

Commercial Services Management Initiative Tracking the broad range of activities agencies pursue to improve commercial support operations

OMB has renamed the “Competitive Sourcing” initiative. The initiative’s new name is “Commercial Services Management” (CSM). The renaming is intended to recognize that agencies are using a variety of techniques to improve the operation of their commercial functions. The CSM initiative will track internal business process reengineering (BPR) efforts that agencies pursue to improve their commercial operations but that do not ordinarily involve public-private competition or the potential conversion of work from the government to the private sector. Competitive sourcing will also be tracked under the CSM initiative, along with BPRs.

Since 2003, agencies have conducted approximately 1,400 public-private competitions of their commercial activities involving more than 51,000 full time employees (FTEs) that are projected to save taxpayers more than \$7 billion. Before proceeding with these competitions, agencies performed a series of analyses to evaluate:

- 1) Efficiency of current operations (e.g., Are there documented performance challenges and budget increases due to potential inefficiencies that warrant management attention?)
- 2) Private sector capability and availability to perform the function
- 3) Potential risk to the agency’s ability to accomplish its mission if the function were performed by the private sector (e.g., Is the function “core” to the agency’s mission and therefore one that should be performed by Federal employees regardless of private sector availability?)

Through these analyses, agency managers have evaluated the efficiency of a broad range of commercial activities. However, only about 3 percent of all Federal activities have been the subject of public private competition. In many cases, agency management has pursued BPRs in lieu of competition to close identified performance gaps in their commercial support services.

The CSM initiative will track BPR efforts that rely on disciplined management practices. These disciplines include:

- Workload measurement and cost analysis
- Benchmarking

- Reorganization plan for efficient service delivery developed by technical, functional, and human capital experts
- Performance agreement covering the new organization that identifies the level of performance, cost of performance, and projected savings
- Independent validations of the new organization's performance

Agencies across government are planning and conducting disciplined BPRs to strengthen their commercial operations. In some cases, BPRs may result in the creation of "high performing organizations" (HPOs). For examples of HPOs, see the posting on this website for the first quarter of FY 2008, available at http://www.whitehouse.gov/results/agenda/competitivesourcing_FY08Q1.pdf.

Projects pursued under the CSM initiative – which involve commercial activities performed in whole or in part by Federal employees – are *in addition* to the initiatives Chief Acquisition Officers are already taking in coordination with OMB's Office of Federal Procurement Policy to strengthen contracting practices. These include:

- Enhancing the capabilities and professionalism of the acquisition workforce
- Increasing the use of competition *among private contractors*
- Improving contract administration skills and the quality of acquisition management reviews
- Strengthening contractor ethics requirements

For additional information on the Commercial Services Management initiative, see Memorandum for the President's Management Council, *Plans for Commercial Services Management*, available at http://www.whitehouse.gov/omb/procurement/comp_src/plans_commercial_services_mgmt_071108.pdf