



UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
ACQUISITION AND GRANTS OFFICE

JAN 21 2009

MEMORANDUM FOR: All Hands

FROM: Mitchell J. Ross
Director, Acquisition and Grants Office

SUBJECT: The Future of AGO

It has been thirty days since my service as Director of the Acquisition and Grants Office (AGO) of the National Oceanic & Atmospheric Administration (NOAA) began on December 21, 2008. During that time I have had a chance to formulate some initial plans on how to lead AGO into the future. I have benefitted from consultation with many people within AGO, throughout NOAA, at the Department of Commerce (DOC), and elsewhere. The purpose of this memorandum is to inform you of our initial plans, and obtain your support and cooperation as we move forward with what I hope and expect to be a more efficient and effective AGO.

It is an opportune time to be making changes to our organization. Yesterday was the inauguration of a new President. We will soon be seeing new leadership for NOAA and the Department. These leaders will have exciting new ideas, not so much about larger or smaller Government, but about better Government, and they will expect our support, expertise, and cooperation. They will get it. They will expect that we will perform our duties with efficiency and effectiveness. They will get that too. As we perform our traditional role in providing understanding, prediction, stewardship, and management of the oceans, coasts, and atmosphere; it is now likely that NOAA will be a vital part of bold, new Government initiatives in climate change and the environment. This is fitting for an organization that traces its lineage to the earliest days of the republic and the first national scientific agency. It should be an exciting and rewarding time to be part of NOAA.

The AGO role in NOAA is to acquire products and services, provide financial assistance, and manage that which we award to meet our mission. Our role is one of service to our clients, and our clients are many and varied in their needs. We serve project and program managers, line and staff office managers, agency managers and leaders, legislative overseers, and finally, the public at large. We provide services to several department bureaus other than NOAA under service level agreements. The complex and conflicting requirements we must balance among this demanding clientele make our work all the more interesting and rewarding.

That our role is core to NOAA is undeniable. Half of the NOAA budget is obligated each year in the acquisition of products and services and the award of grants. During the recent past AGO has annually awarded a billion dollars in 2,000 grant transactions and a billion dollars in 16,000 contract transactions against the backdrop of an annual NOAA budget of four billion dollars. More than half of all acquisition and grant awards occur in the third and fourth quarters of the fiscal year. That we have been able to make timely awards under such constraints is due to the hard work and determination of many of you. Our role is simultaneously simple and complex – simple in formulation, complex in execution. The contract and grant transactions we award and

manage are not uniform, ranging from food and furniture to ships and satellites, from copiers and telephones to aircraft and electronic navigation charts; all across an enterprise that is geographically dispersed nationally and internationally.

Our statutory and regulatory mandate has steadily increased in the past decade, even as our workforce has declined amidst an increased transaction workload. While our average dollar value per grant transaction has increased to five hundred thousand dollars, our average dollar value per acquisition transaction has remained less than one hundred thousand dollars. This disparity has meant that our grant workforce has been able to engage in both grant formation and grant management, while our acquisition workforce has largely engaged in contract formation only. Due in part to this lack of contract management, too many of our acquisition programs are late and over budget. These are only some of the most pressing challenges we face in AGO.

Identifying challenges is necessary but insufficient. In order to move forward to an AGO characterized by improved efficiency and effectiveness, we must overcome our most pressing challenges and produce viable solutions. These challenges have been the subject of two extensive business process re-engineering projects in the recent past. We will therefore focus initially on the establishment of guiding principles, re-alignment of resources, and improved planning for more strategic sourcing.

Guiding Principles - It is axiomatic that efficient and effective organizations - high performing organizations - communicate regularly and thoroughly, recruit and retain talented performers, and are inherently cooperative. We will communicate regularly and thoroughly through formal and informal means. We will have regular meetings for management, divisions, and all hands. We will reach out and engage the extensive agency committee structure. We will use the tools of the web, particularly our improving web site. We will invoke and measure acquisition and grants performance metrics. We will establish and maintain a new and improved acquisition planning tool and an acquisition process guide. We will create a management team that cooperates to achieve our common goals. We will link performance of the individual to the entire organization. We will establish an improved performance and career management program that is linked to our performance metrics and has as its primary objective the recruiting and retaining of talented performers. We will insist on an organizational ethic of client service; and we will measure it to ensure compliance.

Re-Alignment of Resources - Our scarce resources must be devoted to meeting our needs and solving our problems. We will establish budgets that are realistic and execute on them. We will increase the size of our divisions by reducing their number. We will establish an oversight function to improve the quality of our activities. We will close no office and no civil servant will be asked to move or be downgraded. We will establish and adequately resource a planning and sourcing initiative.

Planning and Sourcing - We will recognize that we process far too many acquisition transactions and we will reduce that number. We will improve acquisition planning by incorporating an improved acquisition planning tool, by reaching out coherently to client organizations through an account manager scheme, and by improving our systems reporting capability to enable more

meaningful spend analysis. We will measure our efforts by tracking the rise in our average dollar value per acquisition transaction.

High performing organizations, those characterized by efficiency and effectiveness, adapt to changing circumstances. AGO is now adapting to changed circumstances. We are adjusting processes, optimizing organizational structure, and creating teams that work better. We have strong support from the NOAA leadership team. These are our first steps toward a new and improved AGO. I look forward to your support and cooperation.