

Acquisition Transformation Framework

Contents

1. Introduction	2
2. Background	2
2.1 Problem to Be Solved.....	2
2.2 The Origins and Principles of the Acquisition of the Future Movement	3
3. Scope: All Federal Acquisitions	3
4. The Acquisition Transformation Guide	3
4.1 Top Level Framework.....	4
4.2 Buyer(s) – Acquiring Team	6
4.3 Marketplace	9
4.4 Acquisition Method.....	11
4.5 Culture.....	12
4.6 Externals.....	14
5. Become Part of the Transformation	15

Acquisition Transformation Framework

1. Introduction

Half of the federal government mission is met through acquisition. The opportunity to benefit from transformational thinking will benefit all agencies, industry, and especially the taxpayer.

This guide encapsulates transformational acquisition best practices. The framework provided in this guide brings a multi-disciplinary, collaborative, and holistic approach to getting better mission outcomes at a fair price through acquisitions.

The most current version of the Acquisition Transformation Framework will be available on the website, acquisitionofthefuture.org. This PDF version provides a simple way to download a recent version of the framework.

2. Background

2.1 Problem to Be Solved

The citizens of the United States expect high quality government services in return for tax dollars. Government services are provided by all the departments and agencies through their missions and the programs designed to deliver mission results. Getting better mission and program outcomes requires an integrated approach.

Programs managers, acquisition experts, industry, and other key stakeholders are all players on the same team, driving for better outcomes. The Acquisition function –the efforts of the enterprise-wide buying team, including both programs and procurement, as well as finance, budget and oversight professionals– is the most powerful and underutilized lever in the Federal Government today for finding efficiencies and driving results. Nearly half of all discretionary funding flows through acquisition, which makes acquisition critical for mission performance.

As critical as acquisition is, however, it is deeply challenged. Structural, informational, and regulatory challenges leave practitioners at all stages of the acquisition lifecycle longing for something more constructive, more fruitful, and less frustrating. What's needed is wholesale acquisition transformation, not just reform, because renovated tools, practices and methods built for the Industrial Age government do not suit the Collaboration Age. The Acquisition Transformation Community of Interest (COI) will be instrumental in delivering the acquisition transformation necessary to drive better mission and program outcomes.

Acquisition Transformation Framework

2.2 The Origins and Principles of the Acquisition of the Future Movement

In January 2014, a group of visionary acquisition professionals from across the federal government launched the Acquisition of the Future (AOF) movement. They sought to build community, provide a space and a language to discuss what the acquisition community aspires to be, and to create a framework to help federal agencies make strategic choices for transforming the acquisition function.

Over many months, AOF members digested global trends as well as current realities in acquisition and began applying those toward defining the future of federal acquisition. The result is a framework called the AOF Transformation Guide based on a set of shared principles.

Acquisition and its transformation must focus on outcomes, value and performance. AOF also considers impacts and benefits to the entire federal enterprise, not just to specific organizations and agencies. It seeks to define an appetite for risk in acquisition and mission achievement, support those taking risks and embrace challenges as learning opportunities. AOF believes in sharing data and information and using it to best advantage to achieve the AOF vision and to improve government outcomes.

AOF has developed its Transformation Guide as a continuously evolving community framework to advance federal acquisition and the AOF movement will actively use the guide to achieve acquisition transformation.

3. Scope: All Federal Acquisitions

The ACT-IAC Acquisition Management Community of Interest (COI) sponsors the online site, www.acquisitionofthefuture.org, as a key element of its charter to improve, streamline, and enhance acquisitions; create a community of acquisition innovators and enhance government-industry engagement. The COI supports the principles and Transformation Guide as critically important to defining effective acquisition of technology for the future.

4. The Acquisition Transformation Guide

The guide addresses the most critical dimensions of acquisition transformation: buyers and the acquiring team, the marketplace, acquisition methods, culture, and external influencers. It is meant to describe, not prescribe, the condition of those dimensions in five levels of transformation. The guide enables federal organizations to plot their current state, the future state to which they aspire, and the path they choose to take to realize their future.

Organizations that have used or are using the guide recommend introducing it through orientation sessions led by facilitators experienced in using the guide and in change management. Acquisition of the Future calls on federal professionals from all the functions involved in acquisition to embrace behavior and approaches that comply with acquisition regulations, but challenge traditional procurement practice and thinking. Only open-mindedness, curiosity and willingness to gain a deeper understanding of AOF can ensure honest and informed assessment of the current state of acquisition and a truly aspirational depiction of the desired future state.

Acquisition Transformation Framework

To ensure that the Guide remains up-to-date and inspiring, it can be annotated on the AOF website by anyone who joins the site. All suggested changes are reviewed semi-annually and those accepted by the COI Executive Champions and leadership are incorporated. We also have begun an effort to crosswalk the AOF Guide with other procurement transformation approaches, frameworks and models, beginning in 2017 with public sector category management.

The members of the COI share a focus on achieving an aspirational future in order to transform the value that government provides the nation through 21st century acquisition processes, organizations and technologies. AOF enables acquisition professionals to persevere together collaboratively and bring together voices from all levels of government. The movement is government-owned and government-led and works in partnership with industry and academia. It is based on trust and believes that acquisition transformation must be as well.

4.1 Top Level Framework

The Acquisition Transformation Framework provides a way of assessing maturity and charting a path to higher level performance. This framework is based upon the concepts of the Capability Maturity Models.

The figure below provides the top level of the framework. The left hand column includes key dimensions of change. The second column defines the attributes for each dimension. The remaining columns provide an adjective description of each level.



Dimensions	Attributes	Level 1	Level 2	Level 3	Level 4	Level 5
Buyer(s) – Acquiring team	• Mission Focus • Decision-Making • Data Use • Risk Acceptance • Competencies • Technology support	Passive	Reactive	Active	Proactive	Anticipatory
Marketplace	• Market Engagement • Buyer-Supplier Relationship • Supplier Participation	Restricted	Controlled	Accessible	Open	Optimizing
Acquisition Method	• Outcomes Orientation • Procurement Flexibility • Customer Relationship • Enterprise Perspective • Team	Controlling	Monitoring	Collaborating	Partnering	Reinventing
Culture	• Leadership • Governance • Performance & Accountability • Incentives & Rewards • Innovation • Risk Appetite	Command & Control	Participatory	Collaborative	Empowering	Agile
Externals	• Oversight • Policymakers • Agency Legal Team • Citizens, Media & Beneficiaries	Imposed	Recommended	Cooperative	Consultative	Collaborative

The following sections provide more information on each dimension.

Acquisition Transformation Framework

4.2 Buyer(s) – Acquiring Team

Dimension	Attributes	1: Passive	2: Reactive	3: Active	4: Proactive	5:Anticipatory
Buyer(s)	Mission Focus	Relies on existing or unproductive contracts Dictates rules and specifications to suppliers and internal customers Allows politics to trump business decisions	Stakeholders and oversight consulted early and often Government and industry incentives begin to favor collaboration	Seeks capabilities and considers new approaches to meeting mission needs Stakeholders, oversight and programs, as well as vendors/suppliers, collaborate when crafting solutions and innovating	The entity with the requirement buys; partners with suppliers to innovate and create solutions; seeks emerging capabilities Oversight acts as a business advisor built into program business operations Communications with suppliers are open, ongoing Business model is open, features new past performance evaluation, open systems architecture focus; invites solutions from new providers	Appropriators engaged early to drive resources to capabilities Acquisition expertise, market knowledge embedded in program Deep, extensive engagement with suppliers and markets; public/private partnerships are common Business model defined; business(es) in which the agency operates are articulated
	Decision Making	Rule-based Oversight-driven Mandate-focused Disengaged from sellers Non-consultative Focused on compliance out of fear	Possesses basic awareness of program needs Aware of oversight concerns Uses data to shape response after question arises Engages with internal customers only Process-focused	Engages with market and internal customers; assesses impact of external events Understands motivations of oversight; plans accordingly Employs ubiquitous, shared, clean, reliable data to inform decisions; analyzes goods and services spending Focused on system efficiency and program outputs	Manages and engages suppliers Creates unanticipated solutions Analyzing and developing solutions using recommendations of digital decision support technology Focused on effectiveness - speed/quality of agency/enterprise outcomes	Aware of market conditions, supplier capabilities and incentives, agency mission, sociopolitical and economic dynamics, etc., enables planning/action Refined knowledge guides decisions, actions and risk taking/acceptance. Uses sound investment strategies to shape markets Focuses on beneficiary outcomes (individuals, businesses, etc.)

Acquisition Transformation Framework

Dimension	Attributes	1: Passive	2: Reactive	3: Active	4: Proactive	5:Anticipatory
Buyer(s)	Data Use	Employs incomplete, inconsistent, inaccessible data in mandated, insufficient, automated systems Focused on program goals only; does not integrate supplier data	Identifies and gathers complete, accessible, consistent acquisition data; focuses on accurate system inputs Focused on program and agency goals Uses some supplier data in acquisition planning;	Supports decisions with near-perfect department acquisition data down to SAT and purchase card. Complies with regulations and socioeconomic goals. Focused on department goals Integrates supplier data into program planning	Supports decisions with government & commercial pricing data, as well as market, supplier and emerging company/capability data Focused on federal enterprise-wide goals (e.g., geospatial) Integrates supplier data to greatest degree possible	Shares data seamlessly between buyers and suppliers. Innovates jointly. Determines new data needed to forecast acquisition priorities Focused on federal enterprise and market goals
	Risk Acceptance	Risk-averse Denies or attempts to drive risk to zero	Risk-aware. Is beginning to accept risk. Discusses and aligns risk appetite with stakeholders	Risk-accepting Negotiates risk acceptance with stakeholders and overseers	Risk-taking Employs contextualized, stakeholder-accepted, trend-based measures of risk	Risk-evolved Integrates buyers, stakeholders, suppliers to establish, apply risk frameworks and manage risk

Acquisition Transformation Framework

Dimension	Attributes	1: Passive	2: Reactive	3: Active	4: Proactive	5:Anticipatory
Buyer(s)	Outcomes Orientation	Engages infrequently with program on requirements, strategy Relies on existing or unproductive contracts. Dictates rules and specifications to suppliers and internal customers. Allows politics to trump business decisions	Develops requirements, acquisition strategies, SOOs with program Consults with stakeholders, oversight early and often Establishes government and industry incentives that begin to favor collaboration	Strikes healthy balance between buyer(s)' independence and collaborative requirements development. Seeks capabilities and considers new approaches to meeting mission needs. Promotes collaboration among stakeholders, oversight and buyers. Collaborates with vendors/suppliers when crafting solutions and innovating.	Entity with the requirement buys. Partners with suppliers to innovate and create solutions. seeks emerging capabilities. Engages oversight as business advisor, as built into program business operations Holds open, ongoing communications with suppliers Employs open business model featuring a new past performance evaluation, plus an open systems focus. Invites solutions from new providers.	Engages appropriations in budget formulation from start to drive resources to capabilities Acquisition, market knowledge and expertise embedded in program Promotes deep, extensive engagement with suppliers and markets. Public/private partnerships are common. Defines business model. Articulates the business in which the agency operates.
	Knowledge, Skills and Abilities	Little market understanding, insight, knowledge Low-level expertise, investment in program objectives, approaches Acquisition operates as an administrative function.	Demonstrates deep program/mission/category knowledge, critical thinking and problem-solving skills Business and technology acumen Trusted to envision and advise; serves as business advisor Makes data-driven human capital decisions	Embeds acquisition function/skill into the requirements process Targets investments in people Tailors human capital approaches to meet organizational needs Clearly defines and integrates roles and responsibilities	Offers interdisciplinary and cross-sector education and experience Program and future operations subsume acquisition; identify best way to create value. Make create/buy decisions. Define solution space. Thinks through value creation model.	Features exceptionally highly skilled program personnel Stands at forefront of innovation. Uses skills/knowledge to apply technology and do things differently.

Acquisition Transformation Framework

Dimension	Attributes	1: Passive	2: Reactive	3: Active	4: Proactive	5:Anticipatory
Buyer(s)	Technology support	Relies on email, spreadsheets, sometimes contract builder and/or Internet searches.	Acquires systems to automate spend analysis. Brings visibility to enterprise spend.	Leverages computing capabilities to greatest extent; employs social networking Automation limits human intervention for commodity and simple buys	Uses technology to manage strategic sourcing and compliance for low-level purchasing Employs natural language decision support. Takes advantage of Internet of Things.	Accesses products on-demand and onsite using technology Promotes data-based management of capabilities vs. products and services.
	Program-Procurement Relationship	Focused on compliance Gatekeeper mentality Throwing over the fence Us vs them	Focused on compliance, quality of output Throwing over the fence	Shared understanding of desired outcomes Shared understanding of acquisition strategy Concurrent document creation and reviews	Shared understanding of desired outcomes Shared understanding of acquisition strategy Business advisor and technical expert relationship enables efficiency/best thinking/creativity Trust Concurrent document creation and reviews	Shared goals Business advisor and technical expert relationship enables efficiency/best thinking/creativity Anticipatory relationship Trust Concurrent document creation Limited review time required

Acquisition Transformation Framework

4.3 Marketplace

Dimension	Attributes	1: Restricted	2: Controlled	3: Accessible	4: Open	5: Optimizing
Marketplace	Market Engagement	Does not consolidate requirements	Consolidates requirements at program level	Consolidates requirements department-wide Employs strategic sourcing for most common commercial services and products	Consolidates requirements government-wide	Rethinks mission and means for achieving it based on market
	Buyer-Supplier Relationship	Adversarial Resistant/reluctant to consider industry input/feedback Seeks customized commercial solutions	Tolerating Accepts limited supplier feedback	Involving Is open to supplier feedback on requirements and acquisition strategy Uses open business models Creates new solutions to address requirements; involved in acquisition strategy	Collaborating Employs verified feedback loop using real-time information Shapes requirements based on suppliers' innovations	Synergy Buyers influence market for goods and services via investment; hold a stake in suppliers' businesses Collaborate with suppliers on means to achieve mission Suppliers' innovations anticipate capability needs
	Supplier Participation	Engages a limited number of suppliers that must adapt to federal rules	Partners with new entrants in light of flexible application of regulations and creativity in buying	Offers open architecture/models to new, nontraditional players Reduces number and complexity of rules	Fosters robust supplier base interested in doing business with Federal Government	Operates fully open market; eliminates all regulatory friction

Acquisition Transformation Framework

4.4 Acquisition Method

Dimension	Attributes	1: Enforcing	2: Controlling	3: Collaborating	4: Partnering	5: Reinvented
Acquisition System	Procurement Flexibility	Employs low flexibility	Employs moderate flexibility	Is flexible, with an open requirements process	Replaces rules with guiding principles Often encourages new approaches	Continuously reviews/rethinks mission approach, means of achievement
	Suppliers' Role	Limited	Consulted	Involved	Integrated	Symbiosis
	Internal Customer Relationship	Guardian of regulations	Director of methods	Strategic advisor to programs/organizational leadership	Engages directly with suppliers when organization has need Develops specific market expertise when organization needs capability	Conduit for capabilities to accelerate mission outcomes for beneficiaries
	Outcomes Orientation	No outcomes orientation. Focuses on making requirements comply with rules.	Some outcomes orientation. Focuses on assisting in requirements development.	Outcomes orientation. Has mature linkage with agency mission and is financially accountable.	Works with suppliers to achieve mission-based outcomes	Co-creates innovative capabilities with suppliers to improve/renovate mission outcomes
	Enterprise Perspective	Program	Component	Intra-agency	Interagency	Full government

Acquisition Transformation Framework

4.5 Culture

Dimension	Attributes	1: Command & control	2: Participatory	3: Collaborative	4: Empowering	5: Agile
Culture	Leadership	Top-down Operational; no broad vision Focused on outputs/compliance vs. delivering value	Involving Solicits operational improvements from team Ensures operational improvements deliver organizational value Run by clear, strong, ethical executive leadership	Coaching Creates operational model collaboratively; consults on strategy Ensures operations deliver agency value Strives for effective communications and continuous improvement	Mentoring Co-creates operational approach and strategic vision Ensures operations/strategy deliver enterprise value Characterized by empowerment and inclusiveness	Team-based Supports team's vision, strategy and operational planning Ensures vision, operations, strategy deliver citizen/beneficiary value Empowers cross-functional teams
	Governance	Employs minimal formal governance Focuses inwardly on individual stakeholder groups	Experiences fragmented governance Stakeholder groups are disaggregated; organization has no structure	Integrates procurement, programs, internal support Industry is not involved	Integrates procurement, programs, internal support Industry has input but no direct representation	Integrates procurement, programs, internal support and industry
	Performance and Accountability	Evaluates performance based on quantity of outputs. Compliance-focused.	Evaluates performance based on quality, quantity of outputs. Compliance-focused.	Links unit and individual performance to organizational goals/outcomes	Bases evaluation on agency outcomes/results. Aligned with strategic objectives.	Bases evaluation on outcomes/results for citizens/country
	Incentives/Rewards	Aligned to quantity of outputs; compliance Program, acquisition rewards not aligned	Aligned to quality and quantity of outputs; compliance Program, acquisition rewards not aligned	Aligned to organizational outcomes Outcomes-based program/acquisition incentives and measurement system	Aligned to agency quality and outcomes/results Program/acquisition rewards the same; aligned to strategic objectives	Aligned to quality and outcomes/results for citizens/country
	Risk Appetite	Has very low appetite	Is generally risk-averse	Is risk-neutral	Encourages risk-based options for significant capability	Highly tolerates risk-taking

Acquisition Transformation Framework

Dimension	Attributes	1: Command & control	2: Participatory	3: Collaborative	4: Empowering	5: Agile
Culture		Protects status quo	Increases risk appetite through compelling business case	Carefully considers risk-based options in decision-making	enhancement Requires compelling business case in risk evaluation	Provides well-defined, regular risk-based business case (evidence-based) during evaluation Plans effectively for mitigating, monitoring results

Acquisition Transformation Framework

4.6 External

Dimension	Stakeholders	1: Imposed	2: Recommended	3: Cooperative	4: Consultative	5: Collaborative
External	Overseers	Imposes own definition of risk appetite Strict interpretation restricts innovation	Agency defines its own risk appetite, informs oversight	Agency defines risk appetite; Oversight considers those definitions programs	Agency defines risk appetite; oversight adopts those definitions	Engages with agency-supplier team in defining mutually agreeable risk appetite Maintains independence for evaluations
	Policymakers	Policy decisions made independent of acquisition outputs	Policy decisions consider impact on acquisition outputs when sufficient information is available	Policy decisions informed by evidence-based acquisition outcomes in the majority of instances	Policy decisions fully informed by evidence-based acquisition outcomes in nearly all cases	Policy decisions strongly influenced by evidence-based acquisition outcomes in nearly all cases
	Legal team Citizens, media, beneficiaries	Enforcer Enforces strict interpretation that restricts innovation ("no, because...") No risk appetite Punishes risk-taking	Adviser Advises based on risk-averse approach Developing some risk appetite tolerates risk-taking for overwhelming national interest	Supporter Supports identifying legally viable solutions ("yes if...") Open to risk-taking for successful, popular programs with evidence-based results	Partner Partners to identify legally viable solutions within current laws Open to modifying regulations to achieve outcomes Open to risk-taking for new programs with evidence of results	Advocate Partners with buyers to identify legally viable solutions Open to modifying regulations, pursuing statutory changes to achieve outcomes Nuanced information-sharing builds comfort with risk-taking, innovation in new programs, evolving environment; all risk-taking based on analytics

Acquisition Transformation Framework

5. Become Part of the Transformation

This guide is a work in process. The guide will improve when more people get engaged in transforming acquisition. The following bullets include ways to engage:

- Join the AOF Movement at the website, www.acquisitionofthefuture.org
- Pilot the framework at your agency and offer your best practices and lessons learned
- Blog at the website, www.acquisitionofthefuture.org
- Get involved with the leadership team for the Acquisition Transformation Project
- Share this guide with colleagues in government and industry