



Federal Acquisition *Insight*

January 2005 Edition

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From the Desk of the Director

by Gloria Sochon

The Federal Acquisition Institute (FAI) and Defense Acquisition University (DAU) have been significantly growing their partnership on many activities. Our goal is to provide the acquisition workforce with the skills, knowledge, and tools needed to meet the challenges of today's business environment. With the support of the Office of Federal Procurement Policy (OFPP), FAI is working with DAU to update the contracting curriculum, develop new courses and performance support tools, and coordinate on competencies and career management initiatives such as certification programs. These initiatives will move us toward a common framework that will help the individual practitioner and acquisition managers. Common training and develop-

ment programs will encourage agencies to accept the qualifications of individuals from other agencies, broadening career opportunities. These initiatives will make it easier for you to move among civilian and defense agencies. For managers, it will ensure a pool of qualified candidates available to support your agency's needs.

To support these common activities, FAI is moving to Fort Belvoir to be co-located with DAU. The co-location will enable FAI to work more closely with DAU and improve the coordination of our efforts. Look for more news in the near future, and continue to stay current with FAI activities by visiting us at www.fai.gov. ■

New Leaders in Acquisition: An Interview with Office of Federal Procurement Policy Administrator David Safavian

The new year brings change to the leadership of the Office of Federal Procurement Policy (OFPP). David H. Safavian, the former Chief of Staff of the General Services Administration (GSA), was confirmed as Administrator for Federal Procurement Policy on November 21, 2004. Prior to his role as Administrator, Mr. Safavian served as counselor to Clay Johnson, Deputy Director for Management at the Office of Management and Budget. Mr. Safavian also practiced law with a major Seattle-based law firm and founded a consulting firm specializing in tax, trade, and regulatory issues prior to joining the federal government. Mr. Safavian has an undergraduate degree in political science from St. Louis University. He graduated magna cum laude from Michigan State University's Detroit College of Law and from the Georgetown University Law Center, where he received a Master of Law in Taxation.

Mr. Safavian answered a few questions for *FAInsight* on his priorities as OFPP Administrator and what he sees for the months ahead.

1. What do you see as your most immediate priorities as OFPP Administrator?

First, I am committed to the President's Management Agenda (PMA) and to ensuring that competitive sourcing becomes a widely used management tool.

Second, I am committed to focusing on other general acquisition issues, perhaps more than my predecessor did. We've got a lot of things going on in the acquisition community, whether it is training in the workforce or addressing some acquisition irregularities that have come to light recently. We need to spend a little more quality time focusing on the acquisition side of our business. As we move forward, we are going to see a continued emphasis on competitive sourcing and a ramping up of emphasis on acquisition both in terms of workforce and implementation.

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2. How do you foresee the President's Management Agenda (PMA) changing? What are some of the new focus areas?

I'm not sure that you are going to see the PMA's focus areas change substantially. What you are going to see is the maturing of the initiatives. My predecessor redrafted the A-76 circular, which was a monumental effort. We're now moving into the implementation phase and getting beyond the learning curve to see competitive sourcing mature significantly. So, I think the biggest change we're seeing at the PMA level is not adding new initiatives, but building momentum to take the PMA to a different level. We're seeing much more planning, and we're seeing much more connection between initiatives: competitive sourcing and human capital, competitive sourcing and E-Gov, competitive sourcing and budget performance integration — there's a pattern there.

3. Human Capital is a focus of yours- can you expand on some of your goals in this area?

I'm really concerned about the strategic management of human capital in the acquisition workforce. I know we have a retirement boom coming, with something like 40% of SES and 70% of our senior and mid-level managers who are all going to be retirement eligible in the next 3 years. We have enormous talent in our acquisition workforce, and my fear is that we are going to lose a lot of that talent because of the retirement boom. This requires us to take a step back and do a lot of things. One of these is a skills assessment on an agency-by-agency basis so we know where our strengths and weaknesses are. We need to have common certifications so we have more flexibility and so employees have more mobility among agencies. We've got to make a better effort to recruit new high-caliber candidates. As I said in my Senate testimony, acquisition isn't terribly sexy, but at the same time it goes to the core of what we do as government, and if we can't do acquisition right, that's a big problem.

When acquisition is going well we don't make headlines; we only make headlines on those rare occasions that bad buying pops up. That's unfortunate, but it's the dynamic we have to live with. So my hope is to bring new talent in, train them correctly based on our

skills assessment, and do everything we can to retain the good quality acquisition professionals that are already with us.

4. What do you see as some of the biggest challenges and opportunities facing federal acquisition personnel?

First, we are seeing a much more litigious environment for acquisitions. There seems to be a hair trigger to file protests, and this adversely impacts the workforce environment. Second, we have challenges in terms of tight budgets which strain resources for training. And with tight budgets you also see the agencies filling fewer and fewer positions, which puts an additional workload on our acquisition workforce. Third, we anticipate a retirement boom. My concern is that these three issues are where we see real problems popping up in acquisition. However, I don't think those issues are without remedy. I think we can do a better job of highlighting to the senior policy makers the criticality of acquisition and justifying more resources in this area. That's one of the tasks I've been charged with doing.

5. What are your thoughts on the "Get It Right" Plan? How do you think your office can assist in ensuring abuses of the system are kept to a minimum?

GSA Administrator Steve Perry has put together a great plan. The balance has to be struck between timeliness and thoroughness, and I think Administrator Perry, David Drabkin, GSA's Deputy Chief Acquisition Officer, and their associates at GSA have done a great job putting together a program that strikes the right balance. We'd like to see how we can apply some of those concepts that GSA has pioneered to other fee-for-service agencies. I think there's greater concern when agencies compete against one another to do acquisition work for other agencies. OFPP is in the process of seeking data from all of the agencies on how they are running their acquisition shops so we can see where some of the telltale signs may be popping up- whether it's in a franchise fund or another agency running a schedule. We want to ensure that the same telltale signs aren't evident there that, in retrospect, we saw at GSA.

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6. How do you answer critics of competitive sourcing? Are there misconceptions about the process or are the concerns of critics justified?

It will always be a tough sell among those who have staked out the status quo. But it is hard to quibble with the results based on the studies that we've done. In 2003, we spent \$88 million, and we anticipate seeing \$1.1 billion in savings and cost avoidance as a result of these competitions. In 2004, we'll have spent \$74 million out of pocket on completed competitions, and we anticipate seeing \$1.4 billion worth of savings and cost avoidance. So for two years, we're racking up \$2.5 billion worth of savings and cost avoidance. Now our critics say those aren't accurate numbers. This is an inexact science in terms of how much we've actually spent on competitive sourcing because some are fixed cost, some are out of pocket costs, but what I can tell you is the return on the investment: every dollar we spend returns \$8-15 in cost savings and avoidance.

In tight budgets with retirement booms coming and workforce gaps, competitive sourcing is one of the tools at every manager's disposal to address performance, retention, and human capital problems. We've got to maintain high quality services; we have to do it in a cost effective way, and the best way to do that is through the competition process. The in-house teams are still winning a large majority of cases. The studies show that they win 88-90 percent of competitions. Now I think that that number could shift around a bit, but historically the in-house team wins anywhere from 60-80 percent of the time, which tells us that there are quality federal workers doing critical jobs. To say that there is no room for improvement isn't reasonable. Competitive sourcing brings improvement to the process.

7. What are your views on the current process of services contracting? Is there room for improvement?

First of all I think we took a great step in launching the Acquisition Center of Excellence for Services (<http://acc.dau.mil/ace>) website. Now our challenge is going to be to keep it fresh and maintained. But it has the potential to be an invaluable tool for our contracting workforce to go out and really do services acquisitions, not just within the rules, but to ensure the government is getting the best bang for the buck.

Performance-Based Services Acquisition is the bedrock of how we should be acquiring services.

The flipside is that we need to keep an eye on what we do when we are acquiring services using time and materials (T&M). Consequently, we are watching the rulemaking on T&M very carefully.

Beyond that, we are no longer buying as many tangible products. Instead, we're buying services. We buy more services than any other government in the world; we should be doing it better than any other government in the world and really any other entity in the world. The current acquisition workforce is doing an exceptional job, and I want to make sure we continue that record.

8. How do you feel about the implementation of programs like Share-in-Savings?

We should be using every tool at our disposal to help us do timely and more efficient acquisitions. Share-in-Savings is a little controversial because some say that the vendor community makes too much money. My view on Share-in-Savings is it gives us opportunities to improve our processes by buying products and networks where we otherwise couldn't. But vendors take on most of the risk in exchange for a share in the savings generated by the acquisition. I would rather have half of something than all of nothing.

If we just stick our heads in the sand and say we can't afford new technology because we just don't have the budget, then we're leaving dollar savings on the table. As long as Share-in-Savings is responsibly used with a good, strongly crafted performance work statement and reasonable expectations and a concrete baseline of costs, it will prove to be another one of those tools that will help the government overall in becoming more efficient. It's also another way to share more risk with our vendor community, which I think is generally a good thing.

9. What do you foresee as areas of interagency cooperation in the future?

I think for interagency cooperation, we start with the Chief Acquisition Officers Council (CAOC) which has really become the critical problem solving body for the acquisition community. We have a mixture of Chief Acquisition Officers (CAOs) and Senior Procurement Executives (SPEs); we have the best of the best sitting at that table, and they are struggling and working through some of the critical issues that are facing us.

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The working groups are really focusing on the main issues: recruiting, retention, and human capital issues with NASA's Tom Luedtke; competitive sourcing with Interior's Scott Cameron; E-Gov and performance management with Michael Sade of Commerce; or small business with Sean Moss from the Department of Transportation. We have some great people working on these issues. It is also an opportunity for senior managers and senior procurement folks to exchange ideas and best practices. It's where we can come together as a unified government and really take on some of the bigger challenges that we're facing.

Another area where there are opportunities for inter-agency work is GSA, OMB and the Defense Acquisition University (DAU) in terms of leveraging all of the good work Frank Anderson has done at DAU and allowing the Federal Acquisition Institute (FAI) to benefit from that. OMB is pushing to make sure that FAI and DAU are better aligned so that we are not reinventing the wheel every time we need to develop a new course and so that FAI's resources can be used to develop new materials that DAU can take advantage of. I think we have a great opportunity there to partner, not merge, but partner these organizations.

10. Please discuss your views on the relationship between OFPP and Congress.

I love the interaction. We have a dynamic relationship with Congress. They certainly have their views and prerogatives; most of the time we agree. There are some areas where we have disagreements.

We're going to work through those disagreements in a way that's mutually beneficial and constructive. I think it's no secret that the most contentious issue is competitive sourcing, and, unfortunately, competitive sourcing has gone from being a management issue to being a political one. We're just going to have to work through that. On the acquisition issues, we have a great relationship with Rep. Tom Davis. I think Senator Susan Collins and her staff also get it. Same goes with the acquisition policy folks at the Armed Services Committees. We are going to continue to work with these committees to make sure we have the tools in the hands of our acquisition professionals to do the best jobs we can, and I have seen nothing from any of the committees to suggest that they will be working in opposition to that goal.

11. Do you have any additional thoughts on your new role as OFPP Administrator?

We talked about recruiting in particular. One area that's received little attention is the recruiting flexibilities agencies have to bring on new acquisition personnel. We need to make sure that SPEs and CAOs know they have those tools at their disposal and that OPM is sending the right signals to their counterparts in each agency to let them know that they have the ability to recruit using these flexibilities. Another goal is to have better alignment between the acquisition and program management functions. There's a sense that the increased use of schedule contracts has solved that problem, though I think we need to have the best acquisition personnel and best program managers working hand in glove. ■

Reducing Our Use of Toxic and Hazardous Chemicals

By Dana Arnold, Office of the Federal Environmental Executive

We have a tremendous opportunity to reduce our exposure to toxic and hazardous chemicals simply by changing what we purchase. The newest component of the federal green purchasing program targets federal purchasing and use of "priority chemicals."

Legal basics. In order to reduce federal agencies' usage of harmful chemicals, section 503(b) of Executive Order 13148, "*Greening the Government Through Leadership in Environmental Management*," directed the U.S. Environmental Protection Agency to develop a list of priority chemicals "used by the federal government that may result in significant harm to human health or the environment and that have known, readily available, less harmful substitutes for identified applications and purposes." The Executive Order directs federal agencies to develop and support goals to reduce the usage of these chemicals by 50 percent by December 31, 2006.

EPA recommends that federal agencies begin their efforts by focusing on five chemicals: **cadmium, lead, polychlorinated biphenyls (PCBs), mercury, and naphthalene**. This step will allow the federal community to begin reducing its usage of these chemicals.

What's required. Federal agencies must reduce their usage of these chemicals by 50 percent by the end of 2006 by "identifying proven substitutes and established facility management practices." Each agency will determine if it uses the five priority chemicals. If an agency does not use these chemicals, it can reduce its usage of other toxic or hazardous chemicals that it does use. One of the mechanisms for reducing usage is to purchase proven alternatives or products that contain alternatives to the priority chemicals.

How the program works. EPA, working with the Executive Order 13148 interagency workgroup, will identify proven substitutes and alternatives. Once this information becomes available, it will be distributed to the agencies, and EPA and the Office of the Federal Environmental Executive will post it on their websites.

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PACE: Reflecting Back on Our First Year

By Dr. Shelton Rhodes, PACE Director and Chair of the Department of Management, Marketing, and Public Administration in the School of Business, Bowie State University

PACE was established to help support the Federal Acquisition Institute's (FAI) mission to promote and foster the development of a professional acquisition workforce across the federal government. Specifically, PACE works with Historically Black College and Universities (HBCU) to design and implement activities and initiatives that will help ensure students' talents and skills are directly linked to acquisition competencies. PACE will continue to foster these activities in the new year.



Below is an overview of PACE's 2004 Accomplishments and Activities:

August: FAI partners with Bowie State University's School of Business to establish the Procurement and Acquisition Center for Excellence (PACE). PACE's primary focus is to increase and enhance FAI's visibility among Historically Black Colleges and Universities.

September: PACE hosts its opening ceremony and seminar, *Opportunities in Federal Acquisition*. The event attracts more than 100 students, federal acquisition professionals, and business owners.

(See "... And the PACE Begins," *Federal Acquisition Insight*, November 2004).

October: PACE attends the Prince George's Chamber of Commerce Showcase 2004 and introduces PACE and its mission to nearly fifty businesses that visited the PACE exhibit table.

November: PACE hosts its second seminar, *Procurement and Entrepreneur Opportunities*. The distinguished panel included Ralph C. Thomas, Assistant Administrator for Small and Disadvantaged Business Utilization, NASA. He applauded PACE's mission of introducing and linking students to federal procurement acquisition career opportunities. Julia Wise, a GSA Procurement Analyst; Eugene Sawyer, Program Manager, Washington District Office, SBA; and Pat Williams, President, Omega Technologies, Inc. also shared their wisdom and expertise.

December: PACE Director Dr. Rhodes joins the National Contract Management Association's (NCMA) University Outreach and Relations Committee. The Committee is responsible for linking NCMA to institutions of higher learning and encouraging the establishment of curricula specific to contract management. ■

Plan to Attend the Federal Acquisition Conference & Exposition

As an acquisition professional, you are in a unique position to help your agency achieve its goals. That is why the theme of this year's conference, "Mission Possible through Acquisition," recognizes contracting as a key role in supporting how agencies acquire the goods and services that enable them to perform their missions. Plan to attend the 2005 Federal Acquisition Conference and Exposition (FACE), and earn Continuous Learning Points while learning from experts and peers.



FACE 2005, like past conferences, provides acquisition professionals a unique opportunity to come together as a community, exchange ideas, visit exhibitors offering information on a variety of acquisition related products and services, and learn about important issues and emerging trends in acquisition.

The Chief Acquisition Officers Council, Federal Acquisition Institute, U.S. General Services Administration, and Department of Defense are sponsoring the 2005 Federal Acquisition Conference and Exposition. This governmentwide conference has become a major event for the acquisition community. The Federal Acquisition Institute is serving as the conference planner. The conference will be held June 7-8, 2005 at the Washington Convention Center in Washington, DC. The Wyndham Washington, DC will serve as the conference hotel. Rooms have been set aside under FACE at the government per diem rate. Reservations may be made by calling 202-428-1700 or 800-996-3426 and asking for the FACE room block.

Registration is scheduled to begin at the end of February. Check www.fai.gov/face for more details. As information becomes available this website will be updated. ■

Price Evaluation Adjustment for Small Disadvantaged Business Suspended

The U.S. Small Business Administration (SBA) has announced that the statutory authority for the Small Disadvantaged Business (SDB) price evaluation adjustment for civilian agencies has lapsed, effective December 9, 2004.

The SDB price evaluation adjustment for civilian agencies provision, as implemented in Federal Acquisition Regulation Subpart 19.11, authorized civilian agencies to apply the price evaluation adjustment to benefit certain certified SDBs in competitive acquisitions. The program was authorized under the Federal Acquisition Streamlining Act of 1994 (Pub.L. 103-355, Sec. 7102) and continued under the Small Business Administration's (SBA) temporary authorizations, but the authority for the SDB price evaluation adjustment was omitted from the Small Business Reauthorization and Manufacturing Assistance Act of 2004 (Pub.L. 108-447, Division K).

As a result, civilian agencies have no statutory authority to apply the SDB price evaluation adjustment.

The SDB price evaluation adjustment for the Department of Defense, National Aeronautics and Space Administration, and the U.S. Coast Guard is governed by a separate statutory authority and is not affected by the recent lapse in authority for the civilian agencies. The statutory, governmentwide goal for contracting with SDBs at not less than 5 percent remains in effect for both defense and civilian agencies.

Full text of SBA and General Services Administration memorandums on this change are available at <http://www.acqnet.gov/AcqNet/CommCouncil/CAAC/caacletters.htm>.

If you have any questions or concerns regarding these programs, please contact Denise Benjamin at the SBA at 202-619-1799. ■

Federal Agencies Endorse the JWOD Program

By Stephanie Lesko, Committee for Purchase From People Who are Blind or Severely Disabled

The Javits-Wagner-O'Day (JWOD) Program is one of the ways in which the federal government uses its acquisition policies to support important socio-economic goals. In honor of National Disability Employment Awareness Month, federal agencies reaffirmed their support of the JWOD Program in a series of memoranda designed for their acquisition and procurement professional and purchase card holder communities. These memoranda support the JWOD Program's efforts to reduce the very high unemployment rate – nearly 70 percent – faced by individuals who are blind or have other severe disabilities by providing employment opportunities on federal contracts nationwide.

Federal agencies that recently issued Memoranda of Support include: the Departments of the Army, Defense, Energy, and Interior. Current standing Memoranda of Support are also available from many agencies, including the Defense Logistics Agency, Defense Supply Center Philadelphia, Environmental Protection Agency, U. S. Marine Corps, U. S. Postal Service; and the Departments of Agriculture, the Air Force, Commerce, Health and Human Services, the Navy, State, the Treasury, and Veterans Affairs.

These Memoranda of Support call on federal employees to learn more about the JWOD Program, the various products and services it provides, and the responsibilities of federal employees to purchase JWOD products and services in accordance with Federal Acquisition Regulation (FAR) 8.7. Through collaborative efforts with federal customers, the JWOD Program is able to satisfy the government's need for

quality products and services at fair prices, while creating employment opportunities for people who are blind or have other severe disabilities. Therefore, federal agencies ask their acquisition professionals to review their current and future purchasing needs to determine where they can create new employment opportunities through the JWOD Program.

JWOD Memoranda of Support can be found on the JWOD Program information website at http://www.jwod.gov/jwod/library/memos_of_support.html. For further information, please contact Stephanie Lesko, of the Committee for Purchase From People Who Are Blind or Severely Disabled, the federal agency that administers the JWOD Program, at slesko@jwod.gov. ■

Reminder for Javits-Wagner-O'Day Program Supporters

The Committee for Purchase from People Who Are Blind or Severely Disabled, the federal agency which oversees the Javits-Wagner-O'Day (JWOD) Program, is soliciting nominations for the E.R. "Dick" Alley Career Achievement Award. This is the highest award given by the Committee and is intended to recognize current federal employees who have provided extraordinary, sustained support for the JWOD Program and its mission of creating employment opportunities for people who are blind or have other severe disabilities. Nominations must be received by February 25, 2005. Nomination instructions and forms can be found on the Committee's website at www.jwod.gov or by contacting Stephanie Lesko of the Committee staff at slesko@jwod.gov. ■

Put FirstContact Contract Vehicle to Work for You!

By Carole Dobbs, General Services Administration



When the Federal Emergency Management Agency called on a Thursday at 5 PM to say they needed a call center up for hurricane victims by Sunday, most contract vehicles would not have been able to accommodate this request. FirstContact came through. The task order was written, competed, contract approved and awarded by Saturday, and the contact center was up and running Sunday evening. We can't promise that all contracts will be that fast, but it shows what you can do when you are focused on your customer.

"FirstContact" is the General Services Administration's new and innovative contract vehicle for multi-channel contact center services. This new contract vehicle is the first of its kind to offer a full range of contact center services, E-Gov solutions, and customer relationship management strategies.

FirstContact is designed to be cost-effective, highly flexible and easy to use. Federal agency staff can take as much control as they like. They can simply use our contract to acquire the services and manage the process within their agency, or FirstContact will manage the entire process. Awards can be made within 6-8 weeks.

Federal agencies can use FirstContact to obtain supplemental services for their existing contact centers or to obtain full-service, state of the art technology and services solutions to address their citizen service needs. As an agency's workforce evolves due to retirement or other changes, FirstContact can supplement the services that are already in place.

The FirstContact contractors were selected from dozens of respondents and represent the "Best in the Business." They are: Aspen Systems; DataTrac Information Services, Inc.; ICT Group, Inc.; Pearson Government Solutions; and TeleTech Government Solutions, LLC.

For more information about the FirstContact contract, please visit <http://www.FirstContact.gov> or contact Carole Dobbs at 202-219-1680 or at carole.dobbs@gsa.gov. ■

Reducing Our Use of Toxic and Hazardous Chemicals (continued from page 4)

What to buy green. Known alternatives to the five priority chemicals or products containing them include the following:

- Electronic thermostats can be used in place of mercury-bearing switches.
- Digital and electronic devices can be used in place of mercury-bearing thermometers and other medical and industrial devices.
- Solders containing copper or silver can substitute for solder containing lead.
- Integrated pest management can be used in place of naphthalene.

Where to find more information. The National Institutes of Health has an active campaign to reduce mercury usage. Information on alternatives to mercury-bearing products is available on the National Institute of Health's "Mercury Free NIH" website, <http://orf.od.nih.gov/nomercuryhome.htm>.

In addition, INFORM, Inc. published a fact sheet about alternatives to mercury-containing equipment used in HVAC and building equipment, "Specifying and Sourcing Mercury-Free HVAC and Building Equipment." This fact sheet addresses alternatives to switches and thermostats in heating and cooling systems; measurement devices, valves, and flow switches in systems that move, store, meter, or regulate liquids; and fire suppression and security systems. It includes sample specification language, a list of recommended manufacturers and vendors, and links to more information about mercury-containing products. The fact sheet and related information can be found online at http://www.informinc.org/fact_P3hvac.php. ■

We thank guest authors for their contributions and views and present these as part of Federal Acquisition Insight for our readers' information

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