



*Muraleedharan Kollankandy, a contracted billeting clerk who provides cleaning and laundry services for Army Field Support Battalion–Kandahar, 401st Army Field Support Brigade, organizes laundry at one of the battalion's drop-off sites. (Photo by Sharonda Pearson)*

# A New Way of Thinking About Strategic Sourcing

By using an Army Sustainment Command strategy of co-locating portfolio managers, the Army could more quickly realize its goals for services contracts.

■ By Penny Kroul and Jerry E. Jastrab

Strategic sourcing has been creating efficiencies, improving the quality of services, and reducing costs in private industry for years. Now it is time for the Army to strengthen its resolve in pursuing strategic sourcing for itself.

What if the Army could change the way it procures services? What if, by changing its behavior, the Army could save money and apply those savings to fund additional training

and operations? What if the Army could eliminate redundant contracts and truly implement the intent of portfolio management for all services it buys? What if the Army could standardize performance work statements across the spectrum of services instead of having every requiring activity develop its own? These “what ifs” can be reality if the Army implements strategic sourcing to its full extent.

## How Strategic Sourcing Works

Strategic sourcing refines user requirements and analyzes how they fit into a bigger picture, leading to better contracts and better value. It also looks at local requirements from a broader set of disciplines and creates opportunities for small and disadvantaged businesses in order to maintain a vibrant national economy.

Strategic sourcing is not entirely new to the Army. The first initiatives

began in the early 2000s as part of a government-wide effort to reduce costs and increase value. In recent years, the Army has established a new governance structure, consisting of the Strategic Sourcing Executive Committee, Strategic Sourcing Steering Group, and strategic sourcing working groups, to bring focus and direction to strategic sourcing. Within the working groups are 10 geographically dispersed portfolio managers, each focusing on a separate service sector.

### Taking the Next Step

Creating a single Army strategic sourcing hub for acquisition would more quickly achieve the Army's goals of reducing redundancies, standardizing requirements, and incorporating program management of the acquisition of services.

Co-locating the Army's portfolio managers in a centralized strategic sourcing hub would create an environment that allows portfolio managers to rapidly exchange information on requirements and best practices, develop an integrated process for determining preferred providers, and create a centralized market research database. A centralized strategic sourcing hub also would enable senior leaders to make fact-based decisions on service contracts for the Army.

### Mission Command Implications

Moving all portfolio managers to a strategic sourcing hub would place the portfolio management function under one commander and concentrate expertise in one location. It would ensure one commander is accountable for maintaining situational awareness of all strategic sourcing contract mechanisms. This action would also allow for the development of one central database for all service requirements across the Army and consolidate the leads for policy development and implementation into one organization.

This strategic sourcing hub should be developed for all non-Corps of Engineer service acquisitions pro-

cured for the Army. It would then direct the requirements to the appropriate contracting center to solicit for and develop the contracts.

### The EAGLE Business Office

The Army Sustainment Command (ASC) is an example of what effective portfolio management can achieve. The ASC, a subordinate organization of the Army Materiel Command, is the portfolio manager for logistics management services. Within this portfolio, ASC has been seeking savings by consolidating and standardizing requirements.

One notable achievement under this initiative is the Enhanced Army Global Logistics Enterprise (EAGLE) Business Office. The EAGLE Business Office issues task orders that create a single contract mechanism to provide supply, maintenance, and transportation services.

The EAGLE Business Office uses an acquisition strategy that supports the Army's socioeconomic acquisition goals by creating new opportunities for small and disadvantaged businesses, while increasing competition and implementing efficient methods to improve contract administration and reduce costs.

The EAGLE Business Office is on track to provide the Army significant savings by reducing the number of contracts within the logistics readiness centers from 150 to approximately 40. To date, the EAGLE approach to services contracting is projected to save the Army \$105 million over next five years. EAGLE has been recognized by the Army Materiel Command for its ability to "increase the Army's buying power and improve the supply chain across the command."

If ASC can accomplish this for logistics management services contracts, the Army can accomplish this for the acquisition of all services contracts. The Army could eliminate the need for multiple organizations overseeing multiple acquisition disciplines by implementing best practices from EAGLE to create a

strategic sourcing hub.

A U.S. Government Accountability Office Report to Congressional Committees, "Strategic Sourcing: Improved and Expanded Use Could Save Billions in Annual Procurement Costs," suggests that the Army could save 10 percent annually, equating to a \$50 billion savings, if it adopted a cross-discipline umbrella contract similar to EAGLE for all services contracts and used a single strategic sourcing hub.

Accelerating the positive impacts of strategic sourcing is a logical step forward. A centralized strategic sourcing hub for service acquisitions would refine and standardize requirements, achieve best value for the resources invested, and expedite contracting. It could also increase competition in a way that is favorable to the government, while simultaneously creating opportunities for small and disadvantaged businesses. Most importantly, it would improve the quality of contracted services supporting Soldiers in the field.

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