



# Procurement News – Near and FAR

FALL 2002

We welcome you to the new Fall season with the “must read” Treasury procurement newsletter. As we anticipate changes due to the pending creation of the Homeland Security Department, it is good to look at the Treasury success stories from Mint, BEP, Customs and our Small Business Development Office presented in this issue. Also highlighted is the Customs report on the August SmartPay conference.

Our next edition will be published in February. You may e-mail your articles to: [mary.lou.alderman@do.treas.gov](mailto:mary.lou.alderman@do.treas.gov). Mary Lou can also be reached on 202-622-0803.

## IN THIS EDITION

<a href="#">THE DIRECTOR'S CORNER</a>	<a href="#">1</a>
<a href="#">OFFICE OF SMALL BUSINESS DEVELOPMENT</a>	<a href="#">3</a>
<a href="#">PROCUREMENT TECHNOLOGY NEWS</a>	<a href="#">6</a>
<a href="#">CREDIT CARD SERVICES</a>	<a href="#">8</a>
<a href="#">WHAT'S UP IN THE BUREAUS</a>	<a href="#">9</a>
<a href="#">TRAINING &amp; CAREER DEVELOPMENT</a>	<a href="#">11</a>
<a href="#">PEOPLE IN THE NEWS</a>	<a href="#">12</a>
<a href="#">VACANCY ANNOUNCEMENTS</a>	<a href="#">13</a>

## THE DIRECTOR'S CORNER



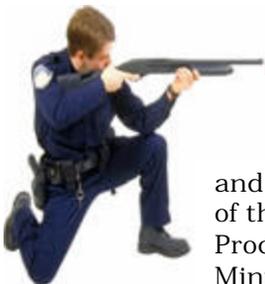
### Increasing the Value of a Policy Organization

by Corey Rindner,  
Senior Procurement Executive

Business is always a matter of “give” and “take”, but as business evolves, sometimes those roles change. This holds true for Treasury’s Office of the Procurement Executive. Traditionally, headquarters procurement policy organizations have been “takers.” “Takers” task buying offices with information demands, reviews, reports and other requirements of questionable value. Treasury’s Office of the Procurement Executive set out to redesign operations to become a “giver.” “Givers” provide services to buying organizations that would otherwise have to expend resources to obtain these services themselves.

Treasury’s Office of the Procurement Executive (OPE) organized itself around the concept of “product lines.” Each product line is designed to add value to Treasury’s bureau procurement missions. Product lines include:

**Oversight:** The Office of the Procurement Executive provides oversight of the acquisition system within the Department to ensure that taxpayer dollars are spent in the most efficient and



**Take Aim on March 25, 2003**

and plan to attend the Department of the Treasury’s 2003 Procurement Conference at the US Mint Headquarters Building that day. Look for details here in future issues of Near & FAR.

effective manner. Innovation is encouraged within the framework of applicable laws and regulations. This function is accomplished through the

Acquisition Management Assistance Review (AMAR) and High Impact Acquisition processes. AMARS are system reviews that examine the tools, processes and people involved in procurement operations. This contrasts with traditional procurement assistance reviews that focus on compliance. The AMAR provides an objective assessment of procurement operations to the Bureau Chief Procurement Officer (BCPO). Recommendations are only shared with the BCPO to reduce the potential for an adversarial relationship.

High Impact Acquisition reviews track high dollar or high leverage procurements throughout the procurement lifecycle. High Impact procurements are identified at the beginning of the fiscal year using criteria that include high dollar value, use by multiple bureaus, political sensitivity and criticality to the bureau mission. A procurement analyst is then assigned to meet with the bureau contracting officer to provide advice and assistance.

**Coordination:** The Office of the Procurement Executive coordinates across Treasury to leverage the resources of the Department. The concept is to make the sum of the parts greater than the whole. As an example, OPE manages a Treasury-wide procurement intern program. Where smaller bureaus may not have the resources to fund their own dedicated interns, OPE can pool resources and hire interns to benefit all of the bureaus. Interns are hired with the advice of bureaus during the staffing process. They rotate through assignments on six month details while taking basic procurement courses. At the end of the two year program, interns are assigned to a bureau whose workload best matches the intern's interests. A recent innovation has been the dedicated intern program. Bureaus with requirements for stringent background clearances have been hampered in staffing because of clearance times approaching six months. College graduates are reluctant to wait that long for a job offer. The dedicated intern program allows the bureau to identify a suitable intern who is hired at

Treasury pending receipt of clearance. The intern gains valuable job experience at bureaus that don't require the more stringent background investigation while their more detailed clearance is processed. OPE also chairs various working groups to assist the bureaus in sharing best practices. Examples include electronic commerce, purchase card, and competitive sourcing.

**Consulting:** OPE provides specialized expertise and consulting to assist the bureaus on specialized topics. The concept is to develop a core of unique expertise at the Department level so that each bureau won't have to replicate the knowledge. Treasury has developed specialized expertise in the areas of competitive sourcing, performance based contracting, section 508 (accessibility) contracting and electronic commerce. OPE consultants have become government-wide resources. They lead and participate in government-wide working groups and communities of practice designed to share knowledge across government. OPE personnel develop their specialized expertise by selecting a topic of personal interest that also represents an issue of importance to Treasury and immersing themselves.

Consulting also takes the form of sponsoring conferences and other training. The OPE team runs an annual Treasury-wide procurement conference as well as special topic conferences on competitive sourcing, performance based contracting, and Section 508 contracting. A special course on electronic commerce was developed to highlight the benefits electronic procurement tools.

**Program Development:** OPE develops programs and initiatives for Treasury procurement to implement new electronic commerce methodologies that maximize procurement operation efficiency and effectiveness. Examples include implementing Central Contractor Registration (CCR) as a database of Treasury business partners and Federal Business Opportunities (FedBizOpps) as a one stop portal for Treasury business opportunities before they became government-wide requirements and implementing electronic reverse auctions as a procurement tool.

**Policy Development:** The Office of the Procurement Executive provides advice, counsel and status to Treasury policy officials to assist them in the implementation of policy goals. This is the traditional policy office function.

By becoming an organization of “givers” rather than “takers”, Treasury’s Office of the Procurement Executive has increased its value to Treasury while providing more interesting assignments to employees.

## OFFICE OF SMALL BUSINESS DEVELOPMENT

### OUTREACH ACTIVIST!

by Dan Sturdivant



It has become increasingly more difficult to pick up the business section of your local newspaper, or listen to any of the local political pundits, without hearing or seeing something about the virtues of small business. And that’s a good thing! What you hear in almost every scenario, is that small business is the “engines that drives the economy”, and that is definitely true!

Consider these facts:

- America has over 25 million small businesses.
- Small businesses employ more than half the country’s workforce and create 75% of the net new jobs in the country each year.
- Small businesses contribute \$1.5 trillion to the national payroll.
- In the Washington Metropolitan Statistical Area, small businesses employ over two million people with a payroll of \$77.4 billion, and
- Small businesses provide 67% of first jobs to young people.

With statistics like that, it’s no wonder that you are constantly hearing that adage regarding the small business being the “engine that drives the economy.”

But have you ever stopped to wonder how a particular small business owner got “the” edge? Got that *critical* piece of information, or those contacts that puts him, or her, over the top? Does it ever make you wonder; how did they know that requirement was “coming down the pike”? Well, I can tell you, that for most small businesses, in most instances, it was “outreach”! If small business is truly the engine that drives the economy – then I submit to you that outreach is the engineer!

Webster defines “outreach” as the ability to reach beyond or exceed; to extend. If you ask around the small, minority, and women-owned business community, Treasury has “mastered” the technique and has redefined the term, “outreach”.

You see, outreach at Treasury isn’t merely showing up at a few “required” conferences, once or twice a year, and feeling that that’s sufficient. Oh no! We aren’t satisfied until we have provided the information and knowledge that allows the small business owner to make an *informed* decision, on how best to market each of Treasury’s twelve, autonomous and decentralized bureaus. We realize and recognize that procurement information is power, and handing a business owner a floppy disk at a conference, and basically saying “have-at-it” doesn’t cut the mustard!

That’s why we’ve created and established several outreach activities and strategies, which collectively, allow small business owners to make informed and intelligent decision, based on what best fits Treasury’s needs! One size does not “fit all”!

Allow me this opportunity to discuss outreach strategies and activities that we have devised to enhance Treasury’s program:

Vendor Outreach Sessions, or VOS for short. This “often imitated, but never duplicated”, award winning program, allows the small business owner

(monthly) to interface with the Treasury bureau Small Business Specialists, (& a Special Guest) via pre-arranged 15 minute appointments, made on-line.

**Targeted Outreach – Women-Owned Businesses** “only” during the month of March, which is Women’s History month, celebrated nationally.

**Targeted Outreach – Serviced Disabled, & Veteran Owned Businesses** “only”, during the month of November, “immediately” following the Veteran’s Day Holiday.

**Treasury large business prime contractor VOS**  
This VOS, which is held semi-annually, is the only all day VOS. This venue features 10-15 Treasury prime contractors in the morning and additional 10-15 prime contractors for the afternoon session.

**Treasury “IT” Program Manager VOS**  
This VOS, which is also held semi-annually, allows the small business owner to sit down with a Treasury “IT” Program Manager and the Treasury bureau Small Business Specialist to ascertain whether there is a match between what the program manager is seeking, and the small business owner is offering.

**Out- of-Town VOS**  
Twice a year Treasury’s Office of Small Business Development takes the VOS show-on-the-road. We target two cities where Treasury has a “significant” presence to let the small business owners know that the Department of the Treasury is a nation-wide organization, which is open for business, nation-wide! This year we held the first VOS in Dallas/Fort Worth, Texas, where the Bureau of Engraving and Printing resides, and we followed that up with a VOS in Indianapolis, Indiana, where the US Customs Service has a significant procurement presence.

**Treasury’s Mentor-Protégé Program, or Success Partnerships**  
The Mentor – Protégé Program, under the auspices of Ms. Jodie Falvey, the Program Manager, is designed to motivate and encourage mentor firms to assist small business, including HUBZone small

businesses, small disadvantaged businesses, Veteran and Service Disabled Owned small businesses, and women-owned businesses to enhance their capabilities. After just three years of operation, this program has nearly 50 Mentor-Protégé relationships.

**Annual OSDBU Directors Conference**  
This conference, for which Treasury’s office of Small Business Development, takes the “lead”, is the largest, one-day conference in all of government, drawing over 2,500 individuals, from all over the country. The conference is sponsored by all of the OSDBU Directors located in the Washington Metropolitan area. Treasury’s Director, Kevin Boshears, is the Vice Chair for this council. This reporter is the Chairman of the Conference Planning Committee for this event, and has been for the past 8 years.

Several local and national industry groups, as well as the previously mentioned OSDBU Council, have recognized Treasury’s numerous outreach activities as a “best practice”. For that, we are extremely proud.

The Treasury outreach program has not only enhanced our image with the small business owners at large, but has also garnered the Office of Small Business Development numerous awards, and accolades. However, by no means is this achieved without the collaborative efforts of the outstanding Treasury bureau Small Business Specialists, who have been appointed by the Bureau Chief Procurement Officers. They have in effect helped us to create a “balance beam approach”, which we will further define in a future article.

## **THE PRESIDENT’S MANAGEMENT AGENDA AND SCORECARD**

*by Jan Visintainer*

Have you all heard about the President’s scorecard? What exactly is it and what does it mean? The answer to that requires a little background information.

President Bush identified five management areas throughout government to focus attention and work to improve. The areas are human capital, financial performance, budget and performance integration, e-government and competitive sourcing. In the summer of 2001, these five areas became known as the President's Management Agenda (PMA). The Office of Management and Budget (OMB) was given the PMA oversight duty. In early 2002, the OMB developed the PMA scorecard. The PMA scorecard is red, yellow and green scoring for each management area based upon established criteria. The PMA scorecard is sometimes referred to as a stoplight scorecard with green the highest score and red the lowest.

For the quarter ending June 2002, Treasury received a green light in progress on human capital, competitive sourcing, financial performance and e-gov, while budget and performance integration received a yellow. This was an improvement in Treasury's March 2002 score of two greens and three yellows. Treasury is striving to receive five greens for the quarter ending September 2002.

Some of you may be involved in one or all management areas of the PMA in Treasury's effort to go beyond green. The Office of the Procurement Executive (OPE) is leading the effort on competitive sourcing. What has OPE accomplished on competitive sourcing?

Competitive sourcing really begins with the Federal Activities Inventory Reform (FAIR) Act. The FAIR Act requires all agencies throughout government submit an annual report to OMB that identifies the commercial functions or activities performed by government employees. The report is due June 30<sup>th</sup> of each year. For the report submitted in June 2002, Treasury developed an automated, web-based collection system. While the system was not perfect, it did facilitate and enable a thorough, robust inventory review at the bureau level as well as Treasury-wide. The review process proceeded so smoothly, Treasury submitted the report nine days early. The FAIR Act also requires agencies compete commercial functions using Circular A-76 procedures.

People sometimes refer to this initiative as outsourcing, but in reality the A-76 Circular sets forth procedures for public-private competition. Treasury as well as other agencies outside of the Department of Defense had little or no A-76 study experience prior to the PMA. So OPE focused a lot of effort into building an infrastructure.

OPE established a competitive sourcing working group. This working group includes members from every bureau as well as from major offices. The working group agenda includes a guest speaker who is a recognized expert in aspects of competitive sourcing. The monthly meetings function as a knowledge management network for sharing of information and best practices.

Similar to the Treasury competitive sourcing working group, OPE led the effort to establish a government-wide competitive sourcing working group. The government-wide working group started with a handful of people and has grown to participation from 25 agencies and over 75 members. One of the most successful products from the government-wide working group is the competitive sourcing conferences.

In March 2002, the first government-wide competitive sourcing conference was held at the Department of Interior auditorium. This conference offered the 700 attendees an introduction to competitive sourcing and the A-76 process. The second conference in July 2002 highlighted human resources issues involved in competitive sourcing. This conference was the first conference, public or private, to address this issue and also linked competitive sourcing and human capital PMA management areas. Both conferences were offered free of charge, representing a cost avoidance \$1.5 million.

Would you like to participate in the success? The next government-wide competitive sourcing conference, "Where are We and Where are We Heading?" is on November 7, 2002. Registration for the free conference is at [www.pec.gov](http://www.pec.gov). Click on the link under upcoming events. We will see you there.

## PROCUREMENT TECHNOLOGY NEWS

### PROCUREMENT TECHNOLOGY...ELECTRIFYING!

by Richard Miller



**It's In The Name:** You're going to gradually see the term "Electronic Commerce" replaced by "Procurement Technology" in the Federal procurement arena.

Why? Automation has so pervasively infiltrated the procurement field that "EC" is no longer broad enough to define it!

**Coming:** The Central Contractor Registration (CCR) System has already developed a CCR application test version incorporating vendor-maintained Certifications and Representations forms. And, Defense e-Business wants a couple Treasury bureaus to pilot test the new CCR version. Any takers?

**Fact:** To the best of our knowledge, OCC remains the ONLY Federal bureau with finance and contract writing systems that receive daily electronic data feeds from CCR. Congratulations OCC!

**Surprise:** Only 15 persons among all the bureaus outside IRS have completed any of the online Section 508 training modules located at <http://irap.no.irs.gov>. This site offers outstanding Section 508 training for new employees, or refresher training. It's grouped by modules so that you can self-train specific to *your* needs. *YOU* should know at least enough to answer the quiz questions correctly!

**Dreams Fulfilled:** Collaboration with the IRS Section 508 implementation team recently resulted in a unanimous recommendation of all present to significantly simplify the Determination & Findings form! It still won't fit on a postage stamp, but it's getting closer! Soon to reach a Web site near you!

**Buying Time:** The micropurchase exception to Section 508 will shortly be the subject of an OFPP proposed rule for an 18 to 24 month extension beyond the regulatory sunset of 1/1/03...that's right around the corner. Be sure to comment! The extension you lose could be your own!

**Be A Tester, Not Testy!** FedBizOpps is adopting a new release development protocol that will require three grass-roots contract specialists to assist in development and test every enhancement capability. Volunteers needed! This is a chance to *directly* work with the GSA FBO Project Team to make sure they get it right, rather than struggle with system issues later! Contact [Richard.Miller@do.treas.gov](mailto:Richard.Miller@do.treas.gov) if you're interested.

**And You Think You've Got It Bad!** Recent attendance at the annual convention of the National Association of State Procurement Officials revealed that they are hurting far more than us Federal procurement folks on budget, personnel, and procurement technology. Although attending in order to present the Federal Section 508 status, their successes and diligence amidst difficult work environments was inspiring!

**RERUN - <360 Days Left:** The Government Paperwork Elimination Act (GPEA) requires that federal agencies must be prepared to conduct business with the public (including contractors) 100% electronically by October 21, 2003...will you be ready? Are your contract writing system vendors doing timely preparation?

**Crystal Ball, Not 8-Ball!** Ever wonder where Federal procurement is headed? Take a look at <http://www.arnet.gov>, under E-Gov Initiatives. You can get a complete overview! It's the OMB Integrated Acquisition Environment...what you'll be working amidst in the near future.

Questions, comments, complaints?  
[Richard.Miller@do.treas.gov](mailto:Richard.Miller@do.treas.gov), 202.622.8136

## REVERSE AUCTIONS GAIN TRACTION IN GOVERNMENT

### New Models and Vehicles Now Available

by Geoff Gauger

Imagine waking up in Marrakech, Morocco, an exotic city where on any given day and without warning the curtain goes up on one of the world's most lively and fascinating bazaars. A place where row after row of open-air stalls are set up, the air is filled with mouth-watering aromas, and jugglers, snake charmers, and magicians mingle among those buying everything from Bedouin carpets to couscous to camels. Imagine further that you want to buy a low mileage, high quality used camel, one with a sleek camel hair finish, can go from sitting down to standing up in less than 3.2 seconds and comes with standard equipment like a hump and four legs. Your shopping would be done wandering from stall to stall looking for used camels and haggling individually with each camel dealer to get the best price you could before moving on to the next camel store.



Think about how much more efficient it would be if you could bring all of the used camel dealers at the bazaar, and even some who weren't there, into one place and give them the opportunity to bid against each other to supply you with a camel that meets your specifications. That's what reverse auctioning is all about—avoiding time spent negotiating price with each supplier individually while getting the best possible price.

Because of their proven ability to stretch budgets and reduce workload, buyers throughout government are embracing reverse auctions. The Internal Revenue Service, which last year saved \$68.7 million using a reverse auction to price IT equipment and services, has also experienced success with subjecting small buys to reverse auctions. Many of these buys have been below \$25,000 and several were below \$1,000. In this calendar year alone, four Treasury bureaus, US Customs Service (USCS), Bureau of Public Debt

(BPD), Bureau of Alcohol Tobacco and Firearms (ATF), and Financial Crimes Enforcement Network (FinCEN), have collectively completed well over \$300,000 in purchases through FedBid, a small business auction enabler, with some impressive results.

The USCS saved 43 percent on the purchase of a single shredder while FinCEN saved 87 percent on two 256MB memory kits. On the vendor side, interest in competing for Treasury's business has been intense. For example, BPD has been averaging 72 bids per auction. In all, close to 2,000 bids have been received from over 330 firms. "I was hesitant to try reverse auctions at first. Now, having seen how easily they are conducted and the competition that's generated for our low dollar buys, I wish that we would have tried them sooner" said Ken Peterson, Chief of USCS's Field Procurement Services Branch.

Another noteworthy achievement has been that BPD, USCS and ATF have awarded 100 percent of their auction results to small businesses.

Reverse auction providers, called enablers, make their services available to government buyers in two forms, desktop and full service. With the higher priced full service, enablers evaluate an organization's requirements to determine suitability for subjecting them to a reverse auction, research the marketplace for potential suppliers, and conduct the reverse auction. With desktop solutions, the buyer is responsible for all of these functions.

Despite their differences, full service and desktop auction solutions share commonalities. Both use web-based applications running on the enabler's server and both include training on the enabler's software and help desk support. Additionally, the Contracting Officer maintains full control of the auction, from determining the firms that will be invited to participate to establishing the auction's parameters.

While there are many enablers, Treasury, the Department of State and others are using a relative recent arrival, FedBid.com. One of the strengths of the FedBid model is their pricing. Fees, ranging

from 1% to 3%, are paid by the successful offeror, not directly by the agency conducting the auction. Another strength in FedBid's model is that the buyer can confine competition to small, woman owned, or small disadvantaged businesses or a combination thereof. FedBid also takes suppliers from a customer's vendor pool, signs them up and allows them to participate in the competition. However, the real value of the application is found in its ease-of-use and compliance to the rules, regulations and laws governing government purchasing.

Acquiring enablers' services has become easier with the GSA Federal Technology Service announcing the award of Government-wide Acquisition Contracts (GWAC) for reverse auction services on July 25<sup>th</sup>. FEDBid is available on the GSA SmartPay contract. Jim Brown, Contracting Officer with GSA's Information Technology Acquisition Center, said "Recognizing the successes that agencies have had and are going to experience with reverse auctions, GSA decided to provide these contracting vehicles to make it convenient to acquire the services of several of the industry's top enablers." Additional information on GSA's GWAC's may be obtained on the Internet at [www.buyers.gov](http://www.buyers.gov).

Reverse Auctions are here! What are you waiting for?

## **CREDIT CARD SERVICES**

*by Anna Duncan and Jim Sweat, USCS*

On August 28, 2002, Jim Sweat, Customs Purchase Card Program Coordinator, participated in the Citibank Best Practices Round Table discussion, just one session on the extensive agenda at the fourth annual GSA SmartPay conference in San Francisco. This annual conference is held exclusively for Agency/Organization Program Coordinators (A/OPC) in each agency and bureau Purchase Card Program. The main focus of the conference is to share best practices and provide extensive training to fewer individuals involved in the program.

Held August 27-29, 2002, over 3,000 civilian and military employees from around the United States attended the conference. The conference provided an excellent opportunity for A/OPC's to network with other A/OPC's and meet with representatives from the participating banks in the GSA SmartPay Program. Training sessions were designed to provide attendees with information to maximize the efficiency and management of the Purchase, Fleet, and Travel cards at the program management level. The theme of the conference was "Discover the Possibilities."

Mr. Sweat participated in the Round Table Discussion along with A/OPC's from the Department of State, Commerce, Labor, Navy, and Veteran Affairs. During the conference, Mr. Sweat discussed one major accomplishment of the Customs Purchase Card Program, the increased utilization of the purchase card at the \$10,000 single purchase limit. The use of the card as a payment mechanism against existing Customs' contracts has been very effective. Using the Purchase Card also provides audit trail to support the services provided and the local office cardholder is in control of the ordering and payment process.

Customs Purchase Card Program has been recognized by the Department of Treasury as having the most automated system, as Customs is the only bureau to have on-line electronic cardholder and approving official statement review function as well as an excellent audit/oversight review program. Recently, Treasury's Office of Inspector General completed an audit of the Purchase Card Program and according to their preliminary report, there were no findings of fraud, waste, or abuse.

Mr. Sweat's participation in the Round Table Discussion was a complete success. It allowed other agencies to hear how innovative and beneficial the Purchase Card Program has been in the U.S. Customs Service. Of all the agencies represented, the Customs Service Purchase Card Program is considerably advanced in automation, on-line reporting, and payment processing.

## **WHAT'S UP IN THE BUREAUS**

## **PERFORMANCE BASED SERVICE CONTRACTING AT THE UNITED STATES MINT**

*by John Hasse*

In the fall of 2000 the Mint had a requirement to roll and package State Quarters as collectible items for the coin collecting community. Due to the President's requirement for the government to use more performance based service contracts (PBSC), we decided this new project was an excellent candidate for a PBSC. The Mint's primary requirements for this contract were that the contractor, a) provide all the required packaging for the products, b) meet very high quality standards, and c) comply with short delivery schedules. Additionally one of the Mint's goals in awarding this contract was to streamline Procurement's processes by transferring the responsibility for ordering the multiple packaging components needed for the finished product to the contractor. With the help of the Office of the Procurement Executive expert on the subject of PBSC, Ronne Rogin, we developed our performance specifications and our quality assurance plan. While developing the solicitation, the project team determined it was not possible to incentivize the vendor with monetary incentives, so we decided to use annual contract extensions as our primary incentive for excellent performance. In January 2001 we awarded this contract to Coin Wrap, Inc., in Harrisburg Pennsylvania.

This approach has worked wonderfully. Coin Wrap has been performing under this contract for almost two years. As a result of their excellent performance the Mint has already awarded Coin Wrap one annual contract extension. This extension means that for each project Coin Wrap has delivered our repackaged products both well within our delivery schedules and with fewer customer complaints. One of the Mint's secondary evaluation factors was the level of customer service received. Coin Wrap has excelled in this area as well by continually performing as one of our most responsive, reliable, and easy-to-work-with vendors.

The award of this PBSC has saved the Mint tremendous time and energy by not having to purchase and coordinate the multiple packaging components that are required for the Q50 State Quarter rolls and bags. We have rolled up into one contract the work that at one time took six contracts. By doing so we have also received excellent customer service. To be honest, the contract administration has taken a little additional work by having to develop a performance specification and to evaluate the contractor's performance. However, the time and money the Mint has saved have more than made up for this small amount of additional work. Internally, this contract has been used as an example of a model PBSC. From my experience I have found this PBSC contract to be an exciting and interesting contract to work on, and based on this experience I highly recommend that other Treasury Procurement Professionals use Performance Based Service Contracts when possible.

## **THE U.S. CUSTOMS SERVICE PERFORMANCE BASED CONTRACTING INITIATIVE**

*by Mark Weinstein*

The U.S. Customs Service Procurement Division (PD) is in the midst of creating and executing a comprehensive strategy for exceeding the Bush Administration's goals relating to greater use of performance-based contracting.

As part of an effort to add value to the acquisition process, PD is embarking on a management initiative to increase its use of performance based acquisition strategies as part of managing the procurement requirements received from its clients. The initiative advocates the use of a Statement of Objectives in lieu of the traditional Statement of Work and promotes the use of incentives designed to reward exceptional contractor performance.

The sole purpose of this initiative is to create a performance based procurement organization that promotes performance-based acquisition strategies to meet its procurement requirements.

PD Contracting Officers are working closely with their program office clients to increase Customs' acceptance of performance-based acquisition

strategies to meet their procurement requirements.

A performance-based acquisition strategy is not a procurement process. It is a business process requiring a cultural transformation in the way both the Program Office and acquisition personnel award and manage contracts. It is a business process that integrates planning, budget and program management. The business process starts at the time the Program Office identifies the agency need.

In partnership with a consultant, a myriad of activities are being undertaken to educate the Customs community on performance-based contracting. In-house training sessions are being conducted to assist Customs acquisition teams on writing Statement of Objectives (SOO). Market research briefings are being conducted with Customs acquisition teams and industry representatives to develop the SOO and formulate business solutions in accordance with standard commercial industry practices to support outstanding procurement requirements.

The goal is to achieve a cultural transformation in the way Customs processes procurement requirements and to develop new performance-based business practices that will increase the effectiveness of new and on-going acquisitions to carry out the agency mission.

Our clients, Program Offices, are the key stakeholders to implementing performance-based business strategies at Customs.

Over the next several months, PD and its business partner will conduct briefings with key stakeholders to implementing performance based business strategies at Customs such as Assistant Commissioners, Project Managers and COTRs.

In support of this project, PD has been networking with other performance-based procurement organizations in the Federal Government (e.g. the Department of Education Federal Student Aid Office of Acquisitions and Contract Performance, and the Office of Procurement of the U.S. Patent & Trademark Office) to exchange best practices and "lessons learned" to bring these ideas and

innovations into the Customs procurement organization.

Please contact Mr. Mark Weinstein, Program Manager at (202) 927-0567 or at [mark.j.weinstein@customs.treas.gov](mailto:mark.j.weinstein@customs.treas.gov) to obtain any additional information regarding this initiative.

## **BEP'S TOUR GUIDE CONTRACT – A PERFORMANCE-BASED SUCCESS STORY**

*by George Leininger*

BEP's currency-production tour is one of the premier attractions in the area, serving the public as well as members of Congress and other VIPs. We at the Bureau are very proud of this fact, and recognize our continuing obligation to provide a tour of the highest quality.

So, when it came time to re-award our tour-guide contract for FY 2001, we considered it a perfect opportunity to apply performance-based contracting methods.

This involved four important changes:

- Instead of contracting for "tour guide services" as we had in the past, we re-named our requirement a "total tour experience," placing emphasis on the desired outcome of performance.
- We established clear, simple, and measurable performance standards, and we kept them to a minimum. Our contractor is judged exclusively on how well they conduct the total tour experience and handle the documentation that goes with it (maintaining a supply of brochures for visitors and providing reports to the Government).
- We established performance monitoring procedures that best fit the situation using feedback from our visitors and periodic inspections by our COTR to assess contractor performance.
- And, perhaps most importantly, we directly linked the amount we pay our contractor to the level of performance. If we receive less than

two complaints from visitors in a month, we add a 10 percent incentive payment to the base price. Conversely, if we receive more than four visitor complaints in a month, we subtract 10 percent from the base price.

The new contract awarded in FY 2001 includes a base period plus four one-year options at a total price of about \$2.5 million. We have reached the end of the first option and report the success of the project with confidence.

Here is what the COTR has to say:

- Adding performance measures provides clear and concrete standards for the contractor to achieve, making contract monitoring easier.
- The tour guides are highly motivated to work towards receiving only positive comments on comment cards in an effort to achieve the performance measures and receive their incentive fee.
- Mr. Neal Ruchman, CEO of Ruchman & Associates, Inc., our contractor, who had previous experience with PBC, notes that from the very start, the contracting arrangement has been characterized by mutual respect on both sides, and a climate in which they are free to exchange ideas in a professional manner. Converting to PBC has allowed them more latitude to do their job, and the freedom to be a solution-provider. Most importantly, it creates immense job satisfaction for our employees.

Mr. Ruchman also offers two lessons learned:

- If an agency decides to use PBC, they should really do it, and not just in name only.
- Monthly application of incentives is the optimum time frame, neither too long nor too short.
- So, from all indications, we are getting the results we had hoped for. Our visitors are getting the best possible tour, because we have given our contractor the means and the motivation to do their best. To quote the COTR one more time, “performance-based contracts

can be highly effective in creating a win-win situation for [both] the contractor and the agency.”

## **TRAINING AND CAREER DEVELOPMENT**

**Be sure to see the Treasury Acquisition Institute catalogue of classes for FY 2003. It is available now at:**

<http://www.procurement.irs.treas.gov/tai/coursecatalog2.htm>

## **THE TREASURY PROCUREMENT INTERN PROGRAM**

The Treasury Procurement Intern Program is very proud to announce the graduation of three full fledged contract specialists over the last few months. Amanda Boshears was placed at ATF in early June. Sheryl Smith was placed at Mint; and Stephanie Bracey has become a permanent employee of IRS.

In their places we now have three new interns; Ellie Koelbl, Jeff Jackson, and Attila Kovacs. Ellie will be featured in this issue in the “Meet Our Interns” column; Jeff and Attila will write their stories for future issues.

## **MEET OUR INTERNS Allow Me to Introduce Myself.....**



Hello, my name is Ellie Koelbl. I am just about to begin my third month at the Treasury Department in the Procurement Internship Program. My first rotational assignment, where I am currently working, is at the Office of Thrift Supervision. I

will make my home permanently with the Bureau of Alcohol, Tobacco and Firearms a few months from now.

I received a Bachelor of Arts degree this past May from the College of Saint Benedict/St. John's University in Minnesota, with majors in History and Theater. Needless to say, I never expected to find myself working in Treasury, as most of my previous work experience has been very much theater oriented. I am sure I disappointed my grandfather who hoped I was going to make my way as a professional actress! On that note, I must say that this has been an extremely rewarding and enjoyable employment opportunity for me. My training at OTS has given me a chance to jump right into things and I feel already that I am well on my way. I am fortunate to be in a working environment where everyone has gone out of their way to answer questions and foster my training as I move along, but more importantly, I am so grateful to be surrounded by such overwhelming support and that is not often so typical in a professional environment.

I am looking forward to a bright career in this field as well as the opportunity to continue my education. I know this internship will provide me with a great challenge and will be so rewarding because of that.

## PEOPLE IN THE NEWS



### GREGG DOYLE IRS

Gregg Doyle assumed the duties of Deputy Director of Procurement at IRS in February, 2002. His last position was the Director of Procurement at Customs. Prior to Customs, Gregg spent 23 years in DoD with the Army. Gregg hopes to employ his many years of management experience to encourage IRS procurement professionals to use their resources to

test new ideas. Gregg's management philosophy is summed up in the following:

In order to be the best, the organization's leadership must:

- Lead by example
- Ensure employees have the necessary training
- Ensure that individual employees are committed to the IRS mission and carry an intrinsic sense of value about the contributions that we make.
- Recognize that values such as integrity, honesty, dedication and hard working employees will help lead an organization to becoming the best.



### EFRAIN FERNANDEZ ATF

Meet Efrain J. Fernandez, the Bureau Chief Procurement Officer and Chief, Acquisition and Property Management Division for ATF. He leads a group of Acquisition and Property Management professionals who service the entire Bureau.

Efrain began his professional career as a biotech researcher for Martin Marietta Laboratories in Baltimore, Maryland, working on various Federal government contracts, then moved from the "bench" to marketing, where he was responsible for obtaining federal research grants and contracts. He began his Federal career in 1989, at the Bureau of Engraving and Printing as a Contract Specialist. At BEP, aside from awarding contracts, he was actively involved with streamlining the procurement process. From BEP, Efrain joined the Department of Commerce as Head of the Contracting Office supporting the Procurement Executive and the Office of the Secretary.

Efrain's vision as BCPO at ATF is the creation of a Center of Excellence—an efficient organization of educated, dedicated, "smart-working" and content

professionals—an organization which other agencies would want to benchmark and use as a model to build their own winning teams. He plans to apply his leadership style “the three P’s of leadership; planning, partnering and persistence” to make that vision real.

## **VACANCY ANNOUNCEMENTS**

For current Treasury vacancy announcements, visit <http://www.usajobs.opm.gov>.