Marshall J. Doke, Jr.

Ms. Madsen recused herself for the next presentation and delegated the Chair to Dr. Allan Burman.

Dr. Burman welcomed Mr. Tony Scott, the Senior Vice President and Chief Information Officer (CIO) at The Walt Disney Company. Burman explained that Mr. Scott previously held high profile positions at General Motors Corporation, Bristol-Myers Squibb, Marriott International, Inc., Sun Microsystems and PriceWaterhouse Coopers.

Mr. Scott conveyed his appreciation for the invitation to speak and the efforts of panels such as the AAP. He explained that his comments were not associated with Disney or any one business entity, but were a summary of his experiences across multiple companies over several years, and would be presented from his perspective as a CIO. Mr. Scott stated that procurement is one part of the life cycle of managing technology and it should be closely linked with managing the total costs of goods and services procured, consumed or replaced, meaning, in this case, switched for something else. Information Technology (IT) is particularly vulnerable to major transitions and there is always a cost associated where there is a switch. The expectation, he said, is that the transition brings some new benefits.

Mr. Scott informed the Panel, that in his experience, there has been a significant change in the IT environment and the types of services procured. He stated that businesses are consuming more services and relying more upon collaboration with other companies to achieve business results. In large commercial firms, he advised, procurement occurs within the context of a strategic supplier program, the first objective being getting value for the price and receiving it timely. Other attributes such as quality are obviously also important, but Mr. Scott reported that “speed” is closing in on price when evaluating suppliers and their capabilities. “Time to market in our world is absolutely critical,” he said.

Mr. Scott explained that key IT suppliers are rated on fourteen different criteria upon which Disney issues a scorecard that has a deep impact on the relationship with a supplier, as it informs the supplier of its performance in providing goods and services, as well as how performance is perceived by the major consumers within the prime organization. Disney holds an awards luncheon every six months, where the top rated supplier is announced. He advised that executive sponsors from the suppliers are present, and all are concerned with the reasons they were not number one. Mr. Scott reported that over time, the effect of this process is a significant upgrading of the quality and resources devoted to the business relationship.

The IT organization works with the procurement organization to develop an annual plan of objectives and goals based on projected major spend activity, sourcing activities, and early targeted savings or improvements, Mr. Scott related. Knowledge of the market and specialists who know and understand major market moves and price inflections, as well as other activity that may impact procurement patterns are essential. Companies often use consulting organizations for this expertise, he added. A second element, he continued, is the relationship between company resources expended in pursuit of a single procurement, versus the benefit achieved. He advised that after measuring for a year, some activities yielded a disproportionate amount of time spent to benefit realized, and his company realigned its annual plan and procurement activities’ focus accordingly. That alignment, he offered, included shortening process cycles, such as the elimination of multiple rounds of negotiations.

In response to requests from several Panel members to elaborate, Mr. Scott discussed developing standard terms and conditions by business segment, whereby suppliers are required to agree to the terms prior to consideration. He admitted that there were only a few exceptions based on other business relationships, and that this practice is increasing among large businesses. He explained that the exercise has also been applied to requests for proposals (RFPs), and reducing variations has lowered pursuit costs. Mr. Scott discussed a General Motors example regarding speed to market and shortening process cycles in the product development/design of cars.

He emphasized that there no longer is a separation between the business of IT and the business of the company as goals are increasingly intertwined. Suppliers have realized that providing services, along with the hardware and software, delivers better value to the customer. One of the key criteria to becoming a strategic supplier is a willingness to make an investment on new opportunities, solely, or as a co-investor with the prime, Mr. Scott explained. He went on to say that suppliers are added to or deleted from the list based on performance and other criteria and they compete amongst each other. He recommended keeping the strategic supplier list to a manageable number because having too many suppliers decreases their investment commitment.

Mr. Scott addressed a question about Disney soliciting cost information from vendors, by explaining that although there were a few cases, he has found little benefit overall. Disney has instead, he offered, focused on a higher level of rolled up prices and total life cycle costs, whereby competition at that level becomes the basis for selection.

Mr. Scott was asked a question regarding competition among strategic suppliers, to which he replied, “we do very little in the form of sole source or noncompetitive bidding and it’s a key element of our strategy. . . [w]e focus on competition as a key element.” He went on to explain how Disney manages its services vendors and its goals of building relationships, while at the same time obtaining competition.

In response to a question on tracking and measuring, Mr. Scott advised that although notional at this point, Disney will track and measure advisory service categories differently, subject to whether they are strategy-based, labor-based or software development activities. They intend, he explained, to look at total cost, on-time percentages, and a few subjective quality measures for the strategic level. For labor-based services, they will evaluate objective measures, such as conformance to rates and time-to-fill roles. He concluded that software development projects would include a host of objective measures as well as the subjective scorecard.

Panel Chair, Marcia Madsen, resumed the meeting after a short recess and introduced Mr. Frank Camm, a Senior Economist at Rand Corporation, who was accompanied by a colleague and author, Laura Baldwin.

Mr. Camm acknowledged that much of the previous presentation by Mr. Scott was consistent with the studies performed by Rand. He explained that Rand Corporation has worked on a wide range of service contracts for the Department of Defense over the last 15 years and focused on how the best commercial practices could be adopted. The company has found, he informed the Panel, that there are two key differences between commercial and Government activities that require consideration before adapting a practice - values and capabilities. The Government and the commercial sector have very different interpretations of integrity, equity and efficiency, and

their relative value; as well as differences in the kinds of incentives, information systems, and demographics available to each of them.

It is critical, he cautioned, that prior to the Government adopting and benchmarking commercial practices, it ensures that the sourcing-related workforce possess the appropriate skills. He explained the role of metrics in competition, where translating requirements into specifications and, specifications into source selection criteria, and ultimately into incentives, leads to a particular choice. At this point, Mr. Camm said, Rand found that collaboration becomes important and metrics are looked at differently. He provided an example regarding total ownership costs and identifying the processes used, and said that the term is defined differently within the Government and commercial world, suggesting that benchmarking could assist in clarifying interactions between the two. An integral part of benchmarking, aside from the analytical skill to apply it, is to have the process in the organization in order to adopt the change in practice. He stated that, when talking to companies, Rand found that benchmarking was used to decide whether to acquire outside services, whether a price was fair, whether to make an award fee, and whether to extend a contract. He stated that companies used benchmarking which limited competition, validated by the Disney example provided earlier, regarding a sophisticated narrowing of the range of available competitors.

Mr. Camm cautioned that there was a tradeoff in limiting competition and building the collaboration. The advantage of formal competition, he offered, is transparency. Transparency, he stated, is much more important in the Federal Government. It imposes strong incentives for vendors to tell the truth, protecting goals of integrity and fairness, but it also imposes costs. When trying to create a collaborative agreement between the buyer and seller, where long-term investments are made for critical strategic purchases, competition can potentially get in the way. Commercial companies utilize sophisticated partnerships that rely heavily on analysis and benchmarking to be effective, using formal competition as the trade-off.

Mr. Camm again addressed the need for a skilled workforce. He said that commercial companies have already acknowledged that teams with more highly skilled and diversified workforce, are required to effectively manage the sophisticated partnerships. The Government, to some degree, also shifted its workforce, by automating transaction-related activities and conducting just-in-time training. Workforce shaping, he said, will require additional training and hiring people with a different set of educational skills.

Mr. Camm summarized his points in relation to FAR Part 12 guidance and agreed with Panel Member David Drabkin when Mr. Camm added that FAR Part 12 was not intended to be a stand-alone requirement. Mr. Drabkin expounded that acquisition planning in FAR Part 7 provided for market research, requirements analysis, and other drivers to determine the appropriate process to purchase. FAR Part 12 applies once the decision to buy commercially has been made, he added. He also suggested that Mr. Camm's presentation centered on the adequacy of planning and not the inadequacies within FAR Part 12, to which Mr. Camm agreed.

Ms. Madsen thanked Mr. Camm for his presentation, recessed the meeting for lunch at 12:28 PM, and reconvened at 1:16 PM.

Ms. Madsen mentioned the remaining scheduled public meetings of May 18th and 31st, June 14th, and July 7th and 21st and suggested that additional meetings would most likely be necessary. She asked the Working Groups to present status reports.

Co-Chair of the Acquisition Workforce Working Group (AWWG), Professor Joshua Schwartz, opened his presentation with a tentative timeline for submission of the Working Group's recommendations. He targeted the May 31st meeting for a presentation of its Findings, and the June 14th meeting for the Draft Recommendations. He stated that it has become painfully apparent that the current demands of the Federal procurement system are markedly different in their scale and type from those faced by the acquisition workforce in the early 1990s and those needed for the future. There has been a dramatic expansion in the dollar volume of Federal procurement since Sept. 11, 2001, and an increase in service contracting, he advised. He reiterated the finding that performance-based contracting, interagency contracting, and commercial practices place unique demands on the Federal acquisition workforce, creating issues for procurement competency. Professor Schwartz informed the Panel that testimony and anecdotal evidence suggest that a significant gap exists between the demands on the acquisition workforce and its capabilities, to include size. He elaborated that as the AWWG explored the data, it determined that it would be impossible to make rigorous statements about workforce staffing levels across the Federal government because definitions of acquisition workforce have changed over time, and the collection of such data was inconsistent among the agencies. With the assistance of a contractor to collect and analyze the available data, the AWWG can support a concern that the workforce has not kept pace with the demands, and that the trends are murky and complex.

The Working Group's consensus of areas to consider is as follows:

1. **Data Collection:** Assure, going forward, that consistent and sensible definitions of the acquisition workforce are in place for consistent measurement and reasonable trend analysis.
2. **Qualitative Assessment:** Institutionalize measures that go beyond counting the workforce to measuring successful performance.
3. **Human Capital Planning:** Institutionalize as an essential management element.
4. **Demand Analysis and Gap Analysis:** Undertake serious and consistent efforts to determine kind, numbers, and capabilities of the workforce, and to seek needed resources to hire and train.
5. **System-wide Workforce Incentives:** Create attractive career paths in an increasingly unified acquisition workforce.
6. **The Real and Ideal:** Budget constraints versus total investment in the workforce. Looking to keep forward momentum to achieve as much as possible within available resources.

In response to a question by Panel Member Deidre Lee suggesting these observations were not unique to the acquisition workforce, Prof. Schwartz replied that the AWWG would focus only on

the acquisition workforce versus all of human capital planning Government-wide. He suggested that many of the reforms of the 1990s resulted in workforce changes. Panel Member David Drabkin further suggested that the dynamic of downsizing, to some degree, caused some of the reforms to be enacted, enabling agencies to meet the mission with fewer resources. Ms. Madsen reminded Professor Schwartz that additional recommendations to be considered may result from the other Working Groups as they formalize their findings and recommendations in the upcoming weeks.

Tom Luedtke, Chair of the Appropriate Role of Contractors Supporting Government Working Group (ARWG), provided a status report for that Group. He suggested that the ARWG would present its draft findings and recommendations on June 14th and July 7th, after completing additional interviews scheduled over the next week.

Ty Hughes, Co-Chair of the Commercial Practices Working Group (CPWG) advised the Panel that a 55-page document discussing the history of commercial items, legislation and regulations was posted to the AAP web site. He invited comments and changes from the Panel, informed them that the Working Group was meeting weekly and was focused on five areas: best commercial practices, Government in the commercial practices area, possible statutory and regulatory changes, competition, and improving commercial buying practices in the Government. Although not formulated yet, he advised that recommendations will most likely address the statutory definition of commercial items and services, requirements for competition, pricing and other than cost or pricing data, time and materials contracts, and standardized terms and conditions.

Ms. Madsen suggested holding an administrative meeting within the next week, giving Laura Auletta responsibility to schedule. In closing, Ms. Madsen extended her appreciation to the Panel members and those individuals supporting them.

The Chair adjourned the twentieth Acquisition Advisory Panel meeting at 1:56 PM.

I hereby certify that, to the best of my knowledge, the foregoing minutes of the April 21, 2006, AAP public meeting are accurate and complete.



JUL 17 2006

Ms. Marcia Madsen
Chair
Acquisition Advisory Panel



PROJECT AIR FORCE

Attachment 1

***Federal Agencies Can Adapt Best
Commercial Practice to Improve Their
Acquisition of Services***

Frank Camm

RAND Project AIR FORCE

21 April 2006

Since 1992, RAND Has Gained Insights from a Broad Range of Sourcing Policy Studies

Topics

- **Aligning sourcing policy to strategic goals**
- **Planning for and executing**
 - Performance-based services acquisition
 - Public-private competition
 - Quality-based purchasing, supplier management, strategic sourcing
- **Choosing partners; designing and sustaining partnerships**
- **Bundling/packaging**
- **Aligning sourcing policy to small business priorities**
- **Workforce development**
- **Government agency adaptation, implementation of best practice**

Sponsors (in approximate order of level of support)

- **Air Force**
- **Army**
- **OSD**
- **Navy**
- **Others (Coast Guard, DLA, Marine Corps, NGA, NSA, etc.)**

Activities

- **Logistics**
- **Facility management**
- **Business, personal services**
- **Support of deployed forces**
- **Information technology**

We Highlight the Following Topics to Promote a Useful Discussion Today

- **Adapting best commercial practice (BCP)**
- **What best commercial practice is**
- **Metrics, benchmarking, and governance**
- **Education, training, and personnel management**
- **FAR Part 12 and real commercial practice**

RAND Seeks to Improve Federal Sourcing Policy by Adapting Best Commercial Practice

Why focus on best *commercial* practice?

- Innovation tends to occur in the private sector first because (1) it is large and (2) uses higher-powered incentives
- The best service providers seek buyers who use best commercial practices

Why *adapt* successful practices?

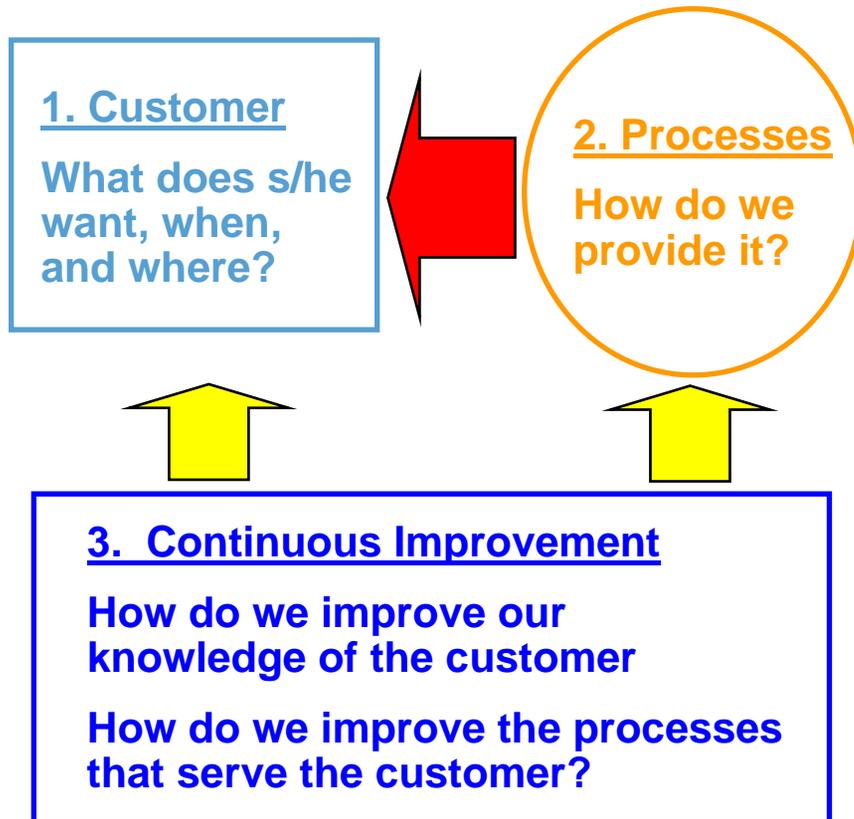
- Differences in relevance of *
 - integrity
 - equity
 - efficiency
- Differences in capabilities:
 - incentive systems
 - information systems
 - demographics of work force
 - flexibility to redeploy displaced resources

* *Kelman, Procurement and Public Management, 1990*

Road Map

- Adapting best commercial practice (BCP)
- What best commercial practice is
- Metrics, benchmarking, and governance
- Education, training, and personnel management
- FAR Part 12 and real commercial practice

BCP Aligns Customers to Processes and Continuously Improves Resulting System



1A. Who is the customer?

1B. What does the customer want?

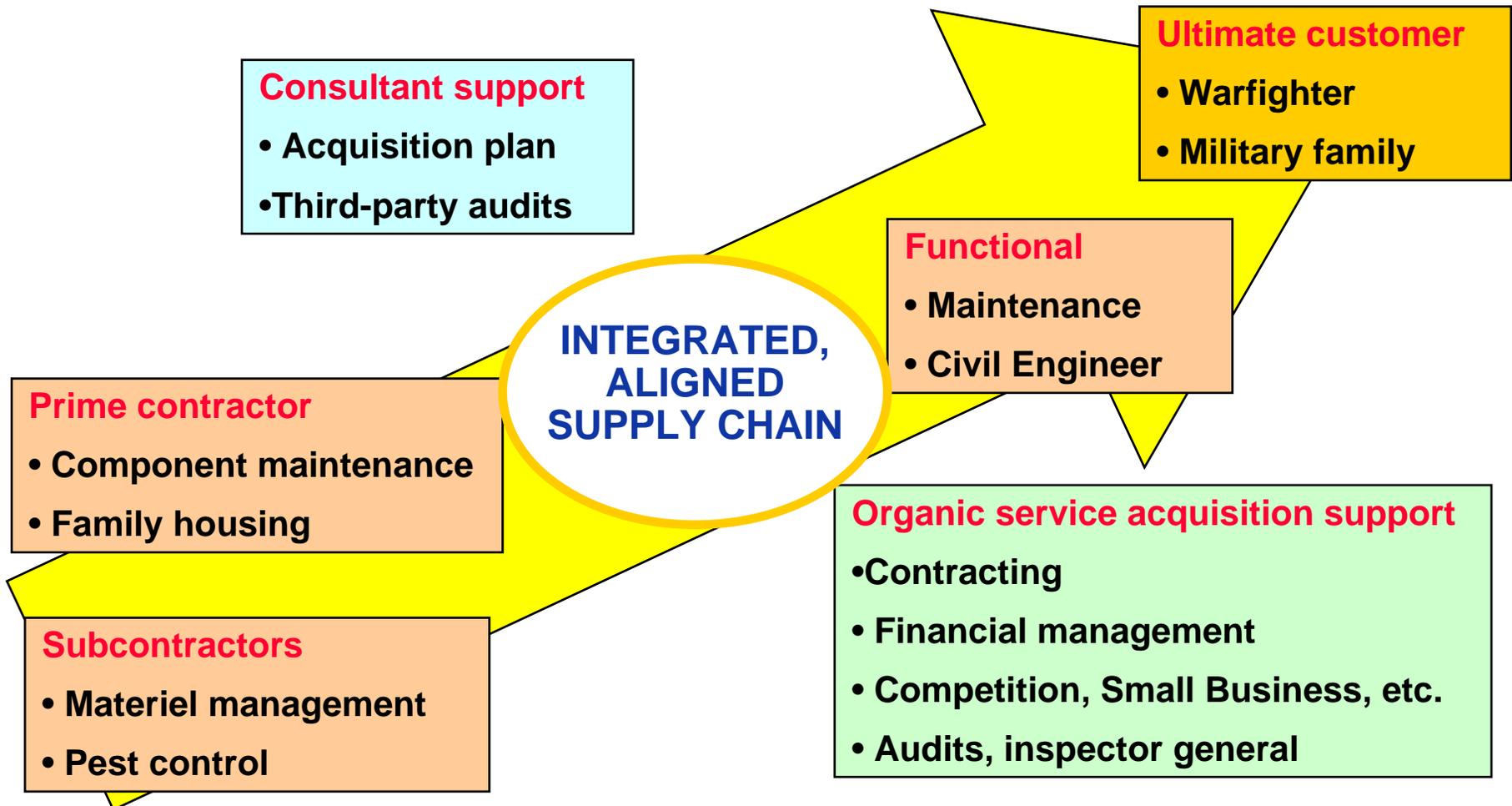
2A. What processes do we use to service the customer?

2B. How are those processes linked and coordinated?

3A. What can we do to please the customer more?

3B. How can we make it easier to please the customer?

BCP Aligns Final Customer to All Relevant Internal, External Supporting Processes



Successful Commercial Use Identifies Many “Best” Sourcing Practices Today (1 of 2)

- **Identify core competencies; review all other activities for potential outsourcing**
- **Elevate Chief Procurement Officer (CPO); treat sourcing more strategically**
- **Use metrics based on organization-wide goals to measure sourcing success**
- **Use "total ownership cost" to measure effects on cost**
- **Use multifunctional teams to develop sourcing policy, decisions**
- **Use strategic criteria to segment how products are acquired**

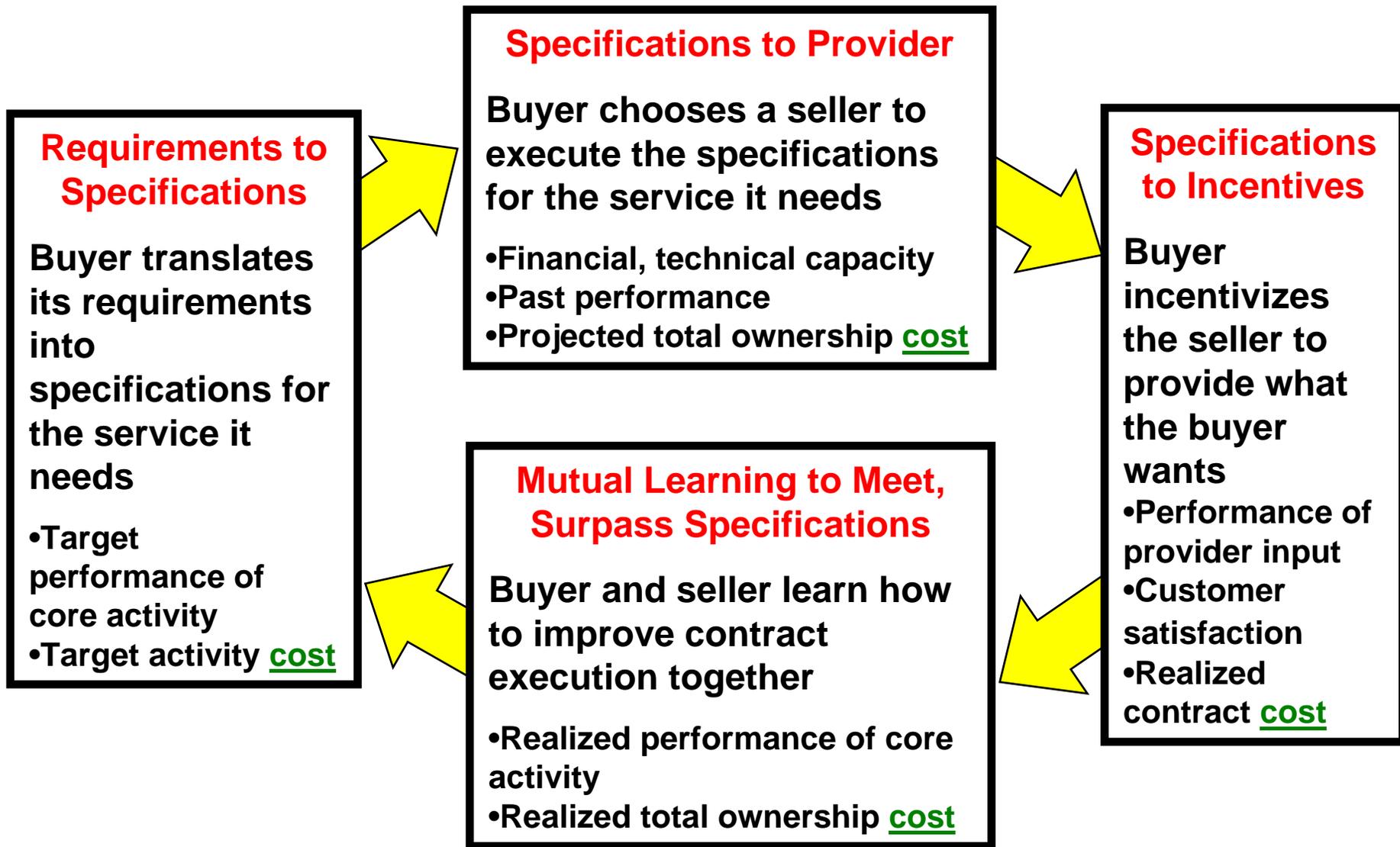
Successful Commercial Use Identifies Many “Best” Sourcing Practices Today (2 of 2)

- **Substitute purchase cards, automation for simple sourcing decisions**
- **Make major sourcing decisions on the basis of strategy, not cost or formal competition**
- **Reduce the number of providers; manage those who remain strategically**
- **Substitute benchmarking and TQM-based standards for competition where appropriate**
- **Write performance-based, not process-based, statements of work, objectives**
- **Upgrade the skills of sourcing-related personnel**

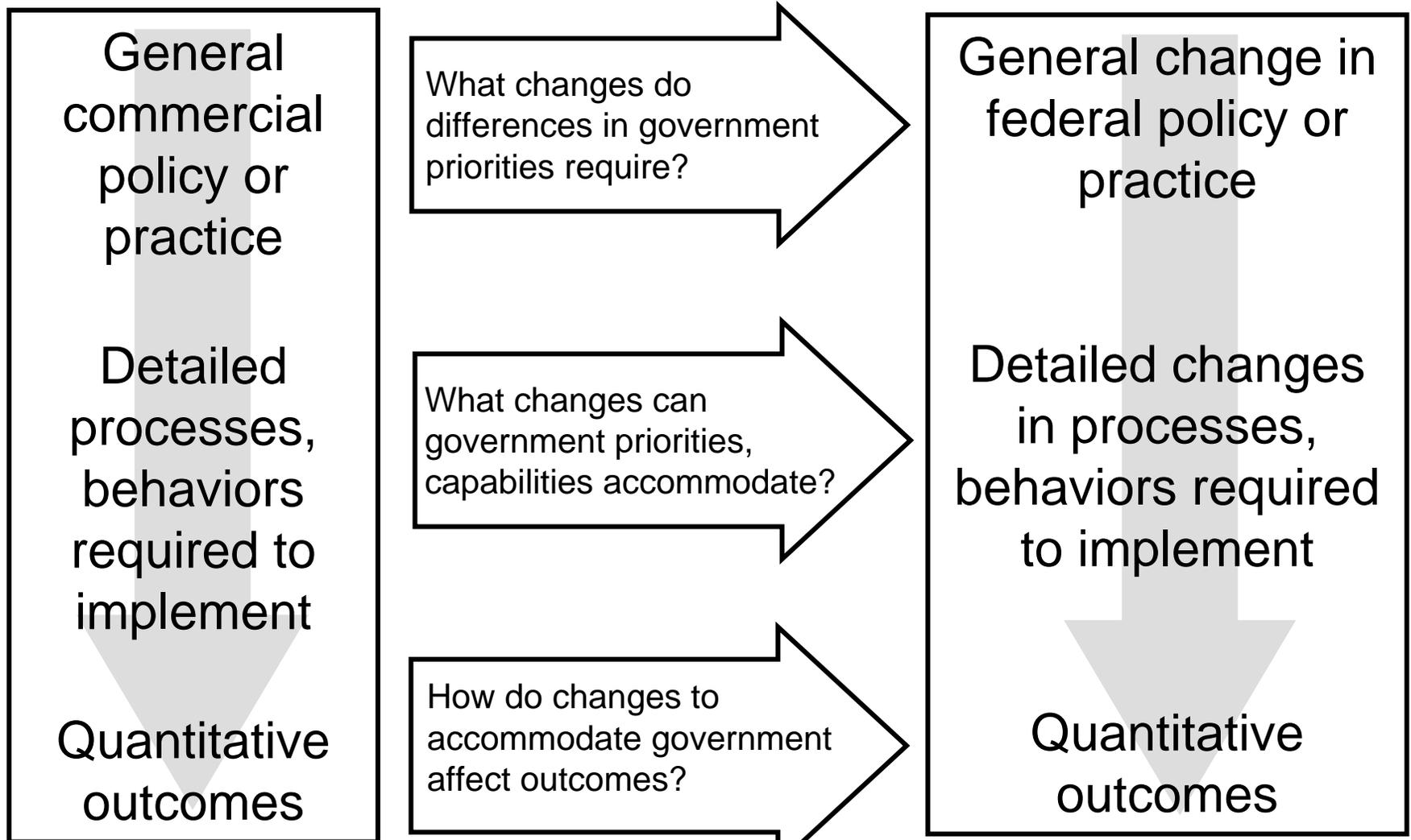
Road Map

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Metrics Provide Concrete Framework for Buyer, Sellers to Improve Mutual Performance



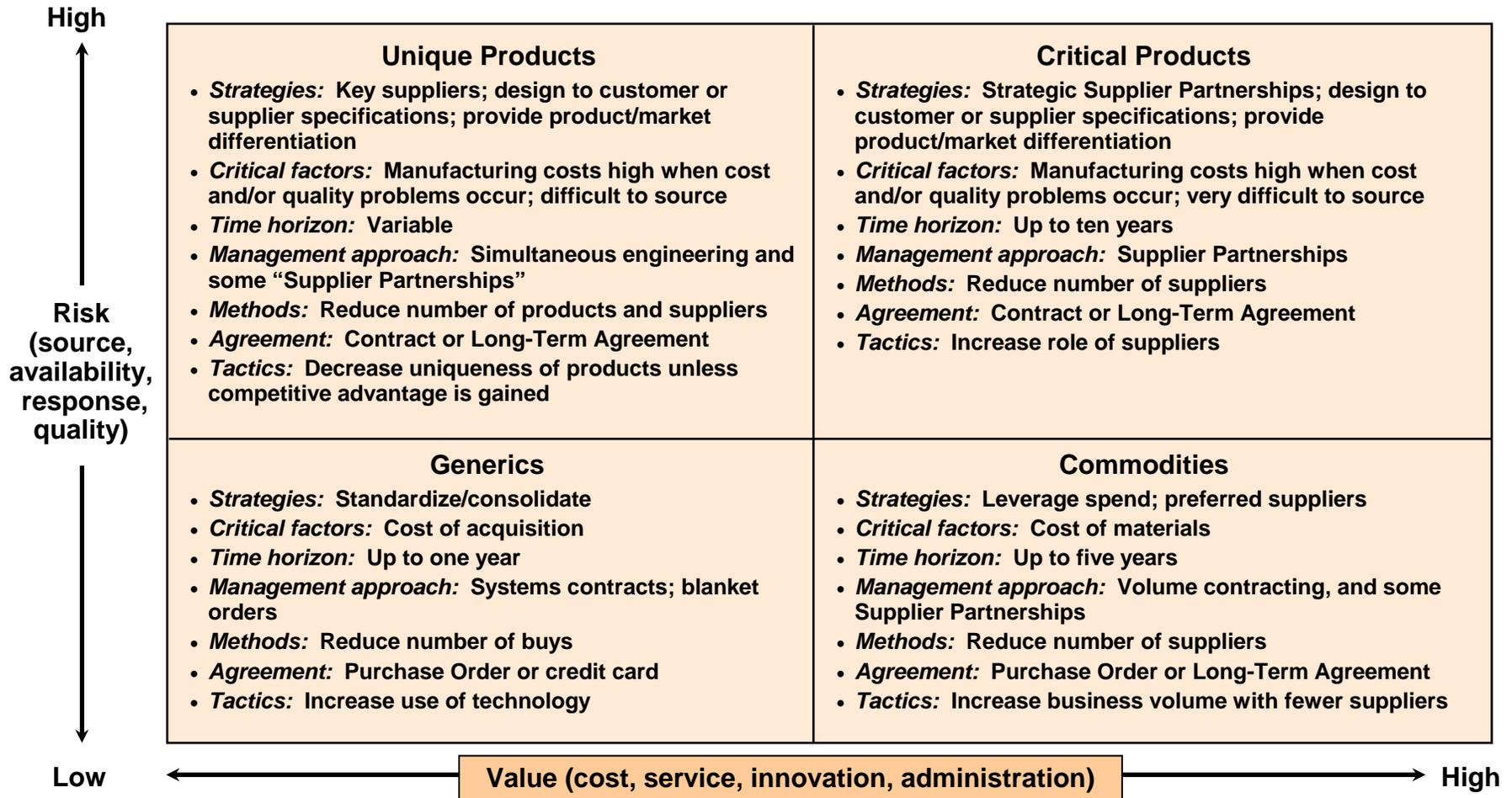
Metrics Also Provide a Concrete Framework for Effective Benchmarking



Where Can Benchmarking Replace Competition?

- **Benchmarking supports many sourcing tasks today**
 - **Whether to acquire services from outside**
 - **How to improve acquisition of services**
 - **What price to pay for services**
 - **Whether to award fees or terms**
- **Formal competition has benefits, costs relative to benchmarking**
 - **Makes terms of sourcing decisions more explicit, transparent**
 - **Creates more powerful incentives to use appropriate estimates of relative performance, cost**
 - **Imposes administrative burdens on budgets, manpower, and schedules**
 - **Can compromise long term relationships that reward performance and/or promote mutual learning**

Governance Structure Used to Align External Source Depends on Nature of Product Sought

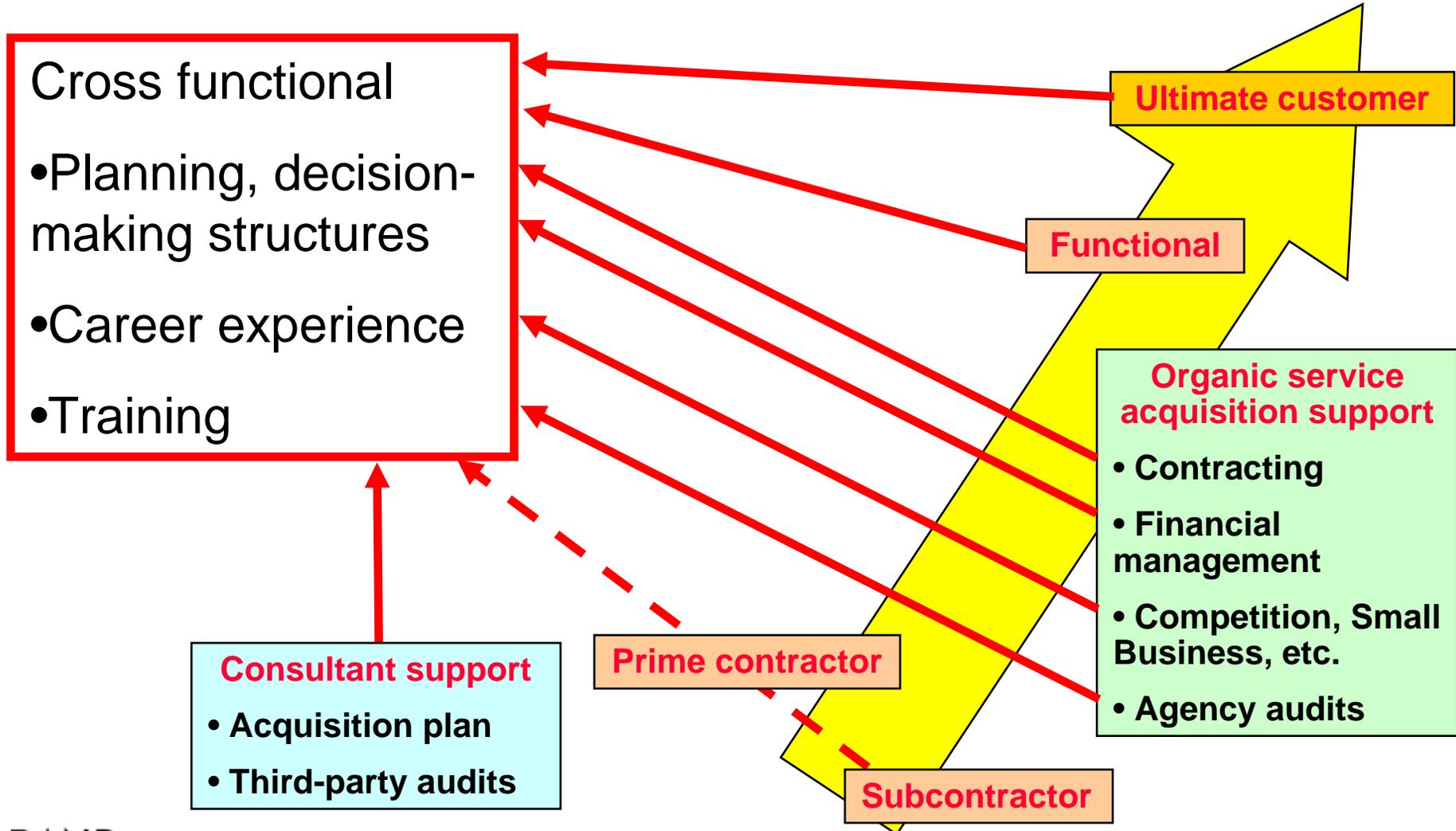


SOURCE: Adapted from John Deere, "Sourcing Strategies," Supply Management Strategies, 1997.

Road Map

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Training, Personnel Management Create Skills Required to Exercise Discretion Effectively



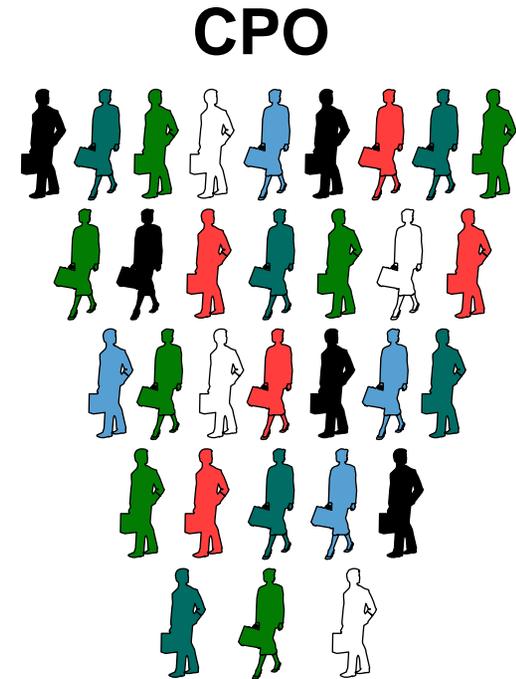
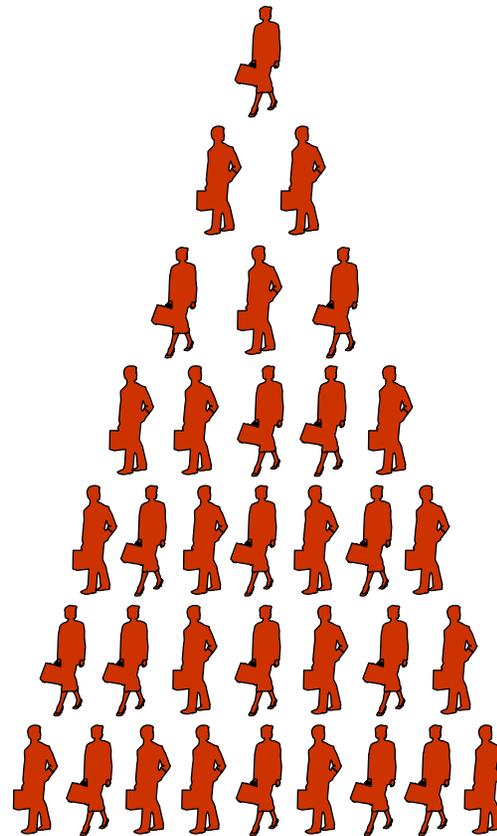
Reskilling Can Raise Skill Level and Lower Total Cost of Acquisition Labor Force

Best commercial practices:

- Use automation to eliminate low-skilled transaction-oriented contract labor tasks
- Train remaining workforce in problem-solving skills focused on core mission concerns
- Rotate acquisition, operational personnel through each other's activities
- Outcome: More skilled, capable workforce at lower total cost

Adapted from Ron Casbon, Bethlehem Steel, "Implementing New and Changing Supplier Relationships Through Strategic Sourcing to Achieve Win/Win Results," presented at 2nd Annual Strategic Sourcing Management Conference, Institute for International Research, San Diego, CA, February 22, 1999.

From tactical buying ... to best commercial practice



CPO



Just-in-Time Training Can Quickly Prepare Multi-Functional Team for an Acquisition

Monday	Tuesday	Wednesday	Thursday	Friday
Introduction to the training approach and case	Market research	Defining requirements 2: Government regulations	PWS/QA plan 2: Managing problems	Performance management 2: Significant surprises
Basic training on team process	Defining requirements 1: Customer needs	PWS/QA plan 1: Basic design	Performance management 1: Day-to-day management	Wrap-up: Summary Assessment Discussion of local problems

Source: Sec. 912(c) Services Acquisition Training Industry Day, Ft. Belvoir, VA, May 1999

Road Map

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How Does FAR Part 12 Align Sourcing with a Federal Agency's Customer Priorities?

- “Implements the Federal Government’s preference for the acquisition of commercial items contained in [FASA] by **establishing acquisition policies more closely resembling those of the commercial marketplace.**” [FAR 12.001]
- 4-quad chart (#10) illustrates how real commercial governance of a service acquisition varies systematically by product type.
- Proposal: Judge any change in FAR Part 12 in terms of how it ensures that the government
 - Implements FAR Part 12 in ways that attract the best commercial providers to offer services to the government.
 - Asks whether such practice will preserve integrity and equity in federal buying AND (1) improve service quality, (2) reduce service cost, or (3) reduce administrative burden on the government.

Note: FAR Part 12 does not currently explain why simply emulating commercial practice advances government buyer priorities

Example: Is the Definition of “Commercial Services” Aligned with Federal Customer?

FAR Part 2.101 defines “commercial services” as:

- **Services to support any item (1) customarily used for nongovernmental purposes, (2) evolved from such an item AND that will be available in the commercial marketplace to satisfy delivery to the government, OR (3) modified from such items in specified ways [Para. (5)]. OR**
- **Services sold competitively in substantial quantities in the commercial marketplace based on established catalog or market prices AND offered to the government under standard commercial terms and conditions [Para. (6)].**

Alignment with federal customer goals

- **Government can get just as good a deal as commercial buyers if it has access to the same services under the same terms and conditions (if government purchasing personnel know how).**
- **Potential problems arise for**
 - **Services for items not yet sold in quantity to the public**
 - **Services modified for government-unique requirements**
 - **Degree of equivalence of government, commercial arrangements**

Guidance in FAR Part 12 Must Be Conformed to the Skills of Personnel Who Apply It

- **Specific training can address persistent confusion about specific questions. E.g.,**
 - How can Part 12 be coordinated with Parts 13, 14, 15?
 - What cost data can be required under FAR Part 12, in what format, under what conditions?
- **Effective application of “customary commercial practice” requires**
 - Better specific knowledge of such practice; it changes over time.
 - Experience and training to promote problem-solving that aligns applications of Part 12 with federal customer goals
- **Alignment guideline proposed above can be applied in two ways:**
 - Justify specific applications of FAR Part 12; assumes sourcing personnel with appropriate skills
 - Constrain application of Part 12 more precisely where such skills do not yet exist

When Should the Federal Government Treat a Product It Buys as “Commercial”?

- **Use the central best commercial practice for acquisition as the organizing principle:**
 - **Use a treatment that aligns characteristics of any product—item or service—acquired with the priorities of the ultimate customer served by the end-to-end process that uses this product as an input**
 - **Version in the new management paradigm: Align any supply chain to the priorities of its final customer**
 - **Version in Economics 101: The value a buyer places on any input ultimately derives from the final demand this input supports.**
- **Treat a product as “commercial” if the government can adapt “customary commercial or market practice” to align the product to the priorities of the ultimate federal customer. What is required to do this?**
 - **Federal customers have expectations for integrity, equity, efficiency in any acquisition of a product. Align treatment to these expectations.**
 - **Commercial custom to achieve proper alignment is heavily dependent on circumstances. So commercial custom for the product in question must be directly observable to adapt and align custom to federal expectations.**
 - **Federal acquisition workforce must have formal guidance, experience, skills, tools, and time to achieve such adaptation, alignment.**

Key Points to Take Away

Topic	Take away
Adapting best commercial practice (BCP)	<ul style="list-style-type: none"> •Best commercial practice is a product of on-going experimentation in the private sector that dominates the economy •Adaptation must resolve inherent differences in commercial and government priorities and capabilities
What best commercial practice does	<ul style="list-style-type: none"> •Aligns external sources with agency goals •Increases skills, level, discretion of workforce to promote effective alignment •Constantly adjusts practice to reflect on-going innovation in private sector
Metrics and benchmarking	<ul style="list-style-type: none"> •Metrics serve several qualitatively different roles in services acquisition •Benchmarking, market research sustain an agency's on-going visibility of its external environment and opportunities for internal process improvement
Partnerships and competition	<ul style="list-style-type: none"> •Differing degrees of partnership are appropriate for buying different services •Partnerships constrain competition; trade-offs are required to let them work
Education, training, and personnel management	<ul style="list-style-type: none"> •Best commercial practice tends to increase discretion throughout an agency to align external sources to high-level goals •Sourcing personnel need higher-level skills, data, analytic tools, time to execute increased discretion in an agency's best interests
FAR Part 12 and real commercial practice	<ul style="list-style-type: none"> •Part 12 does not currently promote effective application of best commercial practices •Discretion allowed in Part 12 should be tailored to the level of skills in the sourcing workforce that implements it.



PROJECT AIR FORCE

SARA, SECTION 1423 Attachment 2
ACQUISITION ADVISORY PANEL
Acquisition Workforce Working Group

Update
April 21, 2006

Presented by:
Joshua Schwartz
Working Group Co-Chair



Acquisition Advisory Panel

Acquisition Workforce Working Group

Introduction

- The Acquisition Workforce was NOT on the list of topics that Congress expressly required the Acquisition Advisory Panel to address. So a sensible threshold question is why we concluded that we should focus on this aspect of the procurement system.
- From the inception of our panel there was an informal consensus that improving the acquisition workforce is an essential component of any realistic program to improve the performance of the federal procurement system.
- And it is painfully apparent that those demands of modern federal procurement are markedly different in amount, and in kind from those that faced the acquisition workforce of, say, 1990. This is not your father's federal procurement system!



Acquisition Advisory Panel

Acquisition Workforce Working Group

Workforce Demand Factors

- *Dramatic expansion in the dollar volume of federal procurement since 9/11*
- *A marked shift toward, and growth in, service contracting, including performance-based contracting, which places additional demands on the acquisition workforce*
- *With the growth of interagency contracting, the division of responsibilities between the customer agency and the agency that hosts the procurement vehicle creates novel challenges for the acquisition workforce.*
- *The shift to procurement of commercial products and services places new demands on the acquisition workforce to establish mastery of the market sectors in which they do acquisition.*
- *Increased complexity of the procurement system as a whole: Although the procurement reforms of the 1990s often make available procurement procedures that are quicker and more efficient than the classic procedures, they have also created a proliferation of contract vehicles and procedural options. Mastery of the procurement system has become more daunting, even as some of the procurement pathways themselves have been simplified.*



Acquisition Advisory Panel

Acquisition Workforce Working Group

Workforce Supply Trends

- ***Extensive anecdotal evidence suggested a significant gap existed between the demands on the procurement workforce and the capabilities and size of the existing workforce.***
- ***Available statistics on the size and composition of the federal acquisition workforce suggested a growing mismatch between needs and the resources available to meet them. Demands were growing and the workforce had been downsized. There was also strong reason for concern about the age and experience structure of the existing workforce. It appeared quite unlikely that we were taking the steps necessary to assure a qualified and adequate-sized workforce for the next generation of procurement practice.***
- ***At the same time we knew there were serious problems with the data that we had available about the size and capability of the acquisition workforce. We rapidly realized that it was virtually impossible to say anything rigorously correct about workforce levels across the government because definitions of the acquisition workforce were not consistent across the government and were not consistent over time. Moreover, whatever the applicable definition, information has been collected and reported in less than consistent fashion***



Acquisition Advisory Panel

Acquisition Workforce Working Group

What we have done and learned

- ***We've made a systematic effort to collect and analyze all available data about the federal acquisition workforce. We have discovered that workforce trends are even murkier and more complex than most of us had understood.***
- ***We've supplemented this overall survey and analysis by consistently asking government and former government witnesses before the panel who came to talk about various aspects of procurement functions to address the adequacy of the existing workforce to meet the challenges that they experience and those that they foresee for the future.***
- ***In addition, we've asked witnesses from the private sector who were invited to describe commercial practices in the procurement of services (and goods) to describe the staffing and procedures that they bring to bear on the sourcing decision and process. The key insight here is that the government cannot hope to benefit from the adoption of practices from the private market place without the resources that are necessary to make those practices successful.***



Acquisition Advisory Panel

Acquisition Workforce Working Group

Areas to Address in Recommendations

- ***Disclaimer reminder: None of these recommendations has been adopted by the panel or even formally presented for consideration. This is a working group chairman's roadmap only.***
- ***Data collection: We need to assure, going forward, that consistent and sensible definitions of the acquisition workforce are in place, and that accurate data is consistently collected about all of the relevant categories.***
- ***Qualitative Assessment: We need to institutionalize measures that go beyond counting the workforce, to measuring successful performance of the overall acquisition mission.***
- ***Human Capital Planning for the Acquisition Workforce: This needs to be institutionalized as an essential element of management for every agency.***
- ***Demand analysis and gap analysis needs to become part of the human capital planning process; despite the difficulty of the task, or concerns about the political spin of the results, agencies need to undertake serious and consistent efforts to determine what kind of acquisition workforce numbers and capabilities they need and to seek the resources to hire and train that workforce.***



Acquisition Advisory Panel

Acquisition Workforce Working Group

Areas to Address in Recommendations (cont.)

- ***System-wide workforce incentives: We need to focus on creating attractive career paths in an increasingly unified acquisition workforce. Competition among agencies to retain the services of our most talented procurement professionals is a good thing; mobility within the workforce is an alternative to losing these professionals to the private sector.***
- ***The real and the ideal: We live in an era of sharp budget constraints and it is unrealistic to pretend otherwise. So we can not simply proceed by assuming the power and resources to create the ideal workforce. At the same time, it seems clear that an adequate workforce is essential to the success of the procurement reforms of the 1990s and essential to almost every facet of the other recommendations being made by this Panel. We simply cannot have a first class procurement system without investing in a first class acquisition workforce. Precisely because most of us believe that many public missions are best achieved through effective use of the resources of the private sector, the acquisition workforce remains essential to a core function of government***

