



THE ASSISTANT SECRETARY OF THE NAVY

(RESEARCH, DEVELOPMENT AND ACQUISITION)

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WASHINGTON DC 20350-1000

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MEMORANDUM FOR DISTRIBUTION

Subj: Department of the Navy (DoN) Strategic Sourcing Governance

Ref: (a) Office of Management and Budget (OMB) memorandum of 20 May 2005

Encl: (1) Strategic Sourcing Governance Charter and Structure

The DoN is committed to pursuing acquisition processes that optimize performance, reduce total ownership costs, standardize acquisition business processes, and enhance the achievement of socio-economic goals.

Reference (a) mandated the use of strategic sourcing throughout the federal government. Implementing strategic sourcing initiatives throughout the DoN has the potential to produce significant savings that can help reduce the Department's total spend. Our recent successes in sourcing cell phones, enterprise software licenses, office supplies, clerical services, and furniture all bode well for continuing to focus our efforts on improving the management of our requirements to deliver a better overall value to the customer.

To formalize the Department's commitment and to improve our management of strategic sourcing, I hereby establish a DoN Strategic Sourcing Governance structure. Attached is the DoN Strategic Sourcing Governance Charter along with a diagram of the Structure and a high level process flow of the strategic sourcing process. I designate the Naval Supply Systems Command (NAVSUP) as the Naval Executive Agent for Strategic Sourcing. A Program Management Office will be stood up under NAVSUP to manage and administer the Department's strategic sourcing program. The goals of the governance are to:

- improve coordination and collaboration across the Department
- ensure key stakeholders are involved in the development and operational execution of strategic sourcing initiatives
- increase the visibility of on-going and future sourcing initiatives
- assign necessary resources to maximize the value of our products
- streamline and standardize processes

Subject: Department of the Navy (DoN) Strategic Sourcing Governance

I strongly support the establishment of a Strategic Sourcing Governance as it will enhance the value of our acquisition processes. Pursuing strategic sourcing is imperative as we continue to drive our commitment to the warfighter. Effective immediately, strategic sourcing initiatives across the DoN will be managed in accordance with the Governance Charter and Structure established by this memorandum.



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ASN (RD&A)

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CHARTER

DEPARTMENT OF THE NAVY (DoN) STRATEGIC SOURCING GOVERNANCE

PURPOSE: To establish and charter a DoN Strategic Sourcing Governance structure. This charter provides a description of the Naval Strategic Sourcing Governance structure, its objectives, roles and responsibilities, and membership from across the DoN. A diagram of the structure and a detailed process flow are addressed in Attachment (1). The DoN Strategic Sourcing Governance structure is herein chartered to promote a “program management” concept of strategic sourcing that proactively seeks to manage a process to capitalize on a better understanding of the acquisition and procurement environments. The scope covers all commodities procured by the DoN. In the strategic sourcing context, a commodity is any category of supply or service that is aggregated within and across business units, locations, and over time that, together, have similar characteristics (e.g., markets, suppliers, value, technologies, vulnerability, management, economies of scale, scope in acquisition and management) affecting the cost of ownership, performance, and other properties.

OBJECTIVES: The overall objective of the DoN Strategic Sourcing Governance structure is to enable improvements in the acquisition cycle that are intended to promote an increase in analysis of how the Department generates spend including how it develops requirements and how it sources those requirements. Specific objectives include:

- Provide visibility of strategic sourcing efforts within the DoN
- Ensure key stakeholders are involved in the development and execution of strategic sourcing initiatives
- Improve collaboration and sharing of best practices
- Promote streamlined and standardized processes
- Better align initiatives with customer mission needs
- Adequately resource strategic sourcing initiatives
- Overall improved coordination of sourcing activities
- Better achieve socio-economic goals

Enclosure (1)

MEMBERSHIP: The DoN Strategic Sourcing Governance structure is composed of three levels that include 1) the Naval Strategic Sourcing Executive; 2) the Naval Strategic Sourcing Working Committee (SSWC), which includes a Naval Strategic Sourcing Program Management Office (SSPMO) that is aligned directly under the SSWC; and 3) the Budget Submitting Office (BSO)/Commodity Team level where acquisition strategies will be developed and executed. The specific membership and roles and responsibilities are defined as follows:

Naval Strategic Sourcing Executive

Member: Assistant Secretary of the Navy (Research, Development and Acquisition) ASN (RD&A)

Roles/Responsibilities:

- Act as “champion” for strategic sourcing within the DoN
- Sets the strategic direction and priorities of the Department’s strategic sourcing program
- Review and monitor the Department’s overall strategic sourcing program progress and performance; approve and make recommendations for improvement as required
- Establish strategic sourcing policies and guidance to enable and enforce the implementation of the commodity strategy

Naval Strategic Sourcing Working Committee (SSWC)

Members: Deputy Assistant Secretary of the Navy (Acquisition & Logistics Management) DASN (A&LM); Office of the Chief of Naval Operations OPNAV N4 (Flag/SES Level); Assistant Deputy Commandant, Installation & Logistics (Business Enterprise Office) ADC, I&L (BEO); BSO Strategic Sourcing Lead

Roles/Responsibilities:

- Review and approve commodity strategic sourcing requests as identified and presented by the Strategic Sourcing Program Management Office (SS PMO)
- Coordinate and disseminate information about specific BSO strategic sourcing activities and strategies among Naval sourcing teams
- Monitor overall program performance as well as performance data for specific commodity teams; make recommendations for improvement
- Identify/ recommend opportunities to leverage best practices, technology and other resources related to strategic sourcing across the Department of the Navy
- Coordinate with the Office of the Secretary of Defense (OSD) Defense Procurement Acquisition Policy (DPAP) on DOD strategic sourcing policy/initiatives

Naval Strategic Sourcing Program Management Office (SS PMO)

Members: Naval Supply Systems Command (NAVSUP), as Naval Executive Agent for Strategic Sourcing. Staff of approximately four analysts that execute the following roles and responsibilities

Roles/Responsibilities:

- Develop and maintain a Naval strategic sourcing communications plan
- Conduct analysis and identify opportunities for collaboration on sourcing strategy development among Naval organizations
- In concert with BSOs, identify and recommend BSO commodity team leads to the SSWC

- Ensure strategic sourcing policies, standards, and approved strategic sourcing strategies are adhered to
- Produce annual goals and metrics associated with the Naval strategic sourcing objectives
- Assist BSOs with tracking of cost savings/avoidance and reporting to SSWC
- Ensure commodity teams are managed in a manner that best serves the interests of all stakeholders
- Monitor performance and commodity team makeup for possible changes/adjustments of participants
- Perform PM functions, including: communication, change management, technology analysis, and business process analysis
- Review performance and initiate/recommend change through governance process, as appropriate
- Provide status reports as required
- Manage budget, financial accounts, allocation of resources and other business management functions associated with Naval Strategic Sourcing
- Prepare briefs to BSOs twice annually on status of program

BSO Strategic Sourcing Lead

Members: Lead BSO

Roles/Responsibilities:

- Manage performance of specified commodity teams
- Review and propose opportunities for commodity teams (either within a Command or Department-wide) to the SSWC via the SS PMO
- Identify and recommend BSO commodity team lead to the SSWC via the SS PMO
- Solicit staff for the commodity team and assign commodity team leads, program/analytical staff, and contracting staff (as necessary) from the SSWC via the SS PMO
- Develop and maintain a charter specific to individual commodity teams
- Ensure socio-economic issues are addressed and adequately vetted
- Include commodity specific objectives, goals, & metrics in the commodity strategy
- Approve commodity strategy
- Conduct acquisition and/or develop and execute the implementation plan, including a communications plan to speed adoption and change existing processes
- Facilitate implementation of policies and guidance as recommended by the Strategic Sourcing Executive or the SSWC
- Monitor performance and commodity team makeup for possible changes/adjustments of participants

BSOs

Members: Representatives from Naval BSOs

Roles/Responsibilities:

- Conduct analysis and identify where opportunities exist for collaboration on sourcing strategy development among Naval organizations
- Identify and recommend BSO commodity team lead, to the SSWC via the SS PMO
- Facilitate implementation of policies and guidance as recommended by the Strategic Sourcing Executive or the SSWC

- Facilitate implementation of policies and guidance as recommended by the Strategic Sourcing Executive or the SSWC
- Monitor performance and commodity team makeup for possible changes/adjustments of participants
- Provide membership to commodity teams
- Track cost savings/avoidance reported by commodity teams

Commodity Teams

Members: Commodity Team Leadership; BSO representatives; Contracting Officer; Small Business Advisor; Legal Advisor; Industry/Supplier representatives; other advisors/subject matter experts as required

Roles/Responsibilities:

- Identify and engage key stakeholders throughout the strategic sourcing process
- Develop and validate scope and breadth of analysis required of commodity team
- Complete analyses required to develop commodity profile, market analysis, and commodity strategy; ensure integrity of process by seeking input and involving all members throughout the process
- Modify membership of the commodity team, if required, based on monitoring to ensure adequate representation of BSO stakeholders
- Develop commodity management plan
- Continually manage commodity and sourcing strategy performance and take corrective action as required

MEETING SCHEDULE AND FORMAT: The SSWC shall meet as required but no less than every six months. The SS PMO is responsible for scheduling the meetings, determining the location, providing a draft agenda, and coordinating read-ahead documents as necessary. Standing SSWC members are expected to attend each meeting. When conflicts arise, meeting attendance may be delegated only to individuals of like grade/rank. The SSWC will determine when issues need to be raised to the Strategic Sourcing Executive.

SIGNATURE:

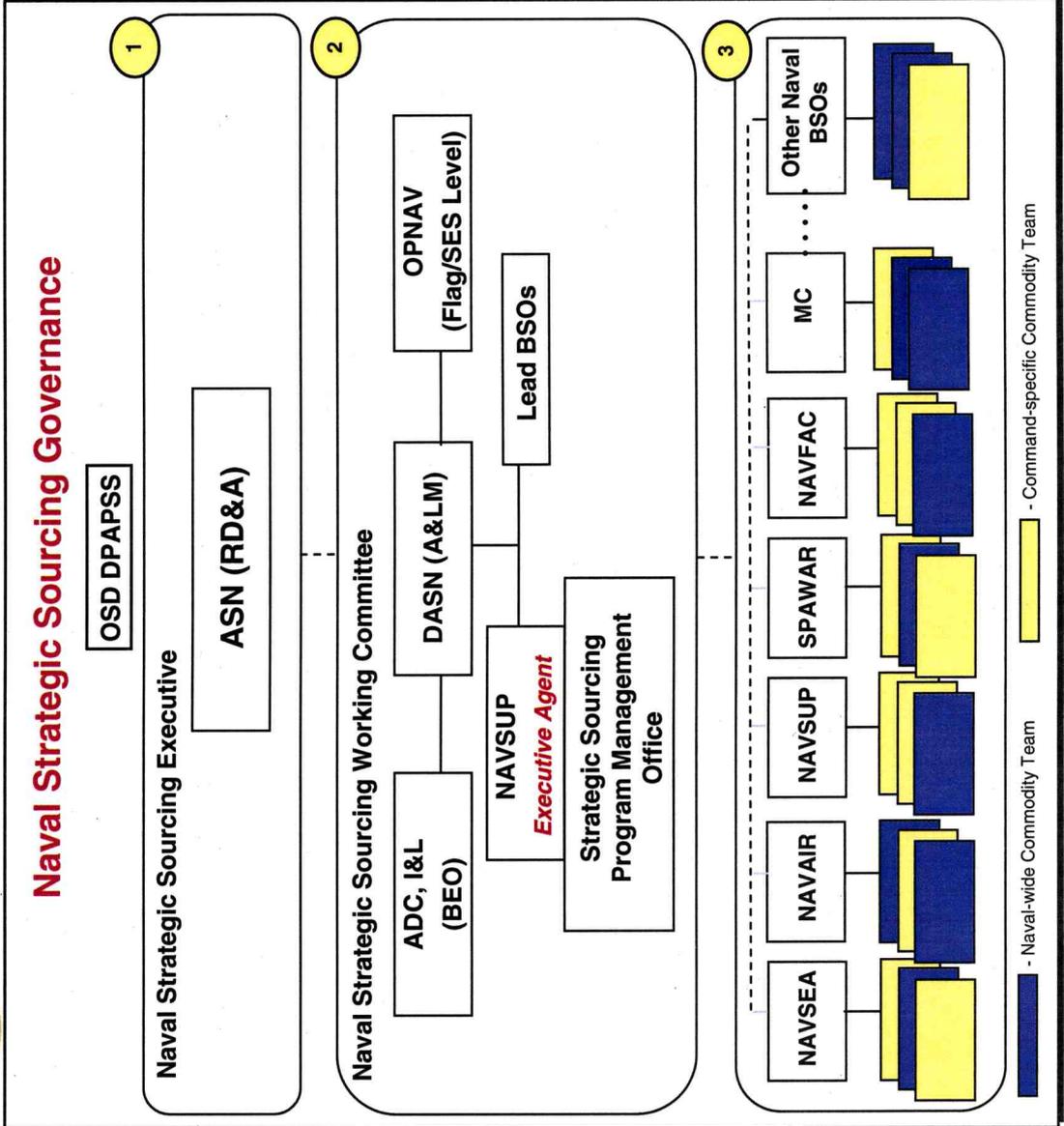


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18/01/08
(date)



Naval Strategic Sourcing Governance Structure



Naval Strategic Sourcing Governance

High-Level Overview

- 1. Executive:** Provides strategic goals and objectives to Naval Strategic Sourcing Program. Approves Naval-wide rollout strategies and issues the implementation of business rules.
- 2. Working Committee:** Determines commodities for sourcing, the breadth of implementation, and assigns commodity ownership. Coordinates Strategic Sourcing activities, shares information / best practices, monitors metrics, and standardizes strategic sourcing policies & processes across the Department of the Navy.
- 3. Naval Budget Submitting Offices (BSOs) & Commodity Teams (CT):** CTs operate under the control of the Lead BSOs and are staffed by both the Lead BSO and the stakeholder BSOs. CTs are responsible for the development and implementation of sourcing strategies and contract execution. CT members will include requirements generators, contracting personnel, as well as other stakeholders.



Naval Strategic Sourcing Governance Process

