



# Outsourcing the Procurement/Acquisition Function of an Operation

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# What is Outsourcing?

To purchase (goods) or subcontract (services) from an outside supplier or source that was previously made/performed in-house



# Why does the Federal Government Outsource?

1. To provide cost savings
2. Insufficient internal resources to satisfy the current needs



# History of Outsourcing

- 1955 – Office of Management and Budget (OMB) Circular A-76 “Performance of Commercial Activities”
- 1990 – Defense Workforce Improvement Act (DAWIA)
- 1994 – Federal Acquisition Streamlining Act (FASA)
- 1995/1996 – Federal Acquisition Reform Act (FARA)  
Information Technology Management Reform Act (ITMRA)



# Government Functions

## Inherently Government Functions

- Contract Administrative Tasks
  - Contract Administration
  - Contract Closeout
  - Price Cost Analysis
  - SOW Development
  - Market Research
  - Development of Price Negotiation Memorandum



# Acquisition Workload

- 32,925 Contract Specialists (GS-1102s) in 2009
  - 13% were eligible to retire in 2009
  - 31% in 2014
  - 51% in 2019



## Internal Resources - Available

- Student Temporary Employment Program (STEP)
- Student Career Employment Program
- Presidential Management Fellows Program
- Federal Government Intern Program
- Cross Hiring from Other Agencies



## Have these programs worked?

- Surveyed personnel who are currently enrolled in these positions and have had these positions
  - Majority did not feel the program satisfied their professional goals
  - Personnel who had served in the positions prior to the 1980 were very pleased with the experience
- What changed?





# Changes

**Pay** – Government is known for being a good paying employer; but not the best.

**Benefits** – Government is known for having good benefits, which are now being matched by Federal Contractors.

**Training** - Defense Acquisition University (DAU) has continually updated their training to meet the needs of the GS-1102 Contract Specialist, but is flawed in the time it takes to receive the training.



## Changes (cont.)

**Recruiting/Hiring Process** - Government Hiring Process has changed from the Standard Form 171, and KSAs to the Resume Format and more on-line submissions, but the average time to bring someone on board is approximately 6 to 9 months (if budget allows). Government does not currently do active recruiting, they solicit good talent needs to be recruited.

**Job Security** – Government has this one pretty much in the bag but it is not as stable as it used to be.



# Pros/Cons of Outsourcing

## Pros

- Hire skilled personnel faster
  - Maintain necessary personnel levels as required
- Total personnel cost may be lower
- Government headcount numbers are lower

## Cons

- Organizational Conflict of Interest
- Turnover rate of personnel
- True cost savings???
- Contracting Officers are still required for oversight of work being performed



# What can the Government do better?

**Pay** – The economy has had an impact and this may not need to be addressed at this time, but in the future a separate pay schedule may be appropriate and at one time was being considered.

**Benefits** – No changes.

**Training** - Defense Acquisition University (DAU) could try to offer the training more frequently and through various teaching mechanisms (i.e. on-line classes).



## What can the Government do better? (cont.)

**Recruit/Hiring Process** – Government should hire recruiters. In the commercial world recruiters typically have 18-20 job vacancies that they are trying to fill at any one time and are constantly trying to find the best candidate for the job. Cross-hiring of government 1102's is just stealing another agency's employees.

**Job Security** – No changes.



# What can we as Acquisition Leaders do?

**Mentor** – Take the time to inspire a new entry level acquisition professional and show them the highlights of the profession

**Lead** – Take the lead on a big project and take your mentor along so that the two of you can be champions together.



## What can we as Acquisition Leaders do? (cont.)

**Teach** – As you go along teach the lessons that you have learned, the good, the bad and the ugly

**Watch** – Sit back and watch the younger generation grow, lead and teach as you have taught them it is invigorating to see the acquisition profession grow as they have grown

Government is slow to make regulatory changes but there are changes that you can make within the regulations that can make the difference.



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