



DEPARTMENT OF VETERANS AFFAIRS
OFFICE OF ACQUISITION & MATERIEL MANAGEMENT



STRATEGIC PLAN
FY 2007—FY 2010



Department of Veterans Affairs



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OFFICE OF ACQUISITION
& MATERIEL MANAGEMENT



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TEAMWORK

Working together means winning together



 Date: November 2004
The National Cemetery Administration \$2,500
Two Thousand Five Hundred Dollars
In Honorable Memory OLSM



MESSAGE FROM THE DEPUTY ASSISTANT SECRETARY

As Deputy Assistant Secretary (DAS) for the Office of Acquisition and Materiel Management (OA&MM), I am committed to continuous improvement. I am proud to present this Strategic Plan. It's a roadmap for the future of our organization, and it sets out what we intend to achieve over the next 3 years. Our future success depends on responsiveness of our acquisition, logistics, and financial services support, our impact on the Department of Veterans Affairs (VA) mission, and how efficiently we operate. Now, more than ever, we need to refocus on our core mission: **"TO SUPPORT OUR NATION'S VETERANS AND OTHER GOVERNMENT CUSTOMERS WE PROVIDE ACQUISITION, LOGISTICS, AND FINANCIAL SOLUTIONS."** This plan establishes clear priorities and objectives to accomplish that mission.

We will become indispensable to VA through responsive service delivery when we achieve the objectives set out in this plan. We will employ focused service and responsive delivery to achieve our vision of becoming the premier provider of innovative solutions. The plan itself is a living document—it will evolve as necessary—but it sets a clear, consistent direction for OA&MM to better position itself to make the right decisions today, while adapting to the needs of our customers and stakeholders in a changing world.

As we publish this Strategic Plan, I am more confident than ever that we can meet the high expectations of our customers and stakeholders. This plan will be a mechanism of positive, lasting change.

—JAN R. FRYE



INTRODUCTION

Office of Acquisition and Materiel Management, a staff office within Department of Veterans Affairs (VA), has two fundamental roles:

MAINTAINING A SUPPLY SYSTEM FOR VA BY PROVIDING ACQUISITION, LOGISTICS, AND SUPPLY FUND FINANCIAL SERVICES AND EXERCISING OVERSIGHT AND STEWARDSHIP RESPONSIBILITIES FOR THE VA ACQUISITION AND LOGISTICS PROGRAM TO ENSURE THAT VA COMPLIES WITH LAWS, REGULATIONS, AND NATIONAL POLICIES GOVERNING FEDERAL ACQUISITION AND PROPERTY MANAGEMENT.

The complex functions required to support the diverse programs of VA are reflected in the mission and organization of OA&MM.

With annual expenditures of more than \$10 billion for supplies and services, including construction, VA is one of the largest procurement and supply agencies of the federal government. Drugs, medical supplies and equipment, IT equipment and services, and other critical patient care items must be procured and distributed to VA healthcare facilities, which comprise the largest health care delivery system in the country. Supply support is also provided to regional offices, national cemeteries, automation centers, and various other VA activities, as well as other government agencies (OGAs).

In addition to its primary role of supporting VA's programs, OA&MM has a government-wide role in the supply management of medical supplies and non-perishable subsistence.

OA&MM HAS THREE MAJOR BUSINESS LINES:



ACQUISITIONS: Procures pharmaceuticals, medical products and equipment, and professional and clinical services for our customers, both VA and OGA, that rely on OA&MM for contracting support.



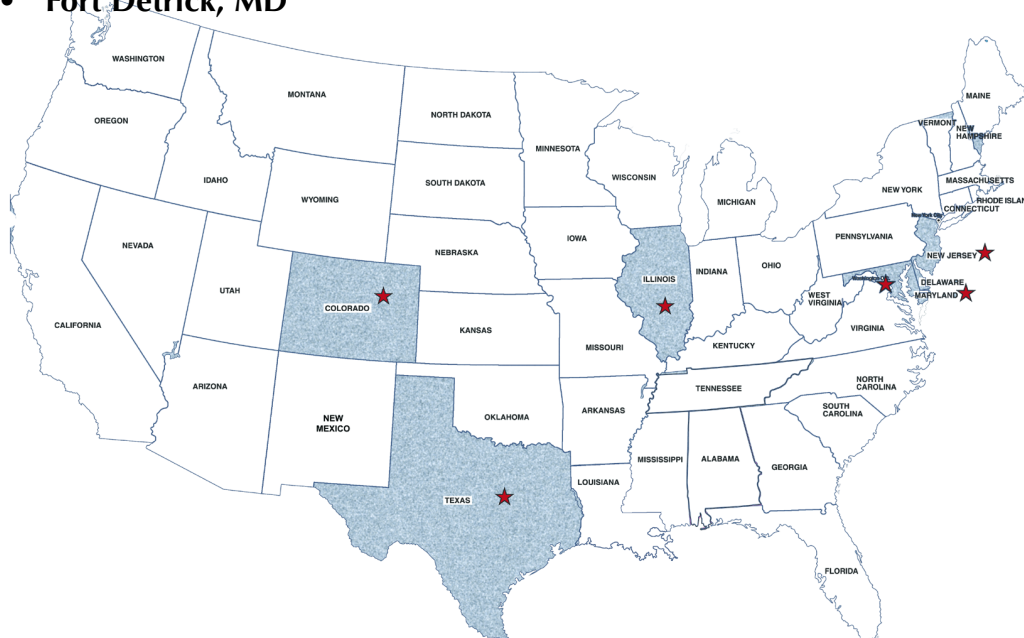
LOGISTICS: Provides a full range of logistics services to VA and OGA customers, including equipment maintenance, repair, and inspection; reclamation of precious metals; storage and distribution; transportation; asset management; and printing and reproduction services.



FINANCIAL SERVICES: Offers VA customers innovative financial services, including financing support of medical center warehouse inventories, the 1VA + Program, and the Capital Leasing Program.

OA&MM CONDUCTS VARIED ACTIVITIES AT MANY LOCATIONS THROUGHOUT THE COUNTRY:

- VA Central Office, Washington, DC
- National Acquisition Center and Service and Distribution Center, Hines, IL
- Asset Management Service, Hillsborough, NJ
- Denver Acquisition and Logistic Center, Denver, CO
- Austin, TX
- Fort Detrick, MD



Because of its department-wide and government-wide mission, as well as its role in protecting the integrity of the procurement and supply system, OA&MM is organizationally independent of the activities it serves. As a principal VA staff office, OA&MM is responsible to the Secretary, through the Assistant Secretary for Management, for providing goods and services needed by client activities.

All OA&MM operations are funded through the self-sustaining VA Supply Fund, which is managed by OA&MM. The operating costs are recovered through a variety of mechanisms that are designed to pass the costs of services provided along to the beneficiaries of such service.

PLAN FRAMEWORK

The goal of the OA&MM plan and its framework is to make everyone in OA&MM accountable for the organization's success in accomplishing its mission, goals, and objectives. By working together, both cross-functionally and within each of the business units, we are able to more effectively meet the strategic goals and objectives of OA&MM and VA as a whole.

OA&MM recognized the need for a structured approach to set agreed upon performance goals, measure progress, and change current directions to meet these goals. OA&MM applied the balanced scorecard (BSC) approach to building a Strategic Plan. The BSC is a structured performance measurement tool based on

a mix of financial and non-financial measures of performance. Metric scorecards are easy to read and usually have “red,” “yellow,” or “green” indicators to flag whether metric targets are being met. It formally connects overall objectives, initiatives, and measurements.

The BSC approach focuses on translating our organization’s vision and strategy into a coherent set of objectives and performance measures, linked across four perspectives. By developing a balanced set of strategies that consider all its needs, internal and external, our organization is able to balance its priorities, allocate resources, and manage performance.

BALANCED SCORECARD FRAMEWORK



PLAN DEVELOPMENT AND IMPLEMENTATION

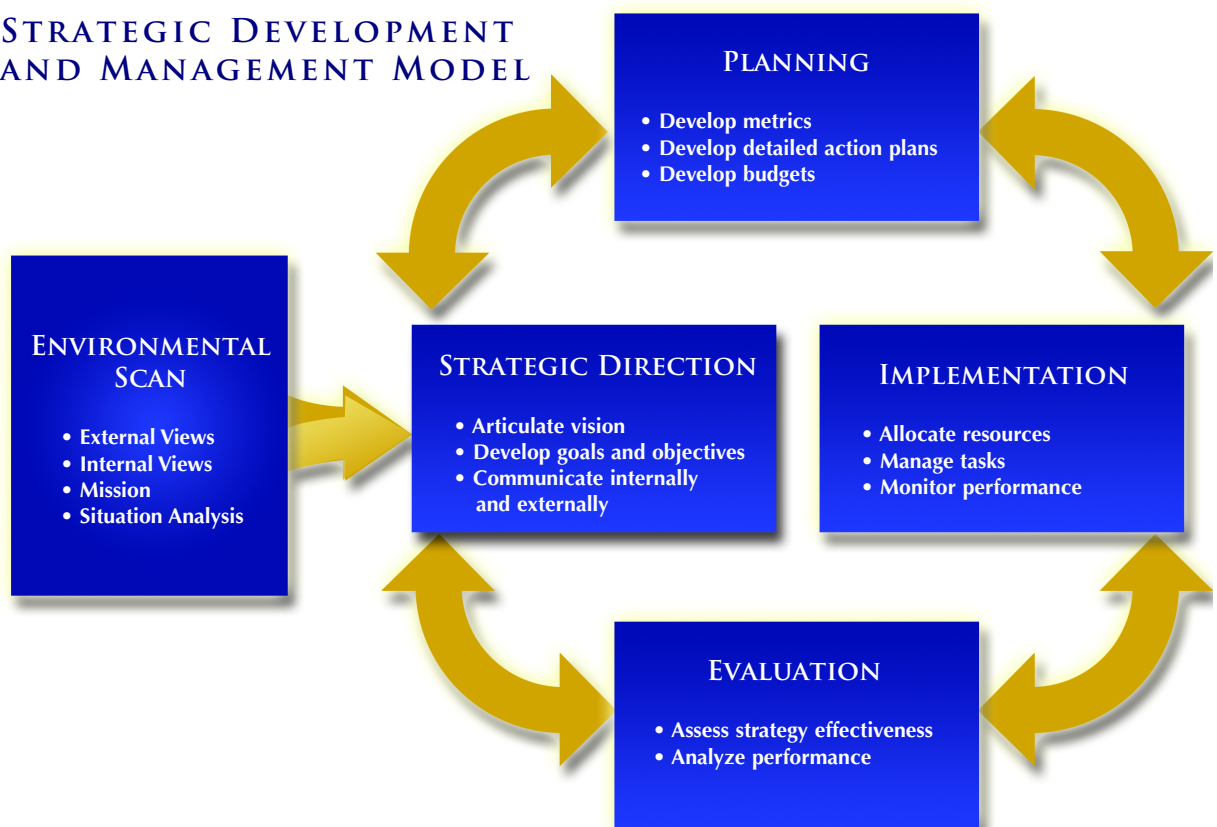
A large investment in time and intellectual capital was made in developing this Strategic Plan. This investment was made with the belief that a well-constructed strategy will lead to change and long-term success for OA&MM. Implementing this strategy will occur by developing a system of performance measures and targets and cascading the strategy throughout the organization.

Each of the strategic objectives has one or more performance measures and initiatives. The measures allow for assessing progress toward achieving objectives; the initiatives help in closing the gap between current and desired performance.

The corporate strategy will be “pushed down” through the organization as individual business units develop their unique strategies that meet their specialized mission and requirements. These unique strategies will be aligned to and support the corporate strategy. Cascading the corporate strategy in this way will personally involve and affect each member of the organization.

The strategic development and management model at OA&MM allows for continuously assessing internal and external environments and performance and modifying the strategy as necessary.

STRATEGIC DEVELOPMENT AND MANAGEMENT MODEL



VISION

“TO BE THE PREMIER PROVIDER
OF INNOVATIVE SOLUTIONS.”

MISSION

“TO SUPPORT OUR NATION’S VETERANS AND OTHER
GOVERNMENT CUSTOMERS, WE PROVIDE ACQUISITION,
LOGISTICS, AND FINANCIAL SOLUTIONS.”

VALUES

PEOPLE...Our greatest asset.

COMMITMENT...Our promise to our customer.

EXCELLENCE...Quality in everything we do.

INTEGRITY...Our standard in every relationship.



GOALS AND OBJECTIVES



PROVIDE OUR CUSTOMERS WITH HIGH-VALUE, EFFECTIVE, RELIABLE SERVICES AND PROMPT, ACCURATE, TIMELY, AND COMPLETE RESPONSES TO ALL REQUESTS FOR SERVICES. OUR FIRST AND MOST IMPORTANT GOAL CONCERNS THE OUTCOME FOR OUR CUSTOMER.

OBJECTIVE C1—BUILD RELATIONSHIPS WITH CUSTOMERS

Know and understand our customers and collaboratively establish standards and expectations by building relationships through clear, continuous, and open communication and dialogue. We will inspire trust and confidence through effective delivery of service.

INITIATIVES FOR ACHIEVING OBJECTIVE C1

- C1.11 Establish and Conduct Recurring OA&MM Customer Surveys
- C1.12 Establish Points of Contact for Customer Feedback in each Business Unit
- C1.13 Develop and Implement a Customer Education Program
- C1.14 Engage Customers in our Business Processes
- C1.15 Develop Service Standards for Internal and External Customers

OBJECTIVE C2—ENSURE INNOVATIVE, RESPONSIVE, BEST-VALUE SERVICES AND SOLUTIONS

Strategically source all our commodities and services to obtain best value for our customers, utilizing purchasing volume to garner optimal pricing, providing innovative and creative solutions and services, and providing choices with comprehensive solutions, one-stop shopping, and tailored services that help our customers more effectively meet their mission.

INITIATIVES FOR ACHIEVING OBJECTIVE C2

- C2.11 Formally Establish Strategic Sourcing Office with Top Level Mandate

STAKEHOLDER GOAL

OPERATE EFFECTIVELY AND DEVELOP, COMMUNICATE, AND ENFORCE POLICIES FOR THE VA TO ENSURE COMPLIANCE WITH REGULATIONS.

OBJECTIVE S1—BECOME A MORE COST-EFFECTIVE ORGANIZATION

Operate in a productive manner and provide a full accounting of its operation. OA&MM will effectively manage its resources to generate value-added innovative products and services.

INITIATIVES FOR ACHIEVING OBJECTIVE S1 (To be determined)

OBJECTIVE S2—PROVIDE GOOD STEWARDSHIP AND OVERSIGHT

Develop, communicate, and enforce effective acquisition, logistics, Supply Fund, and environmental policies for VA in order to set clear expectations, define roles and responsibilities, and ensure compliance with law and regulations.

INITIATIVES FOR ACHIEVING OBJECTIVE S2 (To be determined)

INTERNAL GOAL PROCESS

CHALLENGE OUR EXISTING BUSINESS PROCESSES, IDENTIFY OPPORTUNITIES FOR IMPROVEMENTS AND IMPLEMENT INDUSTRY BEST PRACTICES TO INCREASE CUSTOMER SATISFACTION AND ORGANIZATIONAL EFFECTIVENESS.

OBJECTIVE IP1—INTEGRATE SUPPLY CHAIN PERFORMANCE

Operate as a fully integrated supply chain that ensures products and services meet the needs of our customers. We will develop a continuous, end-to-end supply chain operation—from the supplier of materiel to the ultimate customer—that is accurate, visible, accessible, and interactive.

INITIATIVES FOR ACHIEVING OBJECTIVE IP1 (To be determined)

OBJECTIVE IP2—IMPROVE ACQUISITION INNOVATION

Develop or incorporate new, innovative approaches and ways of doing business and best practices to improve acquisition activities, operations, and policy. We will become a center of acquisition innovation.

INITIATIVES FOR ACHIEVING OBJECTIVE IP2

IP2.11 Fully Implement a Center for Acquisition Innovation (CAI) Emphasizing Strategic Sourcing

IP2.12 Fully Implement Contract Review Boards and Integrated Product Teams (IPT)

IP2.13 Implement an Oversight Management Program Utilizing Data Proactively to Enhance Acquisition Effectiveness

IP2.14 Conduct Acquisition Study

OBJECTIVE IP3—TRANSFORM VA LOGISTICS

Improve VA logistics operations through effective doctrine and policy, centralized governance, innovative systems, and targeted workforce professionalization to optimize quality, cost effectiveness, and timeliness.

INITIATIVES FOR ACHIEVING OBJECTIVE IP3

IP3.11 Contract for Study to Transform VA Logistics

IP3.12 Lead Logistics Development of FLITE to build an Inventory/Asset Visibility System

IP3.13 Create and Implement a Logistics Certification Program

IP3.14 Create Forums to Identify and Foster Adoption of Logistics Best Practices

OBJECTIVE IP4—DEVELOP AND IMPLEMENT A BUSINESS DEVELOPMENT PROCESS

Achieve business growth by using an integrated strategy that increases Federal Supply Service sales, adds new business lines, incorporates OGAs, and increases awareness of our VA-wide products and services.

INITIATIVES FOR ACHIEVING OBJECTIVE IP4 (To be determined)

OBJECTIVE IP5—DEVELOP AND IMPLEMENT AN OVERARCHING AUTOMATED SYSTEM

Participate in developing/acquiring and implementing technology that will better support our business processes and VA-wide integrated logistics, finance, and acquisition, thereby enabling us to serve our customers more effectively. We must better centralize the management of our Information Technology (IT) efforts to find better and smarter ways to work, rather than simply using computers to automate inefficient processes.

INITIATIVES FOR ACHIEVING OBJECTIVE IP5

IP5.11 Implement the Electronic Contract Management System (eCMS)

IP5.12 Lead in the Development of FLITE

IP5.13 Structure IT Resources/Supplies to Optimally Support Integrated Logistics, Finance, and Acquisition

OBJECTIVE IP6—ALIGN THE ORGANIZATION STRATEGICALLY

Align our organization and business practices to meet future missions with innovative and integrated strategies.

INITIATIVES FOR ACHIEVING OBJECTIVE IP6

IP6.11 Conduct LMI Organizational Study

IP6.12 Conduct External Briefings and Develop Organizational Realignment Package for Approval

IP6.13 Develop Communication plan

OBJECTIVE IP7—CAPITALIZE ON MANDATED AND INHERENT AUTHORITY

Provide the policy, guidance, and oversight to effectively manage VA's logistics system. Clarify the inherent authority to regulate acquisition, logistics, and finance activities and operations VA-wide, and with OGA partners.

INITIATIVES FOR ACHIEVING OBJECTIVE IP7 (To be determined)

LEARNING AND GROWTH GOAL

OUR SUCCESS DEPENDS ON OUR PEOPLE. WE MUST INVEST IN THEIR CONTINUED LEARNING, DEVELOPMENT, PROFESSIONAL GROWTH, AND SUCCESS. WE MUST NURTURE AND SUSTAIN A HIGH-PERFORMING WORKFORCE, ENCOURAGE SELF-RESPECT, VALUE INDIVIDUAL AND TEAM CONTRIBUTIONS, AND FOSTER A POSITIVE WORK EXPERIENCE AND ENVIRONMENT THAT RESPECTS AND CHALLENGES OUR PEOPLE.

OBJECTIVE L1—RECRUIT THE RIGHT PEOPLE

To secure the organization's future, align us for the demands of the future by ensuring that we attract qualified creative people with the right skill sets.

INITIATIVES FOR ACHIEVING OBJECTIVE L1

L1.11 Establish Student Employment Program

L1.11 Develop a Direct Hire Program

L1.11 Establish Parameters/Guidelines for Flexible /Alternative Work Schedules

OBJECTIVE L2—RETAIN THE RIGHT PEOPLE

Establish us as the employer of choice by creating a positive work environment and using monetary and non-monetary incentives that motivate and retain the highest qualified people.

INITIATIVES FOR ACHIEVING OBJECTIVE L2 (To be determined)



OBJECTIVE L3—DEVELOP AND TRAIN THE WORKFORCE

Establish an organizational culture that provides professional development training and opportunities to ensure that people have the skills and competencies to make sound decisions that meet our mission.

INITIATIVES FOR ACHIEVING OBJECTIVE L3 (To be determined)

OBJECTIVE L4—REINFORCE ACCOUNTABILITY WITH A SOUND PERFORMANCE MANAGEMENT SYSTEM

Establish a consistent performance management system for the entire organization that links our strategy and objectives to the individual employee's performance. Provide managers with the authority they need to be successful and hold them accountable for their operational performance and for maximizing organizational effectiveness.

INITIATIVES FOR ACHIEVING OBJECTIVE L4

- L4.11 Develop and Implement a Training Program to Incorporate VA's Performance Management Programs and OA&MM's Balanced Scorecard and Strategic Objectives**
- L4.12 Implement More Effective Linkages between Performance and Incentive Awards**
- L4.13 Communicate the Balanced Scorecard and its Relation to Organizational Performance throughout OA&MM on a Recurring Basis**

PROVIDE SERVICES AND FULFILL THE FINANCIAL MANAGEMENT RESPONSIBILITIES OF THE ORGANIZATION IN A COST-EFFECTIVE MANNER, WHILE INVESTING IN FUTURE INTERNAL AND EXTERNAL SERVICE ENHANCEMENTS.

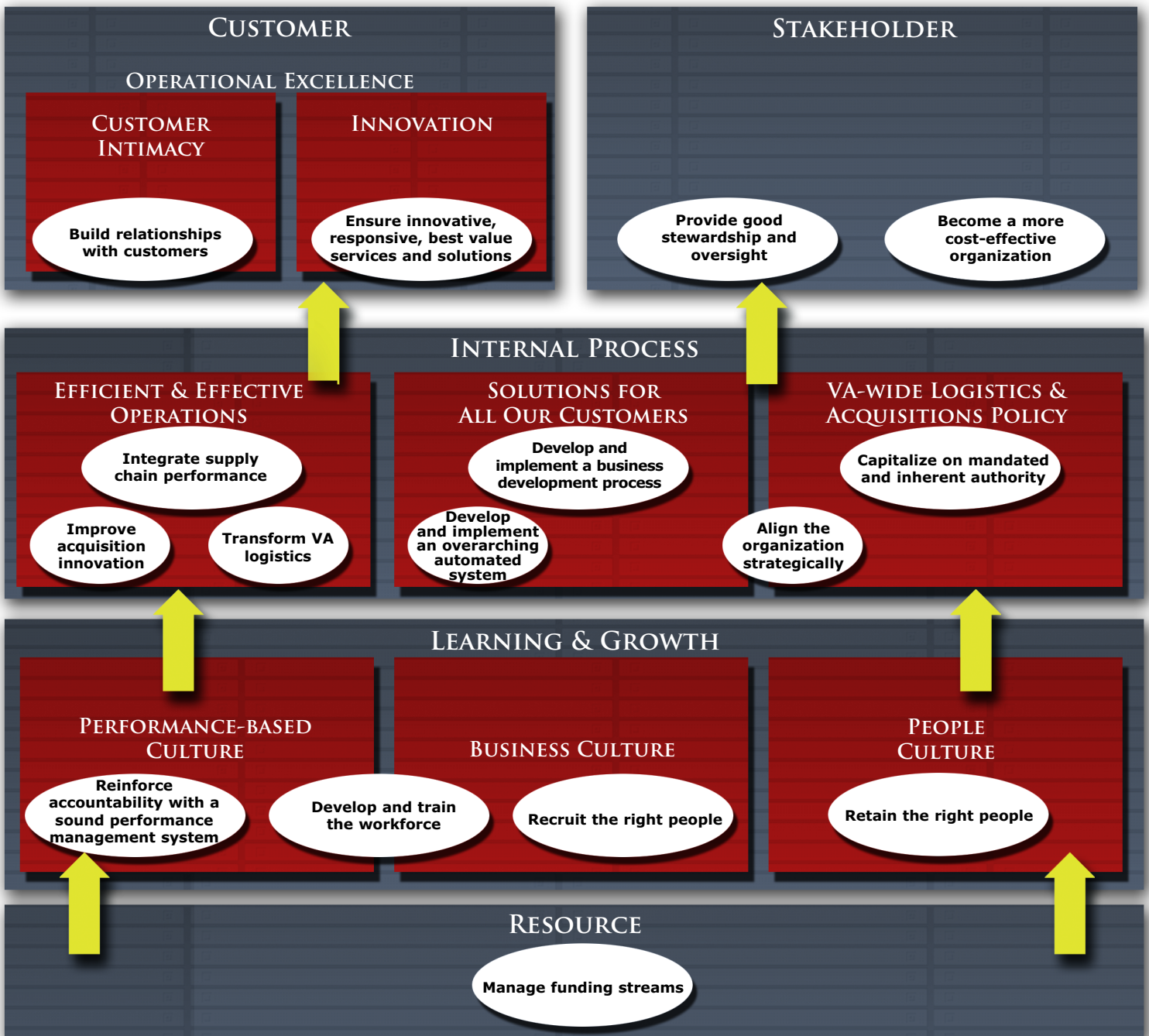
OBJECTIVE R1—MANAGE FUNDING STREAMS

Review all business lines for correct pricing/fees to ensure that revenue-generating functions are covering their operational costs and making a positive impact toward our overhead and appropriate funding mechanism.

INITIATIVES FOR ACHIEVING OBJECTIVE R1

- R1.11 Develop Template Business Plans and Budget (Formulation) Plans for use by our Business Lines**
- R1.12 Develop Financial Indicators, Metrics, and Reports for Business Lines.**
- R1.13 Institute Quarterly and Annual Financial Report and Review**
- R1.14 Identify and Leverage other Revenue Generating Activities within OA&MM**

STRATEGY MAP



OA&MM's strategy map is used to highlight and communicate priorities essential to achieving our vision.

OA&MM ALIGNMENT TO VA

VA STRATEGIC GOAL 1 — RESTORE CAPABILITY OF VETERANS WITH DISABILITIES

VA STRATEGIC GOAL 2 — ENSURE A SMOOTH TRANSITION FROM MILITARY

VA STRATEGIC GOAL 3 — HONOR AND SERVE VETERANS AFFAIRS

VA STRATEGIC GOAL 4 — CONTRIBUTE TO THE PUBLIC HEALTH, EMERGENCY MANAGEMENT, SOCIOECONOMIC WELL BEING

VA ENABLING GOAL — PEOPLE, COMMUNICATION, TECHNOLOGY AND GOVERNANCE

VA OBJECTIVE E-1	VA OBJECTIVE E-2	VA OBJECTIVE E-3	VA OBJECTIVE E-4
Recruit, develop, and retain a competent, committed, and diverse workforce that provides high quality service to veterans and their families.	Improve communications with veterans, employees, and stakeholders about the department's mission, goals, and current performance as well as benefits and services VA provides.	Implement a One VA IT framework that supports the integration of information across business lines and that provides a source of consistent, reliable, accurate, and secure information to veterans and their families, employees, and stakeholders.	Improve the overall governance and performance of VA by applying sound business principles, ensuring accountability, and enhancing our management of resources through improved capital asset management; acquisition and competitive sourcing; and linking strategic planning, budgeting, and performance planning.
OA&MM L 1 — Recruit the right people	OA&MM C1 — Build relationships with customers	OA&MM IP5 — Develop and implement an overarching automated system	OA&MM S2 — Provide good stewardship and oversight
OA&MM L2 — Retain the right people	OA&MM C3 — Ensure innovative, responsive, best-value services and solutions		OA&MM IP1 — Improve acquisition innovation
OA&MM L3 — Develop and train the workforce	OA&MM L4 — Reinforce accountability through a sound performance management system		OA&MM IP2 — Integrate supply chain performance
			OA&MM IP3 — Transform VA logistics
			OA&MM IP7 — Capitalize on mandated and inherent authority
			OA&MM R2 — Manage funding streams





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