



United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, D.C. 20240

JAN 20 2002

Memorandum

To: DOI Senior Executive Service Corps

From: Assistant Secretary for Policy, Management and Budget *PS*

Subject: **Leadership Perspective on Competitive Sourcing**

I want to share some thoughts on the importance of your leadership role in our Department's competitive sourcing effort. While I am confident you are familiar with and are embracing the philosophy and approach necessary to pursue our competitive sourcing initiative, it is essential that we take steps to clearly and effectively communicate what was articulated in the Secretary's November 27, 2001, all employee memorandum.

As the Department's senior executives, you are expected to provide the leadership and direction necessary to successfully implement competitive sourcing within your areas of responsibility. Your personal commitment and performance are vital to the Department's success. Here are several areas and issues related to competitive sourcing that you should give your personal attention and ensure that efforts at all levels of management and supervision are focused on goal achievement:

- First, reiterate and continually remind your management and employees that competitive sourcing is about using a competitive, analytical approach to generate greater value for (we) the taxpayer and our constituents. It is not about downsizing, streamlining, contracting out or cost-cutting.
- No Bureau or Office has been assigned a full time employee (FTE) reduction quota or goal for competitive sourcing. Historical experience at the Department of Defense has shown that when an organization engages in competitive sourcing, the public sector "wins" about half of the competitions. We currently do not know what to expect for our Department, but FTE reduction is not the purpose behind this effort, -- overall value is.
- Your organization will work with the Department's Center for Competitive Sourcing Excellence and the Office of Acquisition and Property Management through January to identify specific functions to be competed in fiscal years 2002 and 2003. As we engage in these discussions, you must ensure systematic workforce planning principles and processes are being used to assist in identifying functions for competitive sourcing.

You may find areas especially appropriate for competitive sourcing in functions where you anticipate a large number of vacancies, either through high turnover or retirements; have difficulty sourcing and recruiting individuals with suitable expertise; are unable to secure desired technology; or have functions with significant skill imbalances.

- We will continue to explore approaches to successfully pursue viable competitive sourcing alternatives that comply with the spirit of traditional methodology (OMB Circular A-76), and that will allow the Department to operate in ways that deliver more efficient, consistent and timely services. In any case, you must ensure that your managers and supervisors clearly understand and observe all union and labor related obligations, including appropriate communication, consultation and negotiation of related labor matters.
- Clearly communicate to your managers and supervisors that if functions are contracted out, supervision of contract employees does not necessarily weaken the manager's or supervisor's grade level. Classification principles will be applied soundly and judiciously to any positions affected by a decision to contract out services.

Our departmental Center for Competitive Sourcing Excellence has been established to provide assistance and ensure that we approach competitive sourcing consistently, throughout the Department. The Center will provide leadership, share managerial issues and provide guidance, as you manage through the competitive sourcing process.

During the first year of its operation, the Center will be essentially staffed by volunteers (detailees) who have been carefully selected and properly trained to ensure that each Bureau or major office area is effectively represented in the process.

Mike Del-Colle is the Center's Director. You may contact Mike at (703) 787-1375 or by E-mail at Michael_Del-Colle@ios.doi.gov to discuss questions, needs or concerns.

OMB has repeatedly informed the Department that we may retain savings that we generate from competitive sourcing. Bureaus may retain savings that are clearly and accurately attributed to competitive sourcing. Unless otherwise directed, Bureau and Office Directors may designate how the savings may be used.

It is important to note that your performance evaluation for the 2002 plan year will include a significant component on how well you have implemented the President's Management Agenda, including its competitive sourcing element. The Department will evaluate your Bureau or Office in relatively the same manner that the OMB will evaluate the Department. Therefore, it is essential to your Bureau's or Office's success, that you and your management become thoroughly familiar with the Secretary's Plan for Citizen-Centered Governance, our Department's plan for implementing the President's Management Agenda. Bureau Directors and Office Heads have received electronic copies of the Plan.

The President stated in a recent meeting with the Senior Executive Service Corps, that the American people are looking to you now as never before to lead efforts to achieve management reform goals. I ask for your personal commitment and support, as we work together to achieve our Department's management objectives, including our competitive sourcing goals.

cc:

Solicitor

Special Trustee for American Indians

Assistant Secretaries

Bureau Directors and Heads of Equivalent Offices