Service Contracting –
Support to Commander, Naval Installations Command

Tom Trump – Naval Supply Systems Command
**Report Documentation Page**

Public reporting burden for the collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to a penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.

1. REPORT DATE
MAY 2007

2. REPORT TYPE

3. DATES COVERED
00-00-2007 to 00-00-2007

4. TITLE AND SUBTITLE
Service Contracting - Support to Commander, Naval Installations Command

5a. CONTRACT NUMBER

5b. GRANT NUMBER

5c. PROGRAM ELEMENT NUMBER

5d. PROJECT NUMBER

5e. TASK NUMBER

5f. WORK UNIT NUMBER

6. AUTHOR(S)

7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES)
Naval Supply Systems Command, 5450 Carlisle Pike, Mechanicsburg, PA, 17055-0791

8. PERFORMING ORGANIZATION REPORT NUMBER

9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)

10. SPONSOR/MONITOR’S ACRONYM(S)

11. SPONSOR/MONITOR’S REPORT NUMBER(S)

12. DISTRIBUTION/AVAILABILITY STATEMENT
Approved for public release; distribution unlimited

13. SUPPLEMENTARY NOTES
4th Annual Acquisition Research Symposium: Creating Synergy for Informed Change, May 16-17, 2007 in Monterey, CA

14. ABSTRACT

15. SUBJECT TERMS

16. SECURITY CLASSIFICATION OF:
   a. REPORT unclassified
   b. ABSTRACT unclassified
   c. THIS PAGE unclassified

17. LIMITATION OF ABSTRACT
   Same as Report (SAR)

18. NUMBER OF PAGES 12

19a. NAME OF RESPONSIBLE PERSON

Standard Form 298 (Rev. 8-98)
Prescribed by ANSI Std Z39-18
Commander Navy Installations Command (CNIC)

- Established on October 1, 2003 as the single Navy-wide shore installation management organization

- Focus on installation effectiveness and improving the shore installation management community's ability to support the fleet.
Commander Navy Installations Command (CNIC)

Base Support

Command & Staff
- Environmental
- Facilities Support
- Planning/Real Estate
- Public Safety

Operating Forces Support
These functions are the direct Shore Installation Management (SIM) links to the Warfighter. We support the operating forces of the Navy at our Ports and Airfields.

- Air Operations
- Port Operations
- Operating Support

Community Support

The CNIC Personnel Support Program is responsible for policy development, resourcing and oversight of quality of life programs for Navy Sailors and their families. CNIC enables a ready Navy force through programs such as Morale, Welfare, and Recreation (MWR); Child Development/Youth; Galley; Fleet & Family Support Program (FFSP); and Other Community Support. Personnel Support also acts as the CNIC point of contact for Navy Exchange and Defense Commissary Activity operations located on Navy installations.

- Housing

The Navy Housing provides public information about housing in 28 states and 13 foreign nations.
Navy Installation Contracting Support

**NAVSUP**
- Supplies/Services
- Base Supply
- Medical
- Admin Services
- DON Family Support

**NAVFAC**
- Construction
- Architect & Eng
- Facilities Support

**CNI**
- SIM: Shore Installation Management

Contracting support aligned by program structure
**Regional Contract Visibility**  
**FY06 (~96% of data included)**

<table>
<thead>
<tr>
<th>Region</th>
<th>FY05 Actions</th>
<th>FY05 Obs $M</th>
<th>FY06 Obs $M</th>
<th>FY06 Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>3983</td>
<td>$160.9</td>
<td>$147.3</td>
<td>3092</td>
</tr>
<tr>
<td>Guam</td>
<td>533</td>
<td>$140.8</td>
<td>$43.8</td>
<td>233</td>
</tr>
<tr>
<td>Gulf Coast</td>
<td>617</td>
<td>$193.2</td>
<td>$133.5</td>
<td>589</td>
</tr>
<tr>
<td>Hawaii</td>
<td>1026</td>
<td>$89.6</td>
<td>$113.6</td>
<td>871</td>
</tr>
<tr>
<td>Japan</td>
<td>491</td>
<td>$18.4</td>
<td>$22.7</td>
<td>345</td>
</tr>
<tr>
<td>Korea</td>
<td>302</td>
<td>$2.5</td>
<td>$1.1</td>
<td>341</td>
</tr>
<tr>
<td>NDW</td>
<td>522</td>
<td>$97.0</td>
<td>$30.4</td>
<td>241</td>
</tr>
<tr>
<td>Northeast</td>
<td>1673</td>
<td>$78.9</td>
<td>$53.6</td>
<td>839</td>
</tr>
<tr>
<td>Northwest</td>
<td>1289</td>
<td>$101.3</td>
<td>$201.6</td>
<td>879</td>
</tr>
<tr>
<td>Mid Atlantic</td>
<td>1762</td>
<td>$168.5</td>
<td>$51.7</td>
<td>1100</td>
</tr>
<tr>
<td>Mid West</td>
<td>328</td>
<td>$114.8</td>
<td>$27.3</td>
<td>243</td>
</tr>
<tr>
<td>Singapore</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>South</td>
<td>1185</td>
<td>$75.7</td>
<td>$44.2</td>
<td>863</td>
</tr>
<tr>
<td>Southeast</td>
<td>4970</td>
<td>$447.9</td>
<td>$786.9</td>
<td>3435</td>
</tr>
<tr>
<td>Southwest</td>
<td>2258</td>
<td>$356.3</td>
<td>$256.6</td>
<td>1674</td>
</tr>
<tr>
<td>SW Asia</td>
<td>837</td>
<td>$30.7</td>
<td>$8.4</td>
<td>292</td>
</tr>
<tr>
<td>Totals</td>
<td>21,776</td>
<td>$2,076.5</td>
<td>$1,922.7</td>
<td>15,037</td>
</tr>
</tbody>
</table>

- Spend by region appears to vary substantially from FY05 to FY06.
- Total CNIC spend appears to be level from FY05 to FY06.
- Consolidation of contract actions is a focus for CNIC – decrease of ~6,700 actions from FY05 to FY06.
13 FSCs of 830 represent $1.258B of the CNIC total spend of $2.14B … or 59%.
**Vision**

“To leverage the organization’s buying power to obtain goods and services at better terms and conditions over the life cycle of those goods and services”

**Program Objectives**

- Reduction in Total Cost of Ownership
- Region and/or Enterprise-wide cross-functional acquisition strategies
- Improvements in meeting socio-economic goals
- Standardization of acquisition business process
- Improved skills / output of CNIC acquisition community
Benefits of Requirement Consolidation

Primary Benefits

Reduction in Cost Per Unit

Pricing Improvements
- Leverage service-wide / joint buying power
- Lower unit price
- Volume rebates
- Payment term discounts

Supply Chain Savings
- Cost of capital
- Warehousing costs
- Shipping costs

Change in Consumption / Volume

Demand Management
- Improve business intelligence regarding spend practices, cycle time and processes
- Eliminate demand
- Reduce consumption
- Encourage substitution
- Change product mix

Specification Review
- Eliminate “gold-plating”
- Simplify specifications
- Alternative products

Improved Operating Efficiency

Reduced Procurement-Related Operating Expense
- PO Processing
- Accounts Payable
- Receipt / Warehousing
- Standardized procurement process

Reduced Non-Procurement Related Operating Expense
- Other operating efficiencies

Performance Monitoring
- Structured metrics and periodic review of contractor performance

Improved Vehicle Management

Socio-economic Goals
- Structured analysis of small / disadvantaged business opportunities

Optimized Supplier Relationships
- Improved joint understanding of needs and capabilities
- Increased efficiencies across the entire process chain
Optimize, leverage and improve contracts
Prioritization Analysis

Spend analysis was prioritized based on spend volume, fragmentation, and input from NAVFAC & NAVSUP

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Definition</th>
<th>Weight</th>
<th>Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spend Value</td>
<td>Total dollars purchased</td>
<td>★★★</td>
<td>1 &lt; $2M 2 3 &gt; $10M</td>
</tr>
<tr>
<td>Volume of KT Activity</td>
<td>Number of contracting actions</td>
<td>★★★</td>
<td>1 Low 2 High 3</td>
</tr>
<tr>
<td>Vendor Fragmentation</td>
<td>Number of vendors, spend concentration</td>
<td>★★★</td>
<td>1 1 at &gt; 50% 2 &gt; 5 at 5%+ 3</td>
</tr>
<tr>
<td>Vendor Socio-Economic</td>
<td>JWOD, SDB, 8a</td>
<td>★★★</td>
<td>1 1 at &gt; 50% 2 &gt; 5 at 5%+ 3</td>
</tr>
<tr>
<td>Interest Item for FAC/SUP</td>
<td>Templates, Pre-existing Teams</td>
<td>★★★</td>
<td>1 &lt; 25% 2 &gt; 50% 3</td>
</tr>
</tbody>
</table>

**NAVFAC Sourced Commodities**
- Airfield Facilities ~ $65M
- Janitorial / Custodial ~ $44M
- Landscaping / Grounds ~ $23M
- Electrical ~ $18M
- Refuse Collection / Recycling ~ $17M
- Troop Housing ~ $15.5M

**NAVSUP Sourced Commodities**
- Food Service ~ $119M
- Office Furniture ~ $22M
- Management Services ~ $19M
- Office Supplies ~ $13M
- Clerical Services ~ $10M

*Based on FY05 PMRS data...*
Commodity Teams

• High leverage opportunities … best areas to consolidate requirements and lower costs

• Regional BM and SME participation, 3 Regions have already volunteered to host … there is risk if all the Regions do not participate

• Gladly supported by both SUP & FAC … IMCOM is interested too

• Leverages NAVFAC Templates – intent is to codify thru boilerplate approach
  
  • Output codifies “what can be bought” and “to what level of service” across CNIC
  
  • Fosters regional, multi regional and enterprise contracts consistent with SBA … without paying excessive small business premiums
  
  • This effort decreases requirements generation labor and speeds cycle time
Standardize BOS Contracting Delivery Model

• Benefits to CNIC
  – Reduce errors
  – Improve traceability of requirements
  – Improve visibility for the Business Office into the requirements review process
  – Potential faster processing by FAC & SUP contracting offices
  – Metrics available internally to the Command
  – Potential to link to CFMS

• Develop Business Intelligence
Navy Installation Contracting Support Lessons Learned

• CNIC’s initial focus was on consolidation of contract actions
  • Focus is shifting to spend and requirements analysis
  • CNIC sponsorship critical to moving forward with development of strategic sourcing solutions
• Performance based templates have been developed for all base operating support services
  • Templates provide standard service levels across regions and activities
  • Templates offer selection of different performance levels
  • Templates provide standard performance requirements for consolidation of requirements across activities/regions