



OFFICE OF FEDERAL
PROCUREMENT POLICY

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

December 19, 2006

MEMORANDUM FOR CHIEF ACQUISITION OFFICERS

FROM: Paul A. Denett
Administrator

SUBJECT: Guidance on Agency Fiscal Year 2006 Strategic Sourcing Reports

The federal government spent approximately \$400 billion on goods and services in fiscal year (FY) 2006 to support agency mission accomplishment. To ensure that agencies maximize the value of each dollar spent, the Office of Management and Budget (OMB) issued a memorandum on May 20, 2005, requiring Chief Acquisition Officers to develop collaborative strategic sourcing plans and to report on implementation strategies for sourcing goods and services more effectively. Agencies must prioritize efforts to identify sourcing strategies that leverage spending and maximize contracting opportunities for small businesses. Guidance on the content and format of the report is provided in this memorandum.

Over the past year, the Office of Federal Procurement Policy (OFPP) has worked with your agencies and through the Federal Strategic Sourcing Initiative (FSSI) to encourage multi-agency solutions for leveraging the government's substantial buying power. We are pleased with the early projections of potential savings under the FSSI effort on domestic delivery services, and intend to pursue additional strategies for sourcing goods and services with the same rigor.

To enable the government to strengthen the sourcing and management of commodities and services, please provide the following information. To improve information sharing among agencies, include links to any supporting documents so we can share them on the community of practice website, acc.dau.mil/strategicsourcing.

- a. Results of FY 2006 Strategic Sourcing Initiatives – Describe your agency's FY 2006 strategic sourcing goals and results expressed in terms of the performance measures in paragraph c. below, to the maximum extent practicable.
- b. FY 2007 Strategic Sourcing Goals – Describe your agency's FY 2007 strategic sourcing goals expressed in terms of the performance measures in paragraph c. below, to the maximum extent practicable.

- c. Performance Measures – Describe the performance measures used to assess the agency’s strategic sourcing activity and provide the methodologies used to calculate them. Measures generally include, but are not limited to, the impact on:
 - i. Price of the goods or services
 - ii. Cost of the transaction (due to process efficiencies)
 - iii. Socio-economic goals (by preference program)
 - iv. Performance (including customer satisfaction)
 - v. Information that improves management of commodities and services

- d. Participation in FSSI – Describe your agency’s participation on each of the commodity teams that are establishing multi-agency solutions for management of wireless services, domestic delivery services, office supplies, printers, and copiers. For each of the above commodity areas:
 - i. Provide contact information for the person responsible for making the agency’s decisions for sourcing the commodity or service.
 - ii. Indicate how your agency generally fulfills its requirements (e.g., mandatory agency-wide agreements, non-mandatory or decentralized ordering from GSA schedules, etc.). For significant support contracts awarded by your agency or another agency, include the contract numbers and contact information for the appropriate personnel.

Agencies with Chief Acquisition Officers are required to submit this report. The Small Agency Council is encouraged to submit a report that reflects the collective experience and future efforts of small agencies. The report for FY 2006 is due to OFPP on January 31, 2007. If your agency point of contact has changed, please provide updated contact information. All documents should be submitted electronically to lfield@omb.eop.gov.

Ensuring that the government is maximizing the value of taxpayer dollars remains a top priority for OFPP. I look forward to working with the community to institutionalize strategic sourcing policies and practices throughout government. Please contact Lesley Field of my staff on (202) 395-4761, if you have any questions.

cc: Chief Information Officers
Chief Financial Officers
Senior Procurement Executives