



**THE ASSISTANT SECRETARY OF THE NAVY**

(RESEARCH, DEVELOPMENT AND ACQUISITION)

1000 NAVY PENTAGON

WASHINGTON DC 20350-1000

DEC 21 2011

MEMORANDUM FOR DISTRIBUTION

SUBJECT: Department of the Navy (DON) Strategic Sourcing Governance

Reference: (a) Office of Management and Budget (OMB) Memorandum dated 20 May 2005  
(b) Assistant Secretary of the Navy (Research, Development & Acquisition) Memorandum dated 18 November 2008

Attachment: (1) Revised Strategic Sourcing Governance Charter and Process Structure

Reference (a) mandated the use of strategic sourcing throughout the federal government. Reference (b) formally established the DON Strategic Sourcing Governance Charter and Process Structure in 2008 and designated a Strategic Sourcing Program Management Office (SSPMO) to manage and administer the Department's strategic sourcing program.

The overall objective of DON strategic sourcing is to identify opportunities for making better procurement decisions across the DON by focusing on analysis of how the Department generates spend, how it develops requirements, and how it sources those requirements. Implementing strategic sourcing initiatives throughout the DON has the potential to produce significant savings and can help reduce the Department's total spend. To leverage lessons learned and best business practices, the strategic sourcing governance charter and process structure has been updated in attachment (1).

A significant change to the Charter that will further improve the coordination and collaboration across the DON in executing strategic sourcing is the designation of a Budget Submitting Office Strategic Sourcing Official (SSO), at the Senior Executive Service or Flag Officer level, responsible for:

- Facilitating the implementation of policies and guidance as recommended by ASN (RDA) or the Strategic Sourcing Working Committee (SSWC);
- Identifying and recommending Commodity Team leads to the SSPMO as required;
- Assigning Commodity Team members (requirements owners included);
- Communicating Commodity Team progress and strategies throughout their respective organizations; and
- Participating in SSWC meetings upon invitation.

SUBJECT: Department of the Navy (DON) Strategic Sourcing Governance

In summary the Strategic Sourcing Governance Charter and Process Structure will enhance the value of our acquisition processes. Pursuing strategic sourcing is imperative as we continue to drive our commitment to the warfighter. Strategic sourcing initiatives across the DON will be managed in accordance with the revised Governance Charter and Process Structure established by this memorandum.

A handwritten signature in black ink, appearing to read 'SJS', with a long horizontal stroke extending to the right.

Sean J. Stackley

SUBJECT: Department of the Navy (DON) Strategic Sourcing Governance

Distribution:

ASN (RD&A)(PMD, PCD, EA, MA)

CMC (I&L)

CNO

COMMARCORSYSCOM

COMNAVAIRSYSCOM

COMNAVFACENGCOM

COMNAVSUPSYSCOM

COMNAVICP

COMNAVSEASYSYSCOM

COMSPAWARSYSCOM

DIRSSP

Copy to:

AGC

DON OSBP

CMC (LR, LB)

MARCORSYSCOM (02)

MSC (N10)

NAVAIRSYSCOM (2.0)

NAVFACENGCOM (ACQ)

NAVSEASYSYSCOM (02)

NAVSUPSYSCOM (02)

ONR (02)

SPAWARSYSCOM (02)

SSP (SPN)

NAVICP (02)

**DEPARTMENT OF THE NAVY  
STRATEGIC SOURCING GOVERNANCE**

**CHARTER**

**PURPOSE:** To establish and charter a Department of the Navy (DON) Strategic Sourcing Governance structure. This charter provides a description of the DON Strategic Sourcing Governance structure, its goals, 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 that proactively manages the process to identify and capitalize strategic sourcing opportunities. The scope covers all supply and service commodities procured by the DON. In the strategic sourcing context, a commodity is any category of supply or service that is aggregated within and/or 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 total cost to the DON.

**GOALS:** The overall objective of the DON Strategic Sourcing Governance structure is to identify opportunities for making better procurement decisions across the DON by focusing on analysis of how the Department generates spend, how it develops requirements, and how it sources those requirements. The goals of DON Strategic Sourcing are to:

- Provide visibility of strategic sourcing opportunities within the DON.
- Involve all stakeholders in the initial selection, development and execution of strategic sourcing initiatives to align requirements and achieve efficiencies.
- Mandate collaboration and use of approved sourcing strategies and best practices to achieve savings.
- Promote streamlined, standardized, and efficient processes, such as but not limited to, reducing cycle times, enhancing business practices, improving services acquisition, and reducing non-productive processes.
- Align opportunities with customer mission needs.
- Achieve higher socio-economic goals.

**MEMBERSHIP:** The DON Strategic Sourcing Governance structure is comprised of three levels that include **1)** the Naval Strategic Sourcing Executive; **2)** the Naval Strategic Sourcing Working Committee (SSWC); and **3)** Naval Strategic Sourcing Execution. The specific membership and roles and responsibilities are defined as follows:

## **1) Naval Strategic Sourcing Executive**

Member: Assistant Secretary of the Navy (Research, Development and Acquisition) (ASN (RDA)).

Roles/Responsibilities:

- Act as “champion” for strategic sourcing within the DON.
- Set strategic direction and priorities of the Department’s strategic sourcing program.
- Review and monitor the Department’s overall strategic sourcing program progress and performance, approving and making recommendations for improvement as required.
- Establish policies to enforce the implementation of commodity strategies and initiatives.

## **2) Naval Strategic Sourcing Working Committee (SSWC)**

Members: Deputy Assistant Secretary of the Navy (Acquisition & Procurement) (DASN (AP)); Office of the Chief of Naval Operations OPNAV N41 (Flag/SES Level); HQMC DC, I&L (Contracts).

Other Participants: Strategic Sourcing Program Management Office (SSPMO) is a required participant, but not a voting member; and, Strategic Sourcing Officials (SSOs) may participate upon invitation by the SSWC, on a meeting-by-meeting basis. The SSO should be a designated SES/Flag Officer knowledgeable of BSO corporate operations.

Roles/Responsibilities:

- Approve by vote commodity strategic sourcing requests as identified and presented by the SSPMO.
- Coordinate, disseminate, and follow up on initial information about specific Stakeholder strategic sourcing strategies among Naval sourcing teams.
- Coordinate the results from Opportunity Assessments with other Naval Governance Boards.
- Evaluate overall program performance, as well as performance data for specific Commodity Teams (CT), making recommendations for improvement.
- Identify and recommend opportunities to leverage best practices, technology and other resources related to strategic sourcing across the DON.
- Coordinate with the Office of the Secretary of Defense (OSD) Defense Procurement Acquisition Policy (DPAP) on Department of Defense (DOD) strategic sourcing policy and initiatives.
- Advise on impact to or engagement with small business and identifies best practices related to strategic sourcing across the DON as it relates to small business.
- Identify and approve Budget Submitting Office (BSO) Commodity Team leads and other CT representatives to support specific initiatives and ensure appropriate requirement stakeholders are represented.

### 3) Naval Strategic Sourcing Execution

Members: Strategic SSPMO, SSOs, CT Members (consists of a Naval stakeholder lead and stakeholder support).

#### SSPMO Roles/Responsibilities:

- Develop, maintain, and execute a Naval strategic sourcing communications plan that includes, but is not limited to, establishing and hosting a Strategic Sourcing Forum on a quarterly basis to update stakeholders on strategic sourcing initiatives, plans and status (may include socializing Opportunity Assessments and CT implementation strategies with stakeholders).
- Propose sourcing initiatives to the SSWC based on strategic direction and priority guidance, opportunity assessment, and input from SSOs.
- Provide SSOs with spend data and ensure appropriate requirement owners are key representatives on each CT.
- Produce annual goals/metrics, monitor/report compliance, and initiate/recommend strategic sourcing policies and strategies.
- Perform Program Manager (PM) functions including communication, change management, and business process analysis.
- Review performance and provide recommendations through the governance process, as appropriate.
- Provide status reports as required.
- Manage budget, financial accounts, allocation of resources and other business management functions associated with DON Strategic Sourcing.
- Support and guide CT participants through the strategic sourcing process.
- Participate in SSWC meetings.

#### SSO Roles/Responsibilities:

- Facilitate implementation of policies and guidance as recommended by ASN (RDA) or the SSWC.
- Identify and recommend CT Leads to the SSPMO as required.
- Assign CT members (requirements owners included) for each requested CT.
- Communicate CT progress and strategies throughout their respective organizations.
- Participate in SSWC meetings upon invitation.

#### CT Naval Stakeholder Strategic Sourcing Lead Roles/Responsibilities:

- Manage performance of specified CTs.
- Ensure socio-economic issues are addressed and adequately vetted.
- Develop and recommend commodity strategies.
- Develop the commodity's management and strategic sourcing implementation plan.
- Establish or modify CT composition as required to ensure adequate participation on the CT.
- Socialize CT status, strategies, and implementation plans up to the SSO.
- Review and propose opportunities for CT (either within a Command or Department-wide) to the SSO.
- Track and report savings.

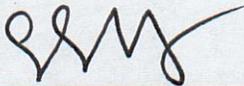
**CT Member Roles/Responsibilities:**

Members may include: CT Leadership, BSO representatives, Contracting Officer, Small Business Advisor, Counsel, Industry/Supplier representatives, other advisors/subject matter experts as required.

- Identify and engage key stakeholders throughout the strategic sourcing process.
- Develop and validate scope of analysis required of CT.
- Complete analyses required to develop the commodity profile, assess the market environment, and develop a commodity strategy.
- Ensure integrity of the process by seeking input and involving appropriate members throughout the process.

**MEETING SCHEDULE AND FORMAT:** The SSWC shall meet ad hoc as required but no less than every six months. The SSPMO is responsible for scheduling the meetings, determining the location, providing a draft agenda, and coordinating any read-ahead documents. 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 should be raised to the Naval Strategic Sourcing Executive.

**SIGNATURE:**



Sean J. Stackley  
ASN (RD&A)

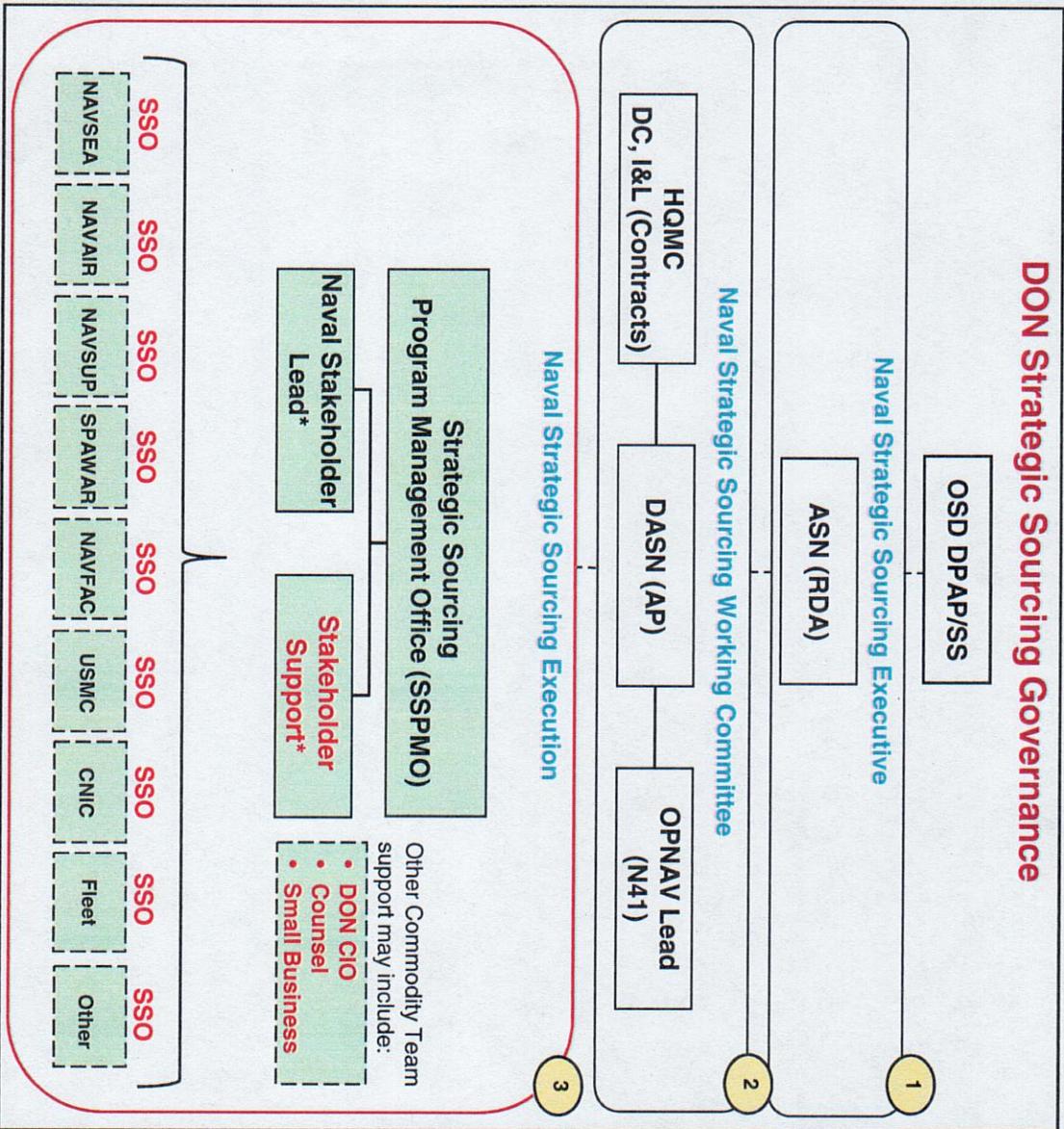
21DEC11

(date)



# DON Strategic Sourcing Governance Structure

## DON Strategic Sourcing Governance



### High-Level Overview

#### 1. Strategic Sourcing Executive:

- Establish strategic goals and objectives
- Approve Naval-wide rollout strategies
- Issues implementation of business rules

#### 2. Working Committee:

- Determines commodities for sourcing
- Approves SSPMO's recommendations for each Commodity Team (CT) Lead Stakeholder
- Coordinates Strategic Sourcing activities
- Monitors metrics
- Standardizes policies & processes
- Coordinates sourcing opportunities with other Naval Governance Boards as needed (ie; IGB for IT sourcing opportunities)

#### 3. Naval Strategic Sourcing Execution:

- SSPMO leads DON-wide CTs
- Strategic Sourcing Officials (SSOs) assign CT Stakeholder support
- CTs staffed by Lead stakeholder/stakeholder support and may have legal, small business reps, etc.
- Identifies strategic sourcing opportunities
- Development, implementation, and execution of sourcing strategies
- Facilitates implementation of policies

\*As assigned by the SSO and is specific to a Commodity Team

□ = Commodity Team Members



# DON Strategic Sourcing Process

