

November 26, 2001

Memorandum

To: Department of the Interior Employees Nationwide
From: Secretary Gale Norton /signed/
Subject: Competitive Sourcing

The President is committed to improving how government works. Our mission has been growing, but we cannot assume that there will be ever-higher appropriations to solve our workload challenges. Rather, we must examine and use all of the tools available to make our limited dollars go further to provide quality services that provide value to our customers. One such tool is to assess how our services can be improved by self-examination in a competitive situation. Competition spurs better performance, whether it is in sports or the halls of government.

Bureaus and offices are identifying activities involving nearly 3,500 positions that will be subject to competition during the next two fiscal years. In other words, work units within which those positions are situated will be analyzed according to a fair procedure that will do two things. First, it will enable the employees to identify their most efficient way of organizing themselves to do the work. Second, it will enable bureau management to compare that most efficient internal arrangement with what can be provided by the private sector. The approach that provides the best value to the taxpayer "wins." Industry's best value solution must provide a greater than ten percent cost savings advantage. Specific activities will be announced later, when competitive sourcing studies begin early in fiscal year 2002. This is the start of a process to meet a larger goal of examining over the next five years at least half of the commercial functions now being performed by Interior employees. Affected employees may understandably be anxious about this process. Some past government reform efforts have focused only on downsizing or outsourcing, without regard for the overall effects of those choices. I am committing to you that this effort will be different.

First, Interior's competitive sourcing program will focus on performance. Second, we will not take a cookie-cutter approach that focuses on laborious, rigid processes rather than the results we can achieve. We must find and implement the best, most cost-effective ways to provide quality products and services to our customers, whether that is with our own employees or with contractors. The goal is to improve performance, not to contract out activities mechanically. Through collaboration, cooperation and communication, we will work with you and our union representatives to craft a program founded on respect for Interior's workforce.

Our competitive sourcing program will:

- Give employees a voice in reorganizing their work to reduce costs, including eliminating tasks that are obsolete or no longer needed.
- Carefully consider the best means to perform functions, regardless of whether they are categorized as "commercial" or "inherently governmental."
- Provide affected employees an opportunity to rethink their jobs to "beat" the private sector contractor alternative.
- Benchmark our performance against other public and private sector organizations.
- Make sourcing decisions based on performance objectives, not strictly on cost.
- Provide extensive transition assistance for employees in functions where competition suggests that contracting out will improve value.
- Use attrition, internal placements, targeted buyout and early out authorities as much as practical.
- Establish a centralized support office to referee the competitions independently and fairly.

I know that Interior's employees are dedicated and hardworking. This initiative, with the Administration's other management reforms, challenges each of us to examine the work we are doing and to find the best, most cost-effective ways to deliver excellent customer service.