

GAO@100 Highlights

Highlights of [GAO-21-491](#), a report to the Chairman of the Committee on Homeland Security and Governmental Affairs, U.S. Senate

Why GAO Did This Study

Federal agencies face significant, long-standing procurement challenges that increase the risk of waste and mismanagement.

GAO was asked to review key procurement practices in the private sector and assess whether federal agencies could adopt them. This report examines key practices that leading companies use to improve the performance of their procurement organizations, and the extent to which procurement leaders at selected federal agencies use those practices.

GAO interviewed senior procurement leaders at seven leading companies, and experts from four professional associations and five academic institutions. GAO selected these individuals based on literature reviews and conversations with knowledgeable officials. GAO compared key practices they identified to those used at six federal agencies selected based on the dollar value and number of their procurement actions, among other factors. GAO analyzed documentation on each agency's procurement management practices, and interviewed the agencies' senior procurement leaders.

The federal government does not have generally accepted definitions for outcome-oriented and process-oriented metrics. For the purposes of this report, GAO defined outcome-oriented metrics as those metrics that measure the results of organizations' procurement activities. GAO defined process-oriented metrics as those metrics that measure the type or level of procurement activities conducted.

View [GAO-21-491](#). For more information, contact Timothy J. DiNapoli at (202) 512-4841 or DiNapoliT@gao.gov.

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FEDERAL CONTRACTING

Senior Leaders Should Use Leading Companies' Key Practices to Improve Performance

What GAO Found

Each year, federal agencies spend over \$500 billion to buy a wide variety of products and services, ranging from cutting-edge military aircraft to common office supplies. Given the amount of federal funds spent and the missions these contracts support, it is critical that agencies' procurement leaders manage their organizations effectively. However, GAO found procurement leaders at six of the federal government's largest agencies did not consistently use key practices that leading companies use to improve the performance of their procurement organizations (see figure).

Procurement Leaders at the Federal Agencies GAO Reviewed Did Not Consistently Use Leading Companies' Key Practices to Improve Performance

Private sector practices	Air Force	Army	Navy	DHS	NASA	VA
 Procurement leaders link performance metrics to strategic goals	✓	✓	✓	✓	✓	✓
 Procurement leaders collaborate with internal stakeholders, particularly end users, when developing performance metrics	✗	✗	✗	✗	✓	✗
 Procurement leaders use outcome-oriented performance metrics to manage their organizations	🕒	🕒	✗	🕒	🕒	🕒

 Used
  Limited use
  In progress
  Not used

NASA = National Aeronautics and Space Administration VA = Department of Veterans Affairs
 DHS = Department of Homeland Security

Source: GAO analysis of federal agencies procurement practices. | GAO-21-491

Note: GAO's assessment of procurement leaders' collaboration when developing performance metrics reflects the extent to which they collaborated with end users.

Link performance metrics to strategic goals. Procurement leaders at all the agencies in GAO's review linked their performance metrics to their agencies' strategic goals. These leaders stated that doing so helps ensure acquisition personnel are focused on the right things to support their agency's mission.

What GAO Recommends

GAO is making a total of 11 recommendations to the six agencies reviewed. Specifically, GAO recommends that they (a) collaborate with end users to develop performance metrics, and (b) use a balanced set of performance metrics to manage their procurement organizations, including outcome-oriented metrics for (1) cost savings/avoidance, (2) timeliness of deliveries, (3) quality of deliverables, and (4) end-user satisfaction.

In total, the agencies concurred with seven of the recommendations, and did not concur with four. Three of the agencies concurred with the recommendation to collaborate with end users to develop performance metrics; two did not. Four of the agencies concurred with the recommendation to use a balanced set of performance metrics to manage their procurement organizations, including outcome-oriented metrics; two did not. GAO continues to believe that all of the recommendations are warranted, as discussed in the report.

These statements are consistent with statements from procurement leaders at leading companies.

Collaborate with internal stakeholders, particularly end users, when developing performance metrics. When they were developing performance metrics, procurement leaders at all six of the agencies in GAO's review collaborated with other members of the procurement community. However, only the procurement leaders at the National Aeronautics and Space Administration (NASA) collaborated with end users, such as technical experts from installation centers. One procurement leader said he did not collaborate with end users when he developed performance metrics because too much end user influence could lead to suboptimal results, but leaders do not have to cede control when they collaborate with end users. End users can help procurement leaders increase the usefulness and use of performance information in program management and policy, and corporate procurement leaders told GAO that collaboration with end users during the development and implementation of performance metrics increases coordination and improves performance at the strategic level.

Use outcome-oriented performance metrics to manage procurement organizations. GAO found the leaders at all six of the agencies reviewed rely primarily on process-oriented metrics (such as small business utilization rates) when managing their procurement organizations. These leaders cited various reasons for not implementing metrics that are more outcome-oriented. For example, two leaders stated they did not use outcome-oriented performance metrics because of unreliable data. Three of the leaders, however, are working to improve data that can facilitate outcome-oriented assessments.

Additionally, procurement leaders at most of the agencies GAO reviewed have ongoing or planned efforts to use performance metrics to measure at least one of the four procurement outcomes identified as important by corporate procurement leaders. These outcomes include (1) cost savings/avoidance, (2) timeliness of deliveries, (3) quality of deliverables, and (4) end-user satisfaction. For example, the Air Force's senior procurement leader has used a cost savings/avoidance metric to manage the Air Force's procurement organizations, and as of March 2021, the Air Force leader had identified \$2.38 billion in cost savings and avoidance. Additionally, the Army's senior procurement leader told GAO that she began to pursue outcome-oriented metrics in late 2020, after GAO provided her an interim assessment comparing Army practices to private sector practices.

GAO has previously reported that using a balanced set of performance measures, including both process- and outcome-oriented measures—and obtaining complete and reliable performance information—can help federal agencies identify improvement opportunities, set priorities, and allocate resources.