Category Management

Goal Leader (USAID): Deb Broderick, Deputy Director M/OAA
Goal Leader (State): Jennifer McIntyre, Deputy Assistant Secretary A/LM

Theme: Management
Overview

Goal Statement
- Increase consolidation of spending on common goods and services (not related to assistance) to maximize cost-efficiency and standardization. By September 30, 2019, meet or exceed Federal targets for Best-In-Class (BIC) contract awards.

Challenge
- USAID and Department of State (State) are working to use taxpayer dollars more efficiently and effectively in their operations and procurements. To do so, they are considering U.S. Government-wide contracts for goods and services to save money, avoid wasteful and redundant contracting actions, and free-up acquisition staff to accelerate the use of innovative procurements for high-priority mission work.

Opportunity
- By applying principles from Category-Management (CM) and the associated BIC solutions, USAID and State can purchase goods and services more like a single enterprise. Application of BIC solutions enables the Federal Government to eliminate redundancies by avoiding multiple contracts, increase efficiency by streamlining administration costs, and deliver more value and savings from the U.S. Government’s acquisition programs.

- The specific targets for Fiscal Year (FY) 2018 include the following:
  1. Increasing total spend under management (SUM) by 20 percent from FY 2016 baseline levels; and
  2. Increasing use of BIC solutions to 35 percent of addressable spend.
One of the overall goals of Category Management is to increase SUM. There are three tiers of solutions that fall under the broad umbrella of SUM: Tier 1, Tier 2, and BIC.

- The Office of Management and Budget (OMB) has designated BIC contracts as “preferred,” as they are Government-wide, and can provide the best savings and availability. These contracts have been pre-vetted and are mature and market-proven:
  - Tier 2 contracts are well-managed and have cross-agency collaboration occurring; and
  - Tier 1 contracts are also well-managed, and Agency-wide strategies exist.

The tier is determined by rating the following attributes:

- Leadership;
- Strategy;
- Data;
- Tools; and
- Metrics.

To accomplish the SUM and BIC goals, USAID and State plan to be actively engaged at the “Selection of Instrument” stage. They will also consider contract opportunities offered via Category-Management, especially BIC. If we opt for another contract method, we must justify and document our decision, and provide a plan to manage the contract we select.

Also, USAID and State plan to manage and attain these goals through a multi-phased process that focuses systematically to address the key attributes:

- Increase awareness;
- Provide education and training;
- Manage advocacy;
- Stakeholder-engagement;
- Apply and develop SUM principles;
- Measure and track results; and
- Evaluate and adapt to improve SUM.
To support this APG, USAID established the FY2016 baseline to assess both SUM and BIC.

Please see the graphs below for more information.
Several factors are contributing towards the Agency’s trend to meet its FY 2018 Category Management goals: 1) increasing awareness of CM solutions and their capabilities through weekly notices and links to Acquisition Gateway websites offering training and in depth details on various solutions; 2) assessing USAID’s Business Forecast to identify potential CM opportunities and reaching out to contracting officers (CO) to encourage use of CM solutions; and 3) increasing engagement across USAID missions about CM. To support this APG, USAID established the FY2016 baseline to assess both SUM and BIC.

USAID continues to accomplish CM initiatives by educating, training, and emphasizing the importance, capability and benefits of CM to its contracting and IT workforces. This includes GSA-led and USAID-specific training for USAID’s contracting and IT workforce (the largest group leveraging CM and BIC solutions). The initiatives include: 1) writing and distributing dedicated newsletters that emphasize CM and its benefits; 2) assessing large forecasted contracting opportunities; 3) encouraging the Office of Small and Disadvantaged Business Utilization (OSDBU) and small business Implementing Partners to participate in BIC and other similar contracts; and 4) engaging the cognizant CO to consider adopting CM solutions.

A challenge for USAID is that it does its work primarily overseas in both “permissive” (stable/friendly) and “nonpermissive” (unstable/hostile) environments. These challenging environments impact the type, timing and ability to engage resources to support the required contracted work that USAID manages.
The Department of State is well-positioned to meet its FY 2018 BIC and SUM spend goals given current spend levels and pipeline awards.

Progress for Q2 FY 2018: BIC spend through Q2 is at $230M and SUM is at $656M. Progress toward FY 2018 goals currently stand at 37% and 44% for BIC and SUM respectively. About 23 percent of the Department’s annual contract spend was awarded by the end of Q2.
Several factors are supporting State’s trend toward meeting its FY 2018 Category Management goals: 1) identifying and pursuing new CM initiatives through the Category Management program office located in the Bureau of Administration’s Office of Logistics Management with engagement from the Category Management Council (an internal State body comprised of senior officials across the Department); 2) assessing DOS’s Business Forecast to identify potential CM opportunities and reaching out to programs and contracting officers (CO) to encourage use and/or development of CM solutions; and 3) identifying existing supplier relationship management (SRM) best practices within DOS in order to pilot broader SRM strategies to improve DOS outcomes.

State continues to accomplish CM initiatives by educating, training, and emphasizing the importance, capability and benefits of CM to its contracting and IT workforces. This includes GSA-led and State-specific training for DOS’s contracting and IT workforce (the largest group leveraging CM and BIC solutions). The initiatives include: 1) website devoted to information on available contracts; 2) webinar sessions to educate and emphasize CM and its benefits; 3) assessing large forecasted contracting opportunities; and 4) engaging the cognizant CO to consider adopting CM solutions.
USAID plans on being pro-active in monitoring and managing its CM effort. It has taken steps to increase awareness, training and planning and execution in the area of CM. USAID will strengthen its acquisition processes to the extent possible to more adequately support CM when it provides the most optimal solution in support of USAID’s mission goals and priorities.

To address the attainment of this APG, the following Key Milestones and associated Due Dates have been identified for development, implementation, monitoring and reporting.

<table>
<thead>
<tr>
<th>Key Milestone</th>
<th>Milestone Due Date</th>
<th>Milestone Status</th>
<th>Owner</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>CMM.1 Conduct webinar on CM for procurement personnel</td>
<td>Q1 FY 2018</td>
<td>Completed</td>
<td>M/OAA</td>
<td>Increased awareness of CM and how it can be implemented, resources available and benefit of leveraging a CM solution.</td>
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<tr>
<td>CMM.2 Assess Business Forecast for USAID future acquisitions over $50m and $100m to identify key opportunities to address SUM</td>
<td>Q2 FY 2018</td>
<td>Completed</td>
<td>M/OAA</td>
<td>Forecast is periodically reviewed for updates that should be considered for CM.</td>
</tr>
<tr>
<td>CMM.3 Complete access and training for USAID staff for CM and its application</td>
<td>Q3 FY 2018</td>
<td>Open</td>
<td>M/OAA</td>
<td></td>
</tr>
<tr>
<td>CMM.4 Assess status against baseline and target goals for both BIC and total SUM for FY 2018. Coordinate with OMB related to the attainment for targets and goals</td>
<td>Q4 FY 2018</td>
<td>Open</td>
<td>M/OAA</td>
<td></td>
</tr>
<tr>
<td>CMM.5 Work with OMB to establish new, or changes to, goals and targets for FY 2019</td>
<td>Q1 FY 2019</td>
<td>Open</td>
<td>M/OAA</td>
<td></td>
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<tr>
<td>CMM.6 Increase CM outreach efforts to include four major engagement opportunities (e.g. A&amp;A “brown bags,” lessons learned events, etc.)</td>
<td>Q2 FY 2019</td>
<td>Open</td>
<td>M/OAA</td>
<td></td>
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<tr>
<td>CMM.7 Identify and engage with each major acquisition organization within USAID to increase CM awareness for FY 2020 planning</td>
<td>Q3 FY 2019</td>
<td>Open</td>
<td>M/OAA</td>
<td></td>
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<tr>
<td>CMM.8 End-of-year measures collected; assess status against FY 2019 baseline and targets</td>
<td>Q4 FY 2019</td>
<td>Open</td>
<td>M/OAA</td>
<td></td>
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</table>
Key Milestones - State

- State plans on being proactive in its monitoring and managing of the CM effort. It has taken steps to increase awareness, training and planning and execution in the area of CM. State will strengthen its acquisition processes to the extent possible to increase support CM when and where it provides the most optimal solution in support of State’s mission, goals, and priorities.
- To address the attainment of this APG, the Department has identified the following Key Milestones and associated Due Dates for development, implementation, monitoring and reporting.

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<tr>
<td>Conduct Annual Spend Analysis and Opportunity Assessment, including FY 2017 figures</td>
<td>Q2 FY 2018</td>
<td>Completed</td>
<td>A/LM/AQM</td>
<td>Spend analysis completed and reported to Category Mgmt Council</td>
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<tr>
<td>Conduct semiannual Category Management Council Meeting with representatives from across the State to review spend analysis, opportunity assessment, BIC/SUM Goals, and progress on Department-specific specific initiatives</td>
<td>Q2 FY 2018</td>
<td>Completed</td>
<td>A/LM/AQM</td>
<td>Category Mgmt Council Meeting held and future opportunities identified</td>
</tr>
<tr>
<td>Assess Business Forecast for State future acquisitions over $50m and $100m to identify key opportunities to improve SUM/BIC usage</td>
<td>Q3 FY 2018</td>
<td>In Progress</td>
<td>A/LM/AQM</td>
<td>FPDS data pulled</td>
</tr>
<tr>
<td>Assess status against baseline and target goals for both BIC and total SUM for FY 2018. Coordinate with OMB related to target and goal attainment.</td>
<td>Q4 FY 2018</td>
<td>Open</td>
<td>A/LM/AQM</td>
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<td>Work with OMB to establish new goals or changes for goals and targets for FY 2019</td>
<td>Q1 FY 2019</td>
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<td>Increase CM outreach efforts to include four major engagements opportunities (e.g., AQM “brown bags,” lessons-learned events, etc.)</td>
<td>Q2 FY 2019</td>
<td>In Progress</td>
<td>A/LM/AQM</td>
<td>eGov Program office’s FY20 IT Business Case Training included a category mgmt. panel discussion</td>
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<tr>
<td>Identify and engage with each major acquisition organization within State to increase CM awareness for FY 2020 planning</td>
<td>Q3 FY 2019</td>
<td>Open</td>
<td>A/LM/AQM</td>
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<td>End-of-year measures collected; assess status against FY 2019 baseline and targets</td>
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Key Indicators

Key indicators will align to the two main metrics assessed related to CM:

○ Outreach and training; (via USAID, State, General Services Administration [GSA] and OMB) across USAID and State, and CM-specific training to support awareness, application, and implementation (on-going, though started in May 2017).

○ State and USAID will collect and report SUM on a monthly basis to monitor progress towards meeting the target goals. Analyses will include assessments of dollars obligated and total contracts awarded to arrive at percent of contract dollars managed.

○ State and USAID will collect and report BIC on a monthly basis. Analyses will include assessments of dollars obligated and total contracts awarded to arrive at percent of contract dollars of total addressable spend.

○ Each of the indicators (SUM and BIC) can be tracked monthly via MAX.gov.

○ Indicators will provide a summary of how both USAID and State are doing compared to the baseline and targets.

○ It is important to note that data reported via MAX.gov have an element of latency (by about a month) from when they are entered into the Federal Procurement Data System – Next Generation (FPDS-NG) and when the data are reflected in MAX.gov. State and USAID will address any data verification and data-quality issues at a minimum quarterly, and ideally, monthly.

○ State will conduct final FY 2018 and FY 2019 BIC and SUM reviews after the annual certification of FPDS data.
Accuracy and Reliability, Data

- State and USAID report data specific to this APG to OMB via FPDS-NG, and OMB updates and reports on these data monthly.

- As FPDS-NG is the authoritative source of all Federal data, on Category-Management, the accuracy risks related to data are highly mitigated and appropriately managed.

- The analysis of data will include a review of what USAID and State systems report into FPDS-NG. Periodic assessment and data “cross-walks” will ensure the accuracy and valid recording of the data to ensure accurate and timely reporting.

- Data managers will make recommendations for adjustments based on the findings of these reviews.
**Contributing Programs**

Organizations:
- State and USAID success is predicated upon all sub-organizations, Bureaus, and other entities contributing to assessing business needs and aligning planned activities with BIC.

Regulations and Policies:
- OMB Memo 17-22 “Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce” is the guidance specific to describing and highlighting the need for Category-Management.

Other Federal Activities:
- President’s Management Agenda

**Stakeholder / Congressional Consultations**

To the greatest extent possible, USAID and State CM teams will continue to work and coordinate with stakeholders and Congress, to ensure Category Management program and BIC solutions apply to meet the mission requirements of State and USAID.