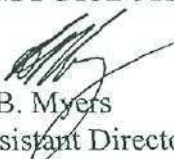




Washington, D.C. 20530

September 21, 2005

MEMORANDUM FOR BUREAU PROCUREMENT CHIEFS

FROM: 
H.B. Myers
Assistant Director
Procurement Policy and Review

SUBJECT: DOJ Procurement Guidance Document 05-07
Implementing Strategic Sourcing

The Assistant Attorney General for Administration in his role as the Chief Acquisition Officer, has initiated a department-wide strategic sourcing program. The attached memorandum, addressed to the heads of DOJ Components, outlines our efforts to date and describes the specific commodities that have been identified as likely to produce significant savings through strategic sourcing. These include the acquisition of ammunition, bullet proof vests, wireless handheld services (cell phones, pagers, PDAs, etc.), and express mail services.

The Management and Planning Staff, Justice Management Division, has established Commodity Management Teams for each of the four commodities in order to conduct a more detailed spend analysis with the goal to identify more effective and efficient procurement methods for them. The teams will begin by working directly with your procurement organization to analyze and understand spending patterns for these commodities. Other parts of your organization, such as budget, finance and users of the commodities, will also become involved as appropriate.

Some of you have already agreed to take a leading role in certain of the commodities, and as you know, we have already begun work on some of them. However, due to the end of fiscal year press of business, we have delayed further work on this project until after the start of the new fiscal year. We will contact you in early October to begin this project in earnest. Please make sure your personnel are aware of this important effort and how vital their participation is to its success.

Please make this information immediately available to the appropriate people in your organization and add this document to your collection of DOJ Procurement Guidance Documents. Questions should be directed to me at 202/616-3758.

Attachment




September 15, 2005

Washington, D.C. 20530

MEMORANDUM FOR HEADS OF DEPARTMENT COMPONENTS

FROM:

Paul R. Corts 
Assistant Attorney General
For Administration

SUBJECT:

Implementing Strategic Sourcing

The Department of Justice spends almost \$5 billion on goods and services each year. It is incumbent on us to maximize the value of each dollar spent by leveraging spending to the maximum extent possible through strategic sourcing. Strategic sourcing is the collaborative and structured process of critically analyzing an organization's spending and using this information to make business decisions about acquiring commodities and services more effectively and efficiently. This process helps optimize performance, minimize price, increase achievement of socio-economic acquisition goals, evaluate total life cycle management costs, improve vendor access to business opportunities, and otherwise increase the value of each dollar spent.

The Office of Management and Budget (OMB) has directed agency Chief Acquisition Officers (CAO) to develop and implement a strategic sourcing program, beginning with a spend analysis and the identification of three commodities for which strategic sourcing should be implemented. I am writing in my role as the department's CAO to advise you of our efforts in this regard and to enlist your active support for this important program.

The following steps have already been taken:

1. A preliminary analysis of FPDS data was conducted to identify specific categories. While this analysis was useful, the data did not provide sufficient detail to make actionable decisions. We will continue to work with your procurement chiefs to determine the best ways to utilize this data.
2. We have partnered with JP Morgan Chase, our commercial bank card provider, to assist us in evaluating spending through that program and to examine ways to expand our purchase card program. JP Morgan Chase has extensive experience with the private sector in creating value for its clients and leveraging best practices. As a first step in this process, the Bank has conducted an analysis of the Offices, Boards and Divisions (OBD) accounts payable data from April 2004 through May 2005. That analysis included a quantitative evaluation of OBD spending patterns by vendor and commodity. Based on the initial findings of that analysis, we have decided to

pursue this project beginning with a more comprehensive analysis of OBD data and subsequently will expand the analysis to include all DOJ components.

3. Recent meetings with Component Executive Officers and with the newly created Acquisition Council, consisting of the Procurement Chiefs of each component, elicited suggestions for a number of commodities with the potential for new or improved strategic sourcing. These included the acquisition of ammunition, bullet proof vests, wireless handheld services (cell phones, pagers, PDAs, etc.), and express mail services.

4. We also are working with the General Services Administration, who will provide us detail on departmental purchases from their sources and also assist in evaluating DOJ purchasing data stored in the government-wide Federal Procurement Data System.

Our preliminary analysis indicates the four commodities identified in paragraph 2 above are likely to produce significant savings through strategic sourcing. Therefore, the Management and Planning Staff, Justice Management Division, has established Commodity Management Teams to conduct spend analysis and identify more effective and efficient procurement methods for them. The teams will begin by working directly with your procurement organizations to analyze and understand spending patterns for these commodities. Other parts of your organization, such as budget, finance and users of the commodities, will also become involved as appropriate.

Our hope is to collectively develop more effective methods of purchasing or acquiring certain commodities to achieve savings and maximize the taxpayer dollar. Please advise your personnel of this important initiative and encourage them to support it. Maximizing value for taxpayers by reducing costs and prices is a top priority of the Administration and the Department. We look forward to working with you on this initiative.

If you or your staff have any questions, they should contact David Orr, Director, Management and Planning Staff (MPS) on 202/3071841 or H.B. Myers, Assistant Director, MPS, Procurement Policy and Review Group on 202/616-3758.