

# Conducting Competitive Sourcing Feasibility Reviews

Training for Department of  
Commerce Staff

April 26, 2005

# Agenda

- Facilitator Introductions
- Background, Purpose and Meaning of Feasibility Study Approach
- Review Steps, Tools and Templates
- Wrap-up and Q&A

# Institutionalizing the Program

- Priority for Secretary Gutierrez
  - Quarterly briefings to Deputy Secretary and performance reports to Secretary in each PMA item
- All agencies must provide reasonable assurance to OMB to study all positions coded “B” (commercially available) within the next 8-9 years
- Must submit plan displaying our approach to accomplish this
- Plan focuses on conducting feasibility studies

# CS Management Approach

- FAIR Act Inventory
  - FY04: 4500 coded as commercial and available
  - FY05: Better, more consistent identification of commercially coded positions
- Conduct feasibility studies
  - Some results will lead to competitions, some will conclude otherwise
  - In FY05, CS Central Office staff will sponsor two:
    - HR and Facilities at 168 positions total
  - Larger bureaus to present at least one
  - CS Staff will explore Circular deviations with OMB to maximize use of study results

# DOC's Competitive Sourcing Objectives

- Support DOC's mission by using the Circular as a management tool
- Be fair to DOC employees
- Improve efficiency of each targeted function
- Plan, manage and perform competitions efficiently and effectively
- Provide the best value to tax payers

# Basic Competitive Sourcing Steps

- Prepare a FAIR Act Inventory identifying all activities performed by Government personnel as either commercial or inherently governmental.
- Code all commercial activities to identify those that are eligible for competition.
- Develop a competitive sourcing management plan that identifies the best opportunities for competition through feasibility studies
- If feasible, use streamlined or standard competitions to determine if government personnel should perform a commercial activity.

# Feasibility Reviews

- All agencies must provide OMB with a plan to review commercially-coded positions
- Feasibility reviews assist agencies in developing sound competitive sourcing management plans by:
  - Answering question: is a potential competition worth the return on investment (ROI)?
  - If good ROI, presenting a full assessment on the scope of the study, applicable mission impacts and risks, the estimated savings, potential study type and proposed timeline

# How DOC will Implement this Effort

- OAM, the Department's central competitive sourcing office, will assist bureaus in identifying and coordinating feasibility studies
- In August, bureau CFOs will report out on the following topics:
  - Results from feasibility studies and nomination of potential competitions
  - Long-term feasibility study targets



# Conducting a Feasibility Review

- Step One: Present proposal for functional areas and scope of feasibility studies
- Step Two: Establish feasibility criteria
- Step Three: Assess feasibility
- Step Four: Present findings and recommend activities for competition

**STEP ONE:**  
**Present Plan for Functional  
Area and Scope**

# Step One: Present Plan for Functional Area and Scope

- Feasibility studies will be identified first in *FUNCTIONAL areas, for example:*
  - HR
  - Facilities
  - Information Technology
- Functions then may be reviewed by activity code, geographic area, by department, or in some other logical fashion
- Numbers may change as inventory process progresses

# Step One: Present Plan for Functional Area and Scope

- Review FAIR Act Inventory to determine which positions are coded as commercial and available within a targeted function
- [http://oam.ocs.doc.gov/CS\\_doc\\_inventories.html](http://oam.ocs.doc.gov/CS_doc_inventories.html)
- Conduct position analysis to determine:
  - Full-time equivalents (FTEs) to be included.
  - FAIR Act inventory characterization of activities are accurate and up to date.
  - Appropriate placement of inherently governmental responsibilities (performance assessment, contract administration, etc.).

## TIP: Integrate with Efficiency Studies

- If your bureau is currently conducting efficiency studies, consider providing the assessment team with the final report template. Chances are, much of the data needed to complete feasibility studies can be extracted through efficiency efforts.

## STEP ONE NOTE ON INVENTORY PROCESS

- The two efforts should be a parallel one. If you're conducting feasibility studies for functions where the position coding may change, use the code decided on for this year's inventory submission.

# Step One: Present Plan for Functional Area and Scope

- Continue position analysis through staff interviews to validate accuracy of functional coding
- Based on analysis determine which functions or parts of functions should be:
  - In scope
  - Out of scope
  - Require further research

**STEP TWO:**  
**Establish Feasibility Study  
Criteria**



# Step Two: Establish Feasibility Study Criteria

- The criteria is the filter you will use to make the assessment
- A checklist and final report template will be provided and will include questions such as:
  - Activity necessity
  - Market-specific factors
  - Service- and agency-specific factors
  - Potential constraints
  - Potential union issues

## Step Two: Establish Feasibility Study Criteria

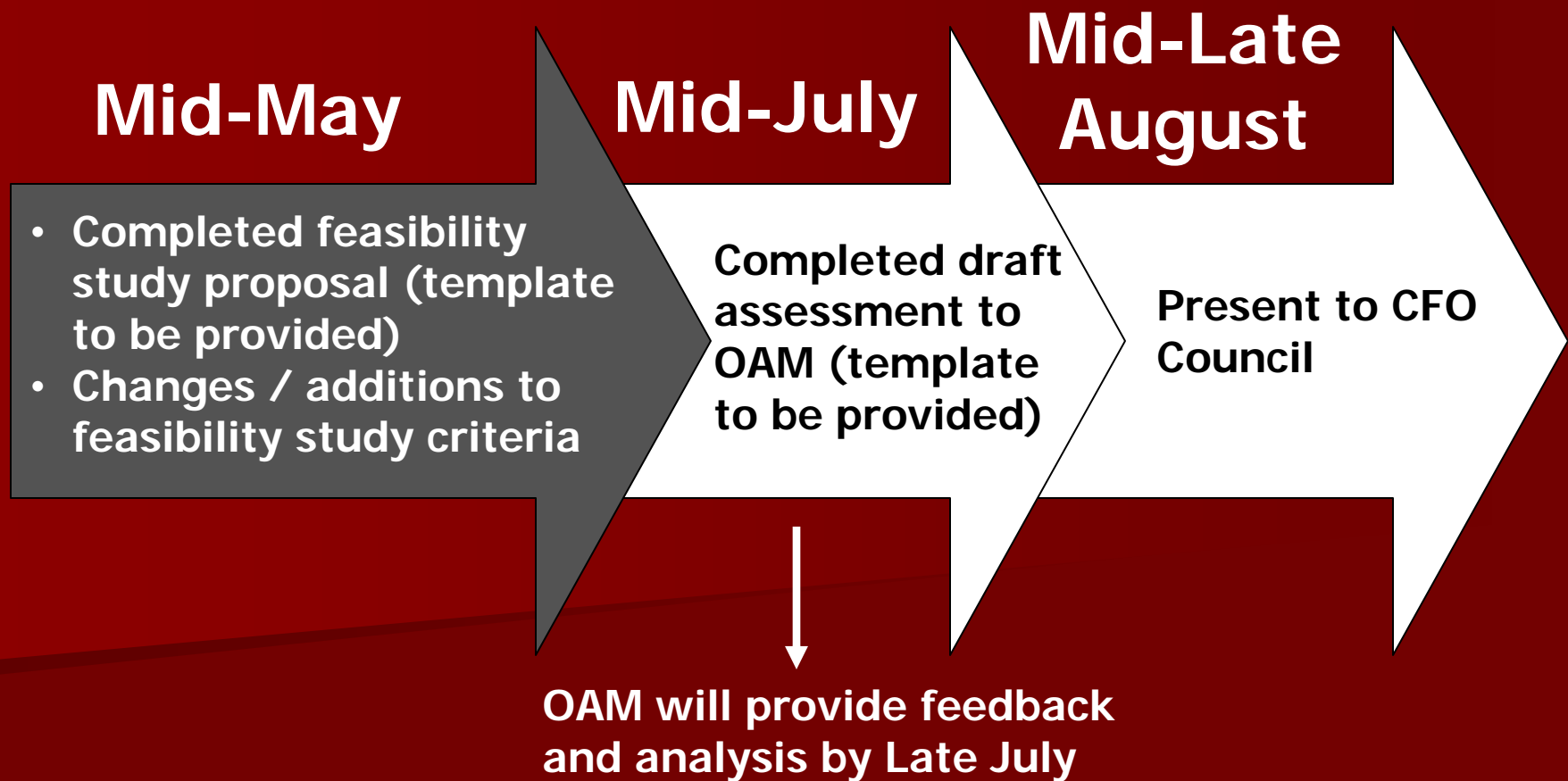
- **TIP:** *When assessing the ROI for a potential competition, an important step is conducting market research with the private sector, to determine the level of interest among industry leaders. If little or no interest exists, it may be necessary to evaluate a new function or group functions to increase the likelihood of receiving bids.*

# Step Two: Establish Feasibility Study Criteria

- Review the final report template and provide input on any additions / changes to OAM by May 17

# STEPS ONE & TWO

## DELIVERABLES:



**STEP THREE:**  
**Assess Feasibility**

# Step Three: Assess Feasibility

- Templates will be provided by the end of April
- Collect information that applies all the criteria to the functions/activities under review by using the questions developed
- Review the results obtained with management
- Submit to OAM
- OAM will conduct analysis and provide input to you for finalization

## Step Three: Assess Feasibility

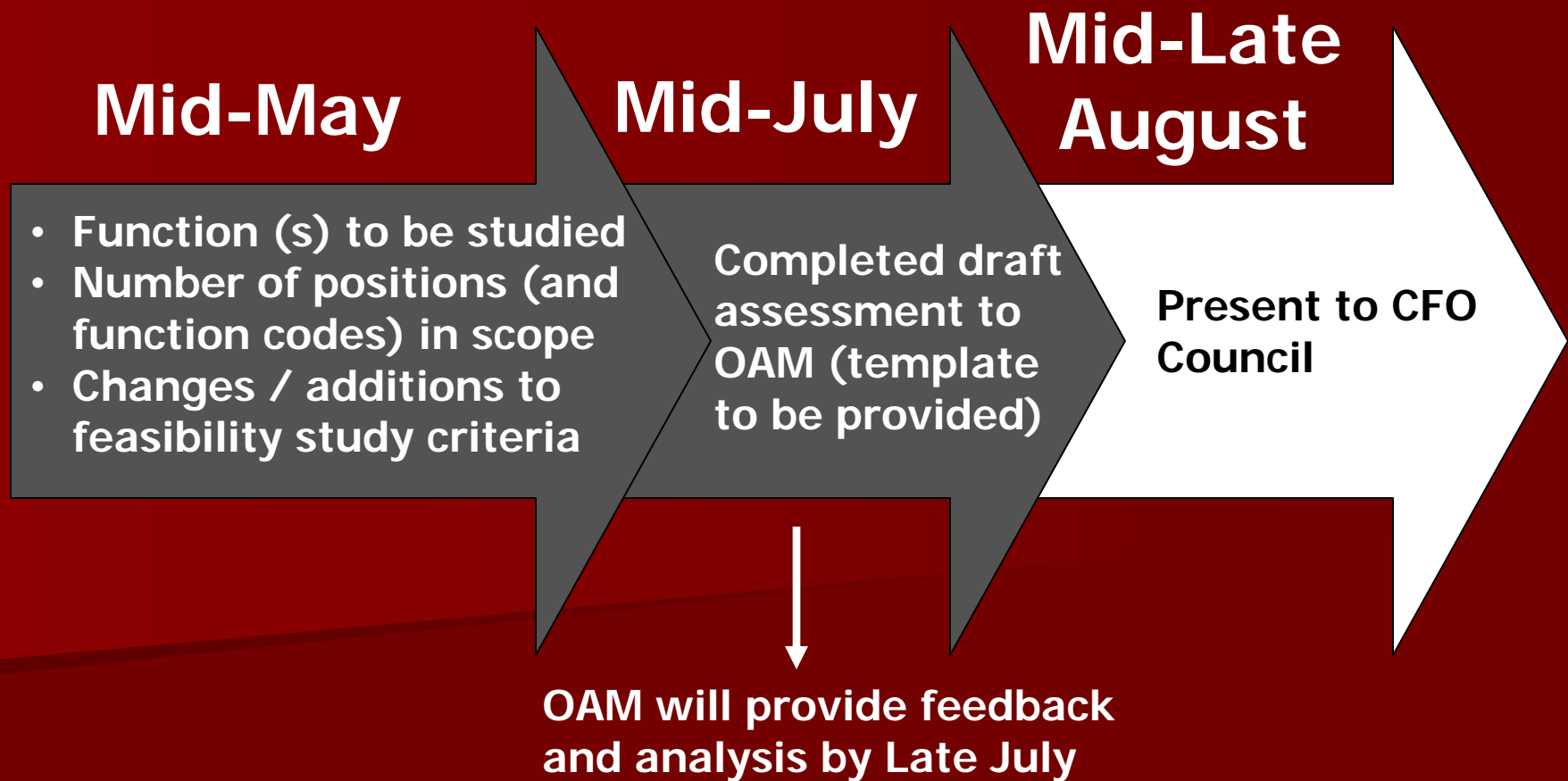
- Based on the assessment results, the final report should conclude with a section that:
  - Recommends those applicable activities and functions that should be the subjects of standard and/or streamlined competitions in the near future
  - Provides a timeline for functions that could be considered in the next three years and beyond
  - Provides justification for those functions which should not be considered

## Step Three: Assess Feasibility

- **TIP:** *The template will be broken down into categories. Project managers may consider assigning information-gathering responsibilities by category and OAM resources are available to provide assistance throughout the process.*
- **TIP:** *DOL established a blanket purchase agreement (BPA) to contract for assistance and OAM developed a statement of work template for bureau use in procuring services*



# STEP THREE DELIVERABLES:

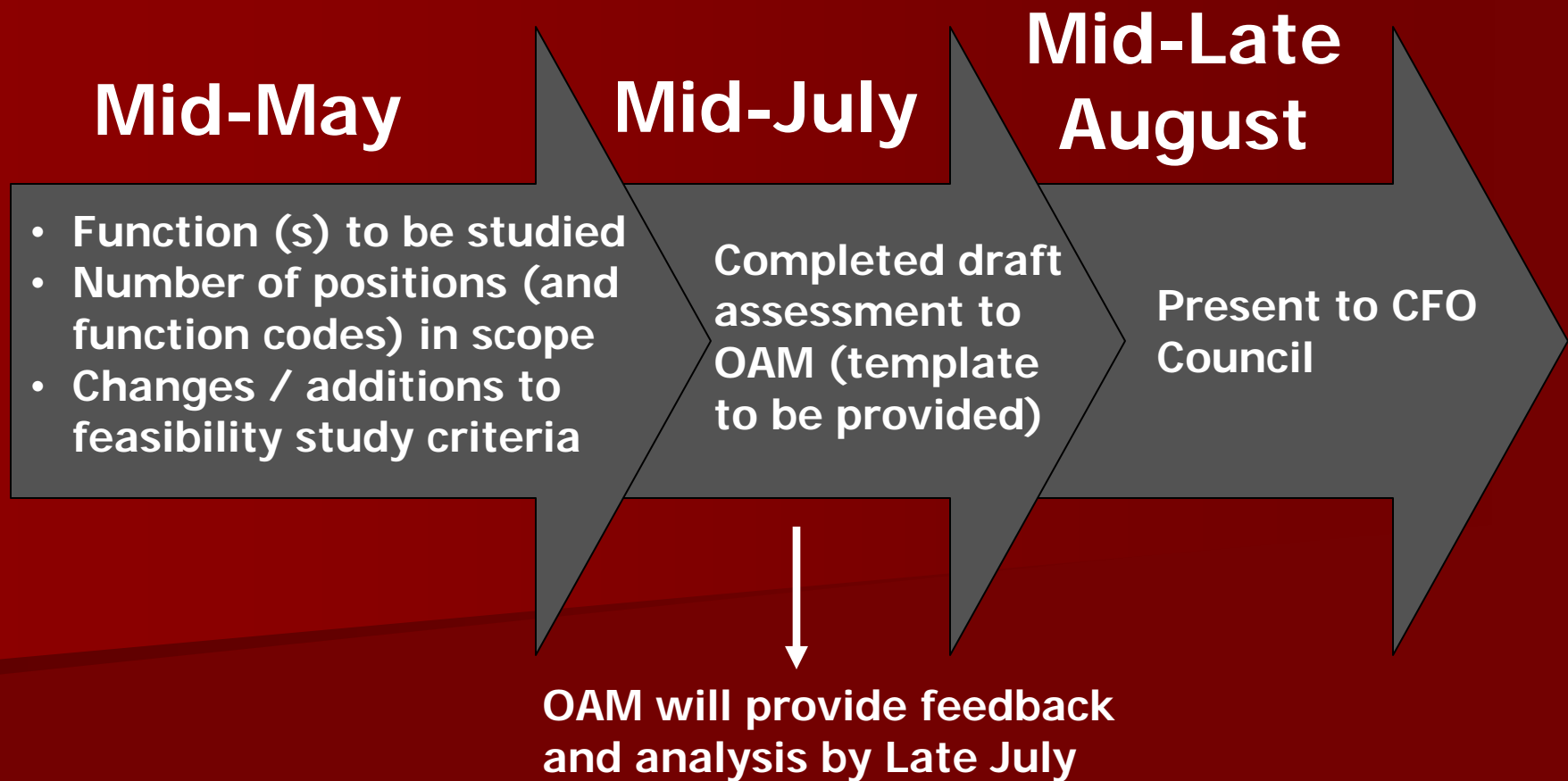


**STEP FOUR:**  
**Report out to CFO Council**

## Step Four: Present to CFO Council

- In conjunction with DOC's Management Approach to competitive sourcing (six-step model), CFOs from each participating bureau will report out on the following:
  - Results from feasibility studies and nomination of potential competitions
  - Long-term feasibility study targets
- OAM will provide presentation template for CFO Council

# STEPS FOUR DELIVERABLES:



# Communications Strategy

- OAM will provide the following tools:
  - Boilerplate memos to use in communicating with employees, unions, other audiences as identified
  - Checklist and report template that guides user through the process
  - Gather input from Bureaus to provide monthly briefings to DOC management
  - Training video -- link coming soon on OAM page
- Bureaus will
  - Respond to data calls and complete reports according to the milestones

# Wrap-up

- Exercise is an assessment on what is feasible – **NOT A COMPETITION**
- OAM will provide communications and training templates as well as resources to assist
- End of the month updates will be presented to DOC and bureau management – data calls for content will come 1-2 weeks prior
- Meetings will be scheduled as needed to accomplish tasks in timeframe presented
- All information will be marked as pre-decisional and “For Official Use Only”

Questions?

# Major Target Milestones

Activity	Timeframe
Kick-off training	Early – mid April
Draft templates (with HR input for applicable documents)	Mid-April
Templates on website	End of April
Bureaus submit final proposals on FY05 functions to be studied, number of positions*	Mid-May
Publish monthly progress updates (also meet with OAM to provide briefings during this time)	End of each month
Final report drafts to OAM	Mid-July
OAM meets with appropriate function heads to get input	Mid-late July
Analysis and feedback to participating bureaus	Late July
Final reports submitted	Beginning of August
Templates, coaching session for presenting to CFO Council	Beginning of August
Present to CFO Council	Mid – late August



# Estimated Resources Needed

- One part-time project manager, who coordinates with various functional and management FTEs
- Activities are:
  - STEPS ONE AND TWO: Submit feasibility study proposals and evaluation criteria input
  - STEP THREE: Retrieve and analyze relevant data (through documentation and high-level interviews), complete report according to template
  - STEP FOUR: Integrate final report data into CFO Council presentation template and present at August meeting

# Determining Activities Subject to Competition

- Activities identified as “inherently governmental” are not subject to competition.
- All activities identified in the commercial inventory are assigned Reason Codes.
- Those activities assigned Reason Code B are “suitable for streamlined or standard competition.”

## Appendix C: DOC Management Approach to Competitive Sourcing

Goal	<i>Carefully consider commercial functions and determine which are appropriate for competition</i>	<i>Thoughtfully pursue competition with appropriate planning and analysis so that standard and streamlined competitions are completed in a timely fashion and few publicly announced competitions are cancelled</i>	<i>Use past experiences to improve future competitions, resulting in further success</i>	<i>Develop long-term plans for continued, routine use of competitive sourcing as a management tool to improve mission effectiveness</i>
<p><b>Accomplishments To Date and Ongoing Strategy</b></p>	<pre> graph TD     1[1 As of May 20, all inventory drafts scheduled to be complete] --&gt; 2[2 Meet with operating units in June to discuss inventory / ongoing issues, complete analysis, submit to OMB by 6/30]     2 --&gt; 3[3 Based on CS Operation Plan, Operating Units will nominate studies to the CFO Council for review]     3 --&gt; 4[4 CFO Council selects which studies will be conducted to the greatest benefit of the agency]     4 --&gt; 5[5 CS Program Staff provides guidance and coordinates resources (e.g., Tiger Teams)]     5 --&gt; 6[6 Monitors status until complete, ensures data collection and capturing of best practices / lessons learned]     4 --- Ongoing((Ongoing))     Ongoing --- DC[Data collection: • Study status • Cost and savings • Best practices / lessons learned]             </pre>			
<p><b>Expected Results</b></p>	<ul style="list-style-type: none"> <li>• Conduct June site visits with operating units:                             <ul style="list-style-type: none"> <li>➢ <i>Review and discuss any challenges, issues with Inventory</i></li> <li>➢ <i>Gather info / feedback to improve future inventory collections, guidance and training needed (including POC for communications strategy development)</i></li> </ul> </li> <li>• Conduct analysis of inventory (benchmark against like agencies and work with operating units to answer questions elaborate on inventory) before final submission to OMB by June 30.</li> </ul>	<ul style="list-style-type: none"> <li>• No longer conduct studies for small number of positions (e.g., “onesies and twosies”)</li> <li>• The inclusion of the CFO Council in the process will provide the following efficiencies / benefits:                             <ul style="list-style-type: none"> <li>➢ <i>Endorsement from a high-level steering group means greater accountability, visibility and consistency</i></li> <li>➢ <i>Individual CFOs view nominations as a group to discuss “big hit” potential (e.g., 10 operating units have IT positions coded as commercial, for competition. Council can suggest one large study.</i></li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• CS Program office ensures data is collected frequently (for various reporting requirements)</li> <li>• CS Program Office evolves into one that provides guidance, resources to help operating units conduct meaningful studies (Tiger Team concept)</li> <li>• Audits program to continually improve</li> </ul>	