USDA CATEGORY MANAGEMENT PLAN

Supplemental Instruction Version 1.0

Abstract

Guidance and Implementation of a Comprehensive Category Management Plan for the Department

Office of Contracting and Procurement – February 2021

USDA Category Management Plan

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USDA Category Management Plan

Policy and Background

USDA has been operating in the Category Management space for several years through formal initiatives such as the Blueprint for Stronger Service and the USDA Strategic Sourcing Initiative, as well as informally establishing work groups and making strategic decisions on requirements, acquisition planning, and sourcing.

In 2014, 2016, 2017, and 2019, Office of Management and Budget (OMB) released guidance and reinforced principles of Strategic Sourcing and Category Management as Federal Initiatives and approaches to common requirements.

The Government-wide Goals of Category Management:
1. Deliver more savings, value, and efficiency for Federal agencies;
2. Eliminate unnecessary contract redundancies; and
3. Meet the government's small business goals.

USDA Mission Areas (MAs) are encouraged to visit the Category Management Hub on the Acquisition Gateway as the authoritative source on Federal Category Management policy. This plan serves to build on the established Federal policies and to further incorporate the guiding principles into the daily work of program, acquisition, and contracting professionals across USDA.

OMB has created a tiered maturity model of spend as follows:

● Tier 3, Best-in-Class Solutions – Dollars obligated on Best-in-Class contracts.

● Tier 2, Multi-Agency Solutions – Dollars obligated on multi-agency contracts that satisfy rigorous standards set for leadership, strategy, data, tools, and metrics.

● Tier 1, Mandatory-Use Agency-Wide Solutions – Dollars obligated on agency-wide contracts with mandatory-use or mandatory-consideration policies, along with standards set for data-sharing and other criteria.

● Tier1, Agency Small Business Strategic - Dollars obligated aligned to a comprehensive, documented small business strategy approved by the agency, after consultation with OMB.

● Tier 0, Spend NOT Aligned to Category Management Principles – Dollars obligated on contracts that do not fit into one of the three tiers above. Agencies should analyze Tier 0 spend to find opportunities for shifting to higher-tiered acquisition solutions.

USDA Category Management Program Overview

I. **Purpose**

This plan provides a comprehensive strategy and approach to Category Management for USDA and is effective March 1, 2021. This also incorporates other OMB-required designated roles that enhance the overall acquisition process across USDA resulting in greater value for those that USDA serves.

Primary goals of USDA Category Management are:
a. Increase Spend Under Management by decreasing Tier 0
b. Increase usage of Best-In-Class solutions
c. Reduce contract duplication
d. Achieve cost savings/avoidance
e. Increased efficiency and program capabilities
f. Improve small business and socioeconomic utilization
g. Increased awareness/education on Category Management

USDA Category Management Plan

II.   USDA Category Management Roles and Responsibilities

a. **Senior Accountable Official (SAO)** – As required by M-19-13, each CFO Act agency must have a Category Management SAO that is responsible for:
   i.   Approving the annual category management plan to increase spend under management while meeting small business goals and other statutory socio-economic requirements,
   ii. Ensuring execution and performance relative to goals, including consultation with OMB senior agency officials, the agency's OSDBU, and other senior agency officials as appropriate, and alignment with guidance in the President's Management Agenda.

   The SAO for USDA is the Deputy Secretary.

b. **Chief Acquisition Officer (CAO), Senior Procurement Executive (SPE) and Head of the Contracting Activity (HCA)** – overall responsibility for establishing and maintaining efficient processes and policies, in coordination with the SAO to support the Federal Category Management Goals. In addition, the CAO and SPE/HCA should:
   i.   Ensure coordination with OMB on category management issues,
   ii. Evaluate current policy, and
   iii. Share information Government wide, to include prices paid, best practices, demand management and vendor management strategies.

   For USDA, the CAO is the Assistant Secretary for Administration, the Senior Procurement Executive is the Director of the Office of Contracting and Procurement (OCP), and the Head of the Contracting Activity is a designated senior member of the OCP staff.

c. **Office of Small and Disadvantaged Business Utilization (OSDBU)** – OSDBU should work with the CAO, SPE, SAO as well as the USDA acquisition community at large to help develop effective strategies for increasing small business participation for common contract solutions by leveraging their unique knowledge and tools such as the Category Management Small Business Dashboard. OSDBU should also actively contribute in Category Teams and in the annual USDA CM Strategy Meeting.

d. **Category Management Lead (AgCML)** – The AgCML is responsible for assisting the SAO and CAO/SPE in all aspects of the Department's CM program. The AgCML is responsible for:
   i.   Updating the USDA Category Management Plan
   ii.   Overseeing implementation of the USDA CM program
   iii. Performing analysis by accessing the USDA SUM Dashboards
   iv.   Participating on the CMLC
   v.   Working with OMB to explain contract activity and plans for meeting annual targets for SUM
   vi.   Managing/Overseeing USDA Category Management Teams
   vii. Providing recommendations to the SPE regarding CM
   viii. Coordinating the annual USDA CM Strategy Meeting
   ix.   Representing USDA at Government-wide CM meetings
   x.   Leads the USDA Category Management Office (CMO)

   The AgCML is the Deputy, Procurement Operations Division, OCP.

e. **Mission Area Senior Contracting Official (MASCO)** – responsible for supporting the USDA CM Strategy by recommending acquisition approaches that are consistent with policy and mission supported.
   i. Assisting and advising the AgCML, Mission Area Senior Program Manager (MASPM), Procurement Policy Division (PPD) in updating the USDA Category Management Plan to identify goals to reduce unaligned USDA spend and increase use of BIC
   ii. Assisting and advising the AgCML, MASPM, and PPD in updating the USDA Vendor Management Plan to identify strategies for improving communications with contractors
   iii. Applying CM strategies and policies at the MA
   iv. Ensuring compliance with USDA-wide CM policies
   v. Recommending CM policies and improvements
   vi. Submitting Exception Requests, as required
   vii. Submitting USDA Designation Requests, as required
   viii. Supporting the MASPM in providing data as needed for submitting OMB Analysis of Alternatives (AoA) Table, as required
   ix. Providing input for CM data calls, as required
   x. Providing representatives for USDA Category Teams, as required
   xi. Reducing the number of duplicative contracts through focused vendor management efforts
   xii. Implementing Demand Management strategies
   xiii. Sharing transactional data
   xiv. Maximizing small business participation and meeting the USDA's responsibilities to buy from AbilityOne sources and Federal Prison Industries
   xv. Monitoring MA CM progress using the SUM Dashboards

   The list of USDA MASCOs can be found here.

f. **Mission Area Senior Program Manager (MASPM)** – responsible for overall execution of mission area CM goals.
   i. Works with MASCO on acquisition strategies consistent with CM policy.
   ii. Assisting and advising the AgCML in updating the USDA Vendor Management Plan to identify strategies for improving communications with contractors
   iii. Adhering to CM strategies and policies at the MA
   iv. Compliance with USDA-wide CM policies
   v. Recommending CM policies and improvements
   vi. Submitting MA Exception Requests, as required
   vii. Submitting USDA Designation Requests, as required
   viii. Maintaining and submitting OMB Analysis of Alternatives (AoA) Table, as required
   ix. Providing input for CM data calls, as required
   x. Providing representatives for USDA Category Teams, as required
   xi. Reducing the number of duplicative contracts through focused vendor management efforts
   xii. Implementing Demand Management strategies
   xiii. Sharing transactional data
   xiv. Maximizing small business participation and meeting the USDA's responsibilities to buy from AbilityOne sources and Federal Prison Industries
   xv. Monitoring MA CM progress using the SUM Dashboards

   The list of USDA MASPMs can be found here.

h. Category Teams **–** These teams will be established as needed to further investigate/identify additional opportunities for SUM. The SAO, CAO, SPE/HCA, or AgCML may confer with the relevant category team for recommendations. The Category Teams are comprised of subject matter experts from the mission areas and led/co-led by individuals nominated by the MASPMs of mission areas represented by the highest spend in those areas:

Category	FPAC	FS	FNCS	MRP	NRE	RD	TFAA	REE	Staff Offices
Facilities & Construction	●				●			●	
Human Capital			●		●			●	
Industrial Products & Services				●	●			●	
Information Technology				●	●				●
Medical	●			●	●				
Office Management	●		●		●				
Professional Services	●		●		●				
Security and Protection				●				●	●
Transportation & Logistics Svcs				●	●				●
Travel					●			●	●

USDA currently has an Information Technology Category Management Interest Group (IT CMIG) under the OCIO. Other Category Teams will be designated on an as-needed basis and led/co-led by agencies with highest spend in those areas. All mission areas are encouraged to provide volunteers for subject matter expertise of the category teams.

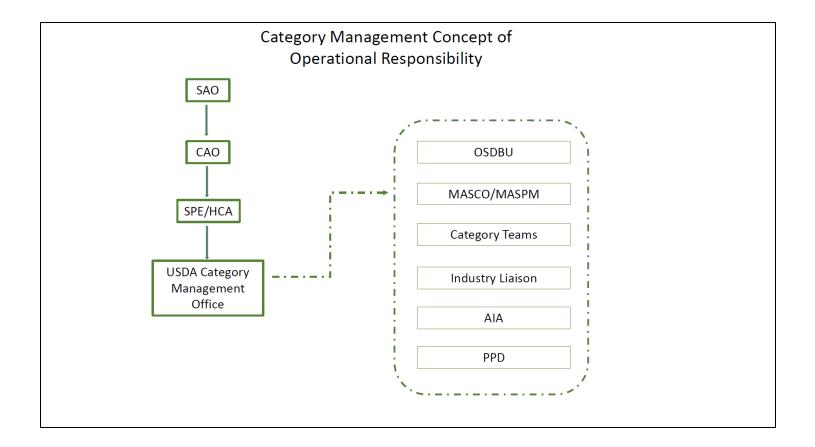Category team membership will be reviewed annually and adjusted as necessary.

i. Acquisition Innovation Advocate (AIA) – while not traditionally part of CM, the role of the AIA is to encourage new ideas and better ways of executing existing practices while working with workforce members on education and information sharing. Many of these practices can be leveraged while keeping in mind the agency CM goals. As part of a comprehensive CM policy for USDA, the AIA is a resource available for the acquisition community.

The USDA AIA is the Deputy, Procurement Operations Division, OCP.

j. Industry Liaison (IL) – established by OFPP's Mythbusters #4 memo, the IL is available to help program and acquisition personnel develop strategies for engaging potential vendors and monitor vendor inquires and marketplace interest in agency requirements. The IL also encourages acquisition workforce members to engage appropriately with the vendor community to create a more responsive buying process. The IL is also responsible for updating the USDA Vendor Communication Plan.

The USDA IL is the Senior Management & Program Analyst at OCP.

k. **Procurement Policy Division (PPD)** – A Division under OCP, PPD seeks to optimize acquisition outcomes and provides overall guidance and procurement policy support across USDA. PPD advises the AgCML and SPE on current and upcoming procurement policy, gathers MASCO recommendations, and implements directed changes to procurement policy. Ultimately, PPD seeks to ensure Department-wide policy supports efforts to maximize Category Management within each USDA Mission Area.

Category Management Concept of Operational Responsibility

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SAO
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CAO
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SPE/HCA
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USDA Category
Management
Office  ─ ─ ─ ─ ─ ─ ─ ─ →   ┌──────────────────┐
                            │  OSDBU           │
                            │  MASCO/MASPM     │
                            │  Category Teams  │
                            │  Industry Liaison│
                            │  AIA             │
                            │  PPD             │
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III.   USDA Category Management Actions

The USDA CM SAO oversees the following required actions, per M-19-13:

a.   Category Management Plan

An annual update is required by OMB by Oct 31st each year. MASPMs shall review their Acquisition Programs and Requirements (APRs) for SUM and BIC opportunities and provide that information to the USDA CMO by August 31st of each year for submission into the following year's plan. See Program Procedures, paragraph III for specific information on the Analysis of Alternatives (page 10-11.)

MASPMs should also confer with their MASCOs and other MASPMs to identify potential opportunities to reduce duplication for upcoming requirements.

b.   Industry Engagement and Vendor Management Strategies

Although the IL is responsible for the overall USDA Vendor Communication Plan, MASPMs and MASCOs should continuously discuss engagement strategies as well as consistent communication of messaging and goals.

c.   Demand Management Strategies

MASPMs should work together to standardize requirements and standardize refresh cycles where appropriate (i.e. for IT). Mission Area Contracting Officers should seek volume pricing and/or discounts wherever possible. Strategies should be shared across the Department and with the AgCML for incorporation into the annual CM plan.

d.   Government-wide Information Sharing

MASCOs should ensure that Desk Book 404.10 on Uniform Use of Line Items is adhered to in order to facilitate better data collection and comparison at the Federal level for prices paid. MASCOs should also consider opportunities to share additional prices paid information on the Acquisition Gateway by coordinating with the AgCML.

The IT CMIG should continue to gather/collect the software information as required in M-16-12 Software Licensing, maintain the required software manager and share the information with the USDA CMO.

e.   Acquisition Workforce Category Management Training

MASCOs and MASPMs are responsible for the appropriate training of their acquisition workforce, to include CM. Mission areas should encourage all acquisition workforce members and others involved in the procurement process to take available training on the CM practices, principles, and data analytics tools available through the Acquisition Gateway.

Annually, PPD will provide data on the number of acquisition workforce members trained based on data available in the Acquisition Workforce System.

IV.   USDA Mandatory and Preferred Solutions

USDA looks for Department-wide and multiple Mission Area (MA) contract vehicles that meet mission requirements and provide additional value to the Department. The USDA CMO, PPD, and the appropriate Category Team will, no less than annually, review the designated mandatory USDA solutions to determine if they will remain in the mandatory category. These solutions will be listed on USDA Procurement Site with the appropriate designation.

USDA Preferred Solutions will be those Department-wide or multiple MA contracts with Tiered status that are not designated as mandatory. The Department Wide Awards report, available in the reporting module, contains the Tiered status of each vehicle. The CMO will ensure that the tier status is correctly reflected in the report.

MASCOs that desire to set up Department-wide contract vehicles must seek approval through PPD prior to starting the acquisition process as outlined in USDA Contracting Desk Book Subpart 416.70. PPD should route this to the USDA CMO for verification.

Upon award of Department-wide or multiple Mission Area vehicles, the awarding Mission Area should submit the information regarding the award to PPD for inclusion on the USDA Procurement Site as noted Subpart 416.70 of the USDA Contracting Desk Book.

USDA Category Management Plan

USDA Category Management Program Administration

The Department will host an annual CM Strategy Meeting in support of the USDA CM Program. The meeting will serve as the focal point for CM initiatives that the Department will undertake for the upcoming year as well as review the previous year's achievements. The meeting will be conducted by the AgCML and include the SPE, OSDBU, MASCOs, MASPMs, and Category Teams. The meeting will address the following areas:

- Identify recommendations for SUM and OMB BIC fiscal year goals
- Define and prioritize long-, mid- and short-term CM objectives
- Discuss areas for CM improvement
- Identify and share potential CM best practices
- Develop or refine USDA CM strategies
- Form ad hoc committees and/or working groups to address CM issues and policies, as needed
- Identify USDA contract solutions which may be eligible for OMB Mandatory BIC, OMB Preferred BIC, USDA Mandatory, or USDA Preferred designations
- Identify new enterprise-wide acquisitions that will meet USDA-wide requirements
- Refine CM training and communications strategies

USDA Category Management Program Procedures

USDA seeks to utilize mature, effective and high-performing contracts to the maximum extent possible in order to achieve its CM goals. When deciding which contract solution is appropriate for a given requirement, COs and Program Offices must consider existing contracts as part of their market research before electing to conduct an open market procurement. Utilizing established contracting solutions will generally reduce acquisition lead-time, assist with commonality and standardization, and leverage pricing while reducing contract duplication and administrative costs. Specifically, COs and Program Offices must consider potential contract solutions as detailed below.

1. Order of precedence:
    1. FAR 8.002 / 8.003 – Mandatory sources for supplies and services as outlined in FAR Subparts 8.002 and 8.003 must be considered.
    2. OMB Mandatory BIC
        a. If solution is available, but not in the best interest of the Government, an exception request* should be submitted to the HCA via PPD. The requirement may not be solicited until approval is received.
        b. If solution is <u>not available</u>, proceed with option 3.
    3. USDA Mandatory Solution
        a. If solution is available, but not in the best interest of the Government, an exception request should be submitted to the HCA via PPD. The requirement may not be solicited until approval is received.
        b. If solution is <u>not available</u>, proceed with option 4.
    4. OMB Preferred BIC Solution
        a. If solution is available, but not in the best interest of the Government, the Appendix A: CatMan Market Research Assessment* should be documented, included in the contract file and available by request from MASCO, PPD, SPE or CMO.

    b. If solution is <u>not available</u>, proceed with option 5.
  5. USDA Preferred Solution (Department-wide or multiple MA awards with Tier status)
    a. If solution is available, but not in the best interest of the Government, the CatMan Market Research Assessment should be documented, included in the contract file, and available by request from MASCO, PPD, SPE or CMO.
    b. If solution is <u>not available</u>, proceed with option 6.
  6. Other Government-wide solutions (other SUM vehicles)
    a. If solution is available, but not in the best interest of the Government, the CatMan Market Research Assessment should be documented, included in the contract file, and available by request from MASCO, PPD, SPE or CMO.
    b. If solution is <u>not available</u>, proceed with option 7.
  7. Open Market Solutions
    a. If the CO has considered options 1-6 and determine only an open market solution can meet their requirement, the mission area is responsible for ensuring the CatMan Market Research Assessment is completed and available in the contract file, as well as available upon request to PPD, the SPE, and/or the USDA CMO.

As directed above, should the CO find that an OMB <u>Mandatory</u> BIC Solution or USDA <u>Mandatory</u> Solution do not meet their needs or are not in the best interest of the Department, they must submit an Exception Request (See *Appendix B: USDA Category Management Exception Request*). Exception Requests must be submitted no less than nine (9) months prior to execution of each contract action, including exercise of options and issuance of task/delivery orders; eighteen (18) months prior to any follow-on contract or new procurement award. Exception Requests shall be included in the required Quarterly Strategic Reviews, in accordance with the program management guidance. After briefing at the QSR and obtaining concurrence, Exception Requests must be submitted via email to PPD at procurementpolicy@usda.gov. Upon receipt of the complete Exception Request, PPD, in conjunction with the AgCML will facilitate the necessary review process, with support from the requiring MA, and solicit a recommendation from the relevant Category Teams as needed.

II. Maximizing Small Business Participation

MA's remain responsible for meeting their small business contracting goals. USDA policy allows for the establishment of a decentralized small business contract if the small business goal cannot be achieved through the use of a strategic sourcing contract vehicle, or if there is an insufficient number of vendors represented within the required socio-economic category for adequate competition. When setting aside under these criteria, MASCOs shall submit *Appendix A: Market Research Assessment* document to PPD, for coordination with the AgCML and OSDBU, to request Tier 1 Small Business credit for the proposed solution.

III. OMB Analysis of Alternatives (AoA)

As directed in OMB Memorandum M-19-13, agencies must develop an AoA for certain planned acquisitions. The threshold for preparing an AoA is $50 million for planned Tier 0 spending and $100 million for planned Tier 1 spending. MASPMs must ensure that *Appendix C: OMB Analysis of Alternatives (AoA)* is completed accurately for all applicable contracts. To establish whether an OMB AoA is required for a planned acquisition, the MA should first identify the tier of spending associated with the planned acquisition action, as identified on the USDA's SUM Dashboard and/or according to the tier definitions. The MA should then complete the AoA Table, as required. A completed OMB AoA

must include a justification code and rationale narrative describing why a Tier 1, 2 or 3 solution was not suitable. The narrative should provide enough information for the SAO/AgCML to brief OMB. Each submission by the MASPM must add any new acquisitions planned for the next 18-month period and update any previously reported acquisitions yet to be awarded. OMB AoAs are not required for agency spend through MAS BPAs, since MAS is an approved Government-wide acquisition program that adheres to the general principles of CM.

The MA's OMB AoA Table must be submitted annually on August 15th via email to PPD at Procurement.Policy@usda.gov.   MA submissions must include the Category Management Market Research Assessment or Exception Request associated with each entry included on the OMB AoA Tables. The AgCML will provide an aggregated copy of the OMB AoA Table, which includes all MA inputs, to the SAO and SPE for approval and presentation to OMB during the USDA's annual Category Management Meeting.

Except where a specific OMB management policy or guidance document states otherwise, MAs retain the authority to move forward with their planned actions to meet SUM and BIC goals. However, OMB may share information from the OMB AoA Table with relevant category managers and BIC solution owners both for awareness and to facilitate conversations between agencies and solution owners. In addition, OMB reserves the right to request additional information for consideration.

Policy Guidance

Date Issued	Authority	Title	Author
12/4/14	OMB Memo	Transforming the Marketplace: Simplifying Federal Procurement to Improve Performance, Drive Innovation, and Increase Savings	OMB
10/16/15	M-16-02	Category Management Policy 15-1: Improving the Acquisition and Management of Common Information Technology: Laptops and Desktops	OMB
6/2/16	M-16-12	Category Management Policy 16-1: Improving the Acquisition and Management of Common Information Technology: Software Licensing	OMB
7/1/16	M-16-14	Category Management Policy 16-2: Providing Comprehensive Identify Protection Services, Identity Monitoring and Data Breach Response	OMB
8/4/16	M-16-20	Category Management Policy 16-3: Improving the Acquisition and Management of Common Information Technology: Mobile Devices and Services	OMB
4/12/17	M-17-22	Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce	OMB
7/27/17	M-17-29	Best-in-Class Mandatory Solution – Package Delivery Services	OMB
3/20/19	M-19-13	Category Management: Making Smarter Use of Common Contract Solutions and Practices	OMB

Definitions

Term	Definition
Acquisition Gateway	A shared workspace portal for acquisition professionals and federal buyers to connect with resources, tools and each other to improve acquisition government-wide. The Acquisition Gateway serves as the Government's Category Management platform.
Addressable Spend	The portion of spend in Product Service Codes (PSCs) for common goods and services that is considered suitable for the application of category management principles.
Agriculture Category Teams	A group of category Subject Matter Experts (SMEs) designated by the SPE to provide recommendations to the SAO as part of the decision-making process, as required.
Best-in-Class Solution (BIC – also Tier 3)	An Office of Management and Budget (OMB) designation used to identify high-quality contract vehicles.
Business Case	A justification prepared by an agency to support its request to OMB for executive agent designations.
Category Management (CM or CatMan)	A strategic practice implemented by the Federal government to buy smarter and more like a single enterprise. The goals of category management are to deliver more savings, value and efficiency for Federal agencies; eliminate unnecessary contract redundancies and continue to meet the government's small business needs.
Category Management Leadership Council (CMLC)	The governing body for the Federal government's Category Management Initiative that is responsible for: approving strategies for implementation of category management strategies; supporting execution of category strategic plans; reviewing and monitoring category performance. The CMLC is chaired by the Administrator, Office of Federal Procurement Policy, OMB.
Chief Acquisition Officer (CAO)	The official responsible for advising and assisting the head of the executive agency and other agency officials to ensure that the mission of the executive agency is achieved through the management of the agency's acquisition activities. The Assistant Secretary for Administration is the USDA Chief Acquisition Officer.
Contracting Activity	Each of the Mission Areas authorized to undertake contractual actions and conduct procurement matters.

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Term	Definition
Contracting Officer	An acquisition professional who is authorized to bind the Government legally by signing a contractual instrument for supplies and services, administer and/or terminate contracts, and make related determinations and findings.
Cross-Agency Priority Goals **(CAP Goals)**	The President's Management Agenda goals to target those areas where multiple agencies must collaborate to effect change and report progress in a manner the public can easily track.
Federal Information Technology Acquisition Reform Act **(FITARA)**	Federal guidance for the management of Government Information Technology (IT). The USDA Category Management Program is aligned with USDA FITARA policy in managing, overseeing, and monitoring the purchase of IT products and services.
Government-wide Category Managers	The officials charged with developing strategies to achieve the CM goals for their assigned common area of spend.
Key Performance Indicators	Measures which demonstrate the progress of Government-wide category management.
Program Office	The office responsible for accomplishing directed, funded acquisitions that provide new, improved, or continuing systems or services in response to an approved mission need.
Senior Accountable Official **(SAO)**	As required by OMB and the PMC, the Senior Accountable Official (SAO) is responsible for reducing unmanaged agency spend and executing agency-wide plans to increase the use of contract solutions designated as BIC. The SAO for the Department of Agriculture is the Deputy Secretary.
Senior Procurement Executive **(SPE)**	The individual appointed by the CAO who is responsible for the management direction of the executive agency's acquisition system, including implementation of the unique acquisition policies, regulations, and standards of the agency. The USDA SPE is the Director of the Office of Contracting and Procurement.
Spend Under Management **(SUM)**	A tiered maturity model designed to measure spending against five attributes: leadership, strategy, data, tools, and metrics. It is an overall measure of the Federal government's Category Management maturity, designed to highlight successes at both the Government-wide and agency-wide level, as well as identify areas for development that will align spending.

Term	Definition
USDA Category Management Lead (AgCML)	The official responsible for assisting the SAO and SPE in all aspects of an agency's Category Management Program. The designated Category Management Lead for the Department of Agriculture is the Deputy of Procurement Operations Division, OCP.
USDA Category Management Office (CMO)	Office responsible in USDA for the Category Management Program. This office resides in the Office of Contracting and Procurement.
USDA Mandatory Solutions	High-performing Department-wide contracts which have been reviewed by USDA leadership and SMEs. These contracts _must_ be utilized to the maximum extent possible.
USDA Preferred Solutions	High-performing Department-wide contract which have been reviewed by USDA leadership and SMEs. These contracts _should_ be utilized to the maximum extent possible.