

# AGAR ADVISORY

## ADVISORY NO. 101

### Shared First Policy in USDA Contracts

#### 1. SUMMARY

The U.S. Department of Agriculture (USDA) spends more than \$5 Billion on goods and services each year. Maximizing value for taxpayers is a top priority for USDA, and USDA must continue to be prepared, in light of continuing budget challenges, to organize and implement successful strategies to maximize value from every procurement. Acquisition workforce members, agency officials, managers and others involved in the acquisition process are responsible for getting the most value for each dollar spent. Every acquisition provides an opportunity to reduce the prices of goods and services bought, reduce the cost of doing business, improve performance, and increase achievement of socio-economic acquisition goals. Central to our future success is the use of strategic sourcing and other strategic procurement methods. To further these efforts, beginning immediately USDA will implement a “shared first” policy.

#### 2. REFERENCES

Office of Management and Budget (OMB) Memo “Implementing Strategic Sourcing” dated May 20, 2005, accessible at [http://www.whitehouse.gov/sites/default/files/omb/procurement/comp\\_src/implementing\\_strategic\\_sourcing.pdf](http://www.whitehouse.gov/sites/default/files/omb/procurement/comp_src/implementing_strategic_sourcing.pdf). Federal Acquisition Regulation (FAR) 48 CFR, accessible at <https://www.acquisition.gov/far/>.

#### 3. ACTIONS

Strategic sourcing is the collaborative and structured process of critically analyzing an organization’s spending and using this information to make business decisions about acquiring commodities and services more effectively and efficiently. It is the policy of USDA to conduct its procurements using collaboration and resource sharing to reduce the number of procurement actions and the administrative burden of conducting large numbers of isolated, individual procurements. “Shared first” means that USDA will make every effort to acquire goods and services using shared resources such as department-wide contracts, before issuing new awards, and to issue any new awards for as many users as possible. To implement the “shared first” policy, all contracting activities will take the following actions:

1. All new indefinite-delivery contracts, including blanket purchase and other agreements against which orders can be placed, will allow, to the maximum extent practicable, placement of orders by as many USDA contracting officers and Government Purchase Card holders as possible. Consideration should be given to opening all new contracts and agreements:
  - a) Department-wide (to allow ordering by all USDA offices)
  - b) Contracting agency-wide (e.g. Farm Service Agency-wide or Forest Service-wide to allow ordering by all offices in those agencies)

- c) Open to all offices in a geographic area (e.g. Pacific Northwest-wide, to allow ordering by all USDA offices in the Pacific Northwest)
- d) Office-wide (to allow ordering by all authorized users in or attached to a single contracting office)

No new indefinite-delivery contracts or blanket purchase or other agreements should be less than office-wide. Contracting officers issuing shared contracts and agreements shall also issue instructions for their use by authorized users at the time of award.

- 2. All new requirements will be evaluated for suitability for fulfillment via order placement against existing contracts or agreements, including available department-wide or Government-wide contracts.
- 3. New requirements should, to the maximum extent practicable, be coordinated among the various contracting offices, program offices and users to achieve the most efficient procurement feasible. This includes:
  - a) Co-sourcing, or pooling of multiple requirements into fewer contract actions to reduce administrative costs; and,
  - b) Consolidation of requirements to achieve volume discounts.

Particular care should be taken to avoid bundling contracts in a manner that makes the resulting solicitation unsuitable for award to small business concerns. To support these efforts, USDA is establishing a Strategic Sourcing Council comprised of representatives of the Chief Acquisition Officer (CAO), Chief Information Officer (CIO), Chief Financial Officer (CFO), Office of Small and Disadvantaged Business Utilization (OSDBU), a Customer Liaison, and other key stakeholders, as appropriate. The Strategic Sourcing Council will help establish annual strategic sourcing goals and objectives. These goals and objectives will include existing strategic sourcing efforts, as well as prioritizing new initiatives. The Council will also help to balance cost and performance goals with socio-economic goals.

In addition, OPPM will establish a Strategic Sourcing Team that will support agency missions by partnering with the Strategic Sourcing Council, providing agencies with access to data and analysis, help with identification and analysis of opportunities, and provide procurement assistance. The SST will also help in developing department-wide strategies and assisting with agency-specific strategies.

Sharing resources and collaborating with other contracting officials and offices will help reduce administrative burdens and help to maximize the value of every dollar spent. Shared procurements and strategic sourcing should always be considered as part of the procurement process before an isolated, individual action is undertaken whenever possible. No additional delegation of authority is required for existing USDA contracting officers to place orders against shared contracts or agreements, or to issue contracts or agreements that will be shared with other USDA offices. However, this shared first policy does not relieve contracting officers from their responsibilities to maximize competition, conduct market research, achieve socio-economic goals, or to ensure that all requirements of law, executive orders, regulations, and all other applicable procedures, including clearances and approvals, have been met. In addition to cost and performance goals, strategic sourcing must be balanced with socio-economic goals for small businesses, small disadvantaged businesses, women-owned small businesses, veteran-owned businesses, service-disabled veteran-owned businesses, HUB-Zone and preference programs (e.g., AbilityOne), and others, as appropriate.

All acquisition workforce members, requirements staff, program and project managers and others that have an interest in or a need for strategic sourcing resources are encouraged to visit USDA's Strategic Sourcing Connect Site at [https://connections.usda.gov/communities/community/strategic\\_sourcing](https://connections.usda.gov/communities/community/strategic_sourcing). This site contains the latest guidance, best practices, and lists of existing shared contracts and agreements.

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AGAR Advisories are posted on the USDA World Wide Web site at the following URL: <http://www.dm.usda.gov/procurement/policy/advisories.html>. If you have questions or comments regarding this advisory, please contact Al Muñoz by telephone at (202) 720-1273 or email at [al.munoz@dm.usda.gov](mailto:al.munoz@dm.usda.gov) or send an email message to [procurement.policy@dm.usda.gov](mailto:procurement.policy@dm.usda.gov).

**EXPIRATION DATE:** Effective upon issue date until canceled. **[END]**

## Shared First Policy AGAR Advisory FAQs

1. What is the purpose of this “Shared First Policy” AGAR Advisory?

The purpose of this Advisory is to provide guidance to the acquisition workforce and those at USDA involved in the acquisition process about specific strategic sourcing methods designed to achieve strategic sourcing goals.

2. What is strategic sourcing?

Strategic sourcing is a structured, collaborative way to analyze spending to make effective and efficient acquisition decisions.

3. What does “shared first” mean?

“Shared first” means that those at USDA involved in the acquisition process will attempt to use existing department-wide contracts or other shared resources before issuing new awards, and to issue any new awards for as many users as possible.

4. Who should follow the Shared First policy?

All those at USDA involved in the acquisition process are responsible for implementing this shared first policy.

5. When should I use shared first?

Shared first should be considered as part of the acquisition planning process before issuing new contracts, agreements and orders.

6. How does this policy affect transacting with small businesses?

Particular care should be taken to avoid bundling contracts in a manner that makes the resulting solicitation unsuitable for award to small business concerns. Strategic sourcing and shared first must be balanced with socio-economic goals for small businesses, small disadvantaged businesses, women-owned small businesses, veteran-owned businesses, service-disabled veteran-owned businesses, HUB-Zone and preference programs (e.g., AbilityOne), and others, as appropriate.

7. How does strategic sourcing and shared first help my agency?

Sharing resources helps reduce administrative burdens and maximize the value of every dollar spent. No additional delegation of authority is required to place orders against shared contracts or agreements, or to issue contracts or agreements that will be shared with other USDA offices.

8. Where can I go to get more information to take advantage of strategic sourcing and shared first?

Visit USDA’s Strategic Sourcing Connect Site at [https://connections.usda.gov/communities/community/strategic\\_sourcing](https://connections.usda.gov/communities/community/strategic_sourcing). This site contains the latest guidance, best practices, and lists of existing shared contracts and agreements.

## Shared First Policy Checklist

Date:

Purchase:

For new procurement requirements			
Requirement was evaluated for placement against existing shared contracts, BPAs, or other agreements: <input type="checkbox"/> Yes <input type="checkbox"/> No <span style="font-size: 2em; vertical-align: middle;">{</span> Department-wide, contracting agency-wide (FS, NRCS, FSIS, etc.) and government-wide (GSA, FSS, etc.) <span style="font-size: 2em; vertical-align: middle;">}</span>			
Requirements were coordinated among other contracting offices, program offices and users to include:			
<input type="checkbox"/>	Co-sourcing or pooling multiple requirements into fewer contract actions for reduced administrative costs		
<input type="checkbox"/>	Consolidated requirements for volume discounts		
<input type="checkbox"/>	Resulting Solicitation is not a bundled requirement		
For new indefinite-delivery contracts, BPAs, and other agreements			
<input type="checkbox"/>	The action allows as many USDA contracting officers and Government Purchase Card holders as possible to place orders		
New procurement is shared:			
<input type="checkbox"/>	Department-wide	<input type="checkbox"/>	Contracting agency-wide
<input type="checkbox"/>	In my geographic area	<input type="checkbox"/>	<b>Office-wide (at a minimum)</b>
Communications			
<input type="checkbox"/>	This new contract agreement has been made known to others		
<input type="checkbox"/>	Instructions issued for shared contracts and agreements for use by authorized users		



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

May 20, 2005

MEMORANDUM FOR CHIEF ACQUISITION OFFICERS  
CHIEF FINANCIAL OFFICERS  
CHIEF INFORMATION OFFICERS

FROM: Clay Johnson III  
Deputy Director for Management

SUBJECT: Implementing Strategic Sourcing

A handwritten signature in blue ink, appearing to be "CJ", is written over the "FROM:" line.

The federal government spends approximately \$300 billion on goods and services each year, and federal agencies are responsible for maximizing the value of each dollar spent. Therefore, agencies need to leverage spending to the maximum extent possible through strategic sourcing. Strategic sourcing is the *collaborative* and *structured* process of critically analyzing an organization's spending and using this information to make business decisions about acquiring commodities and services more effectively and efficiently. This process helps agencies optimize performance, minimize price, increase achievement of socio-economic acquisition goals, evaluate total life cycle management costs, improve vendor access to business opportunities, and otherwise increase the value of each dollar spent.

Each agency's Chief Acquisition Officer (CAO), Chief Financial Officer (CFO), and Chief Information Officer (CIO) are responsible for the overall development and implementation of the agency strategic sourcing effort, which begins with a spend analysis and the identification of commodities for which strategic sourcing should be implemented. The CAO shall lead the CAO/CFO/CIO development team and will take the following actions:

1. Not later than October 1, 2005, the CAO shall identify no fewer than three commodities that could be purchased more effectively and efficiently through the application of strategic sourcing, excluding software that could be purchased under the SmartBuy program. Agencies may include existing strategic sourcing efforts for this purpose.
2. The CAO shall lead the collaborative development of an agency-wide strategic sourcing plan in coordination with the agency CFO, CIO, representatives from the agency's Office of Small and Disadvantaged Business Utilization, and other key stakeholders, as appropriate. The plan should reflect the application of sound program and project management principles. At a minimum, the plan should include the following elements:

- a. Strategic Sourcing Governance – A charter should be developed outlining the members, roles, responsibilities, and operations of an agency-wide Strategic Sourcing Council and any commodity councils to be formed.
- b. Strategic Sourcing Goals and Objectives – The Strategic Sourcing Council should establish annual strategic sourcing goals and objectives, by fiscal year. These goals and objectives should include existing strategic sourcing efforts, as well as prioritizing new initiatives. In addition to cost and performance goals, any strategic sourcing plan must be balanced with socio-economic goals for small businesses, small disadvantaged businesses, women-owned small businesses, veteran-owned businesses, service-disabled veteran-owned businesses, HUB-Zone and preference programs (e.g., Javits-Wagner-O’Day), and others, as appropriate.
- c. Performance Measures – The agency Strategic Sourcing Council should establish agency-wide performance measures and reporting requirements in order to monitor and continuously improve the strategic sourcing program.
- d. Communications Strategy – The Strategic Sourcing Plan should also include a communication strategy that clearly conveys senior management’s commitment to the effort, describes the scope of the effort, and identifies any organizational changes. The communications strategy should also include steps to make agency employees aware of awarded strategic sourcing contracts and how they are to be used.
- e. Training Strategy – The plan should identify actions necessary to educate agency personnel to support effective and efficient strategic sourcing implementation and management.

3. Beginning in January 2006, the CAO shall report annually to the Office of Federal Procurement Policy (OFPP) regarding, at a minimum, reductions in the prices of goods and services, reductions in the cost of doing business, improvements in performance, and changes in achievement of socio-economic acquisition goals at the prime contract and, if possible, the subcontract level. Agencies shall develop methodologies for establishing baseline data and subsequent changes to this baseline and shall consistently apply this methodology throughout the strategic sourcing process.

Using information from the agency reports and other data sources, OFPP may identify several commodities that could be strategically sourced government-wide, and will establish an interagency structure for managing the acquisition of these commodities.

To facilitate the development of a strategic sourcing community and build a subject matter expert network, agencies shall identify a strategic sourcing point of contact. Please submit the person’s name, title, telephone number, and e-mail address to Lesley Field at OFPP by July 1, 2005 (lfield@omb.eop.gov).

Maximizing value for taxpayers is a top priority for OMB, and I look forward to working with the acquisition community on this important initiative.