

The logo for PRTM, consisting of the letters 'PRTM' in a white, bold, sans-serif font, centered within a dark blue rectangular background.

Governmentwide Transportation Management Study

General Services Administration Office of Governmentwide Policy

Annotated Briefing of Results

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Contents

1	Executive Summary.....	1
2	Findings.....	9
2.1	Agency Segmentation	9
2.2	Maturity Assessment	11
2.3	Leading Practices.....	12
2.4	Transportation Spend	13
3	Recommendations	14
3.1	Introduction	14
3.1.1	Organizational Structure and Reporting of Federal Transportation Management	16
3.1.2	Procurement Methods.....	18
3.1.3	Operational Improvements.....	21
4	Phased Implementation of Recommendations	25
4.1	Phase 1a - Develop Required Infrastructure and Capabilities	25
4.2	Phase 1b - Continue Implementation of Recommendations and Stand Up a Center of Excellence.....	27
4.3	Phase 2 - Complete Implementation of Operational Improvements	28
	Appendices.....	30
A.	Detailed Findings.....	30
	Agency Segmentation Analysis	30
	Maturity Model.....	34
	Transportation Spend Analysis and Methodology.....	35
B.	List of Interviews	40
C.	Interview Questions.....	41
D.	Summary Interview Notes	45
E.	Data Elements for Bill of Lading, Proof of Delivery and Freight Invoice	93
F.	Compliance Matrix.....	94

1 Executive Summary

Key Findings

- **Actual spend on outbound transportation is 2x the budgeted amount & has grown at 2x the rate of inflation since 2000** (pages 13-14, 34-38)
- **Agencies lack a single point of accountability for transportation** (pages 9-10, 31-32)
- **Limited transparency into transportation expenditures** (pages 10, 13-14, 34-38)
- **No requirement for training or certification for those with transportation obligation authority** (pages 10, 29-32)
- **Fragmented transportation management prevents the federal government from employing standard industry practices & leveraging buying power** (pages 9, 29-38)
- **Recurring savings of \$20B-\$30B over 5 years are possible by implementing recommendations on organizational structure & reporting, procurement method & operational improvements** (pages 10, 13, 34-38)

Together with the General Service Administration's Office of Governmentwide Policy (OGP), PRTM Management Consultants (PRTM) conducted an assessment of outbound transportation management practices for the federal government. The goal of the joint effort was to document current government transportation management practices, identify commercial and government leading practices, and develop recommendations for improvements to government wide transportation policy. To complete the joint effort, PRTM performed more than 50 interviews with federal agencies, transportation service providers (TSPs), associations, and commercial companies. Additionally, PRTM analyzed agency budgets and identified multiple sources of information on actual spend for transportation services. Our research shows that **actual spend for transportation services is twice what is budgeted**. Based on current federal transportation management practices, actual federal government spend on transportation, and our deep transportation management experience and domain expertise, PRTM believes that the **federal government has the potential to realize recurring savings of \$20B to \$30B over a five year period** by implementing the recommendations in this report.

PRTM assessed the relative capabilities of each agency using our Transportation Maturity Model and knowledge of transportation management from professional experience to identify opportunities for improvement. PRTM's potential savings estimate is based on findings from the current state assessment, identification of actual civilian agency spend, and extensive experience with commercial companies and public sector organizations, including the US Transportation Command. The recommendations presented by PRTM include both policy changes and operational improvements. Phased implementation of these recommendations will establish government-wide visibility into transportation spend, promote GSA's advocacy for excellence and innovation of transportation programs, and provide leadership and expertise for federal agencies and key policy stakeholders.

Project Approach and Findings

To complete the joint effort and develop an accurate depiction of current practices, PRTM conducted more than 40 interviews with Department of Defense (DoD) and civilian agencies. The findings from these interviews were used to develop a baseline assessment of transportation management practices

in terms of policy, procurement methods, organization and oversight, and training. Additionally, PRTM analyzed available budget and obligation information using each agency’s Presidential Budget, data collected from individual agencies, information from transportation associations, as well as other government information and estimates on actual federal spending on transportation services from the US Census, Bureau of Economic Analysis, and the Bureau of Transportation Statistics. From these findings PRTM identified improvement opportunities and cost savings potential through a maturity assessment and determined which best practices could be implemented by federal agencies.

Our analysis of data shows that in FY08, the **total federal budget for Transportation of Things was \$24.6B while actual spend was likely between \$40B and \$50B**. During that year federal civilian agencies budgeted \$10.5B for outbound transportation, but likely spent closer to \$20B. Through our interviews, PRTM documented a wide variety of transportation management organizational structures, processes, and procurement methods. There is little standardization between agencies, and in some cases even within the same agency. PRTM conducted a segmentation analysis of agency transportation management to break the findings into digestible pieces. Figure 1 below shows agencies by segment. The x-axis represents the degree of centralization between policy and execution, and takes into account the number of offices procuring transportation. The y-axis shows the relative maturity of each agency’s transportation management process. *Process maturity is an assessment of clear policies, proactive planning, oversight, visibility into spending, defined roles and responsibilities and seamless employment transition.*

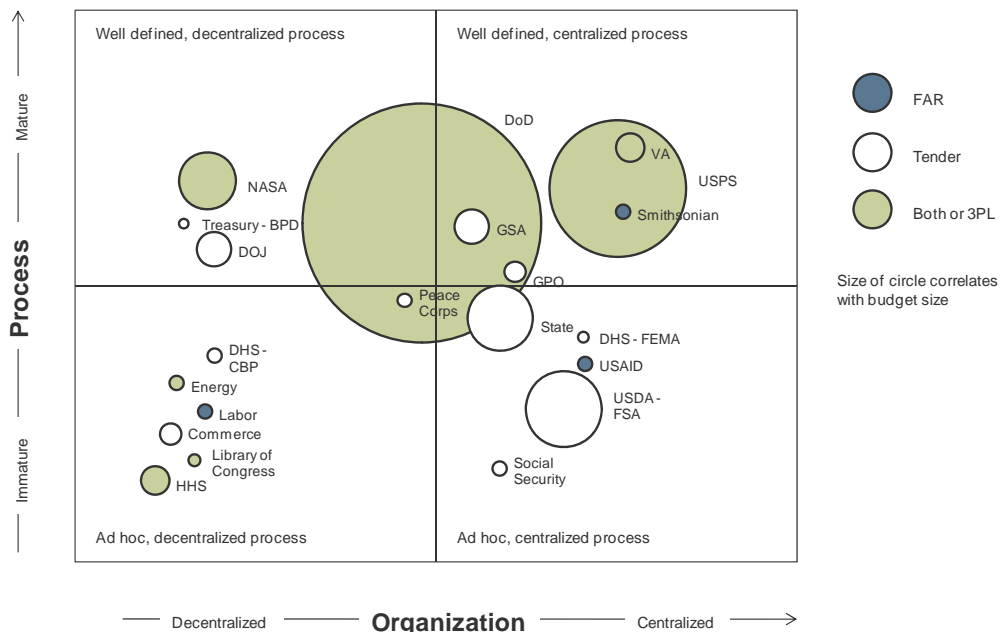


Figure 1. Agency Segmentation

The interviews PRTM conducted concluded **most agencies have no single point of accountability for outbound transportation, have limited transparency into actual expenditures, and usually do not identify the most appropriate procurement method**. Most agencies use tenders or Federal Acquisition Regulation (FAR)-based procurements exclusively, and do not identify which procurement method would result in the best value. Of those agencies that use Tenders, most use GSA tenders, and roughly half use GSA’s Transportation Management Services Solution (TMSS) to generate a bill of lading. NASA,

the USPS, and DoD use third party logistics providers (3PLs) for a portion of their outbound transportation, but some agency representatives interviewed expressed concern that the rates they are provided are not as competitive as they should be. Agencies that specialize or excel in particular types of transportation should be considered as lead agencies for those types of transportation (see page 11 for further details).

While Actual Spend is Double Budget, There is No Clear and Approved Requirement for Certification or Training for those with Obligation Authority for Transportation Services

One common theme came out in nearly every interview – **civilian agencies do not have access to formal transportation training**. Most transportation officers interviewed said that any training they receive is informal and consists of on-the-job training. In addition to a lack of training, there is currently no certification required for those with transportation obligation authority. Because of the lack of training and certification, **there is no standard knowledge base for federal employees committing funds on behalf of the government and limited control over spending**. Most agency representatives said that comprehensive transportation management training and certification should be a GSA service offering.

Opportunity for Improvements to Inbound Transportation

While this joint effort focused on outbound transportation there is an additional opportunity for further savings opportunities with inbound transportation. Based on our initial interviews, it appears that the majority of agencies purchase supplies and equipment with the cost of delivery included in the price of the item, limiting visibility into what true inbound transportation costs are. Typically spending on inbound transportation is three to five times spending on outbound transportation. Under that assumption, federal spending on inbound transportation is well over \$100B.

Actual Spend Analysis

Outbound Transportation Budget

To identify agency budgets for outbound transportation, PRTM initially focused on the amount budgeted in Object Classification Code (OCC) 22.0 (Transportation of Things). The total federal budget for Transportation of Things in FY08 was \$24.6B including \$10.5B for civilian agencies and \$14.1B for the Department of Defense. While conducting interviews, PRTM received information from multiple agencies that **a substantial amount of transportation spend is captured outside of OCC 22.0, limiting transparency**. In particular, multiple agency transportation officers told us that transportation costs are also contained in OCC 25.2 (Other Services) and other OCCs. (Because the DoD falls outside of GSA’s policy authority, our analysis of actual spend focused on federal civilian agencies.)

DoD	\$14,100M
USPS	\$7,663M
USDA	\$986M
State	\$339M
DHS	\$162M
NASA	\$127M
Other Agencies	\$1,289M
Total	\$24,666M

Actual Spend

PRTM used three different data sources to estimate actual civilian agency spend. The US Census Bureau and the Bureau of Economic Analysis report estimated federal government spending, broken out by DoD and civilian agencies. Both estimates for FY08 are \$20B and \$21B, respectively. To obtain a third estimate, PRTM analyzed actual obligation information from OMB. PRTM added all OCC 22.0 obligations by civilian agencies and developed an estimate for transportation services captured in OCC 25.2. PRTM assumed that approximately 10% of the total OCC 25.2 obligations are for transportation services. This assumption is based on 1) the fact that 10.6% of Gross Domestic Product is transportation related, 2) estimates obtained from interviews that 10% of OCC 25.2 spend is on transportation services. All three

estimates show that **actual federal civilian agency spend was between \$20B and \$22B in FY08** as shown in Figure 2.

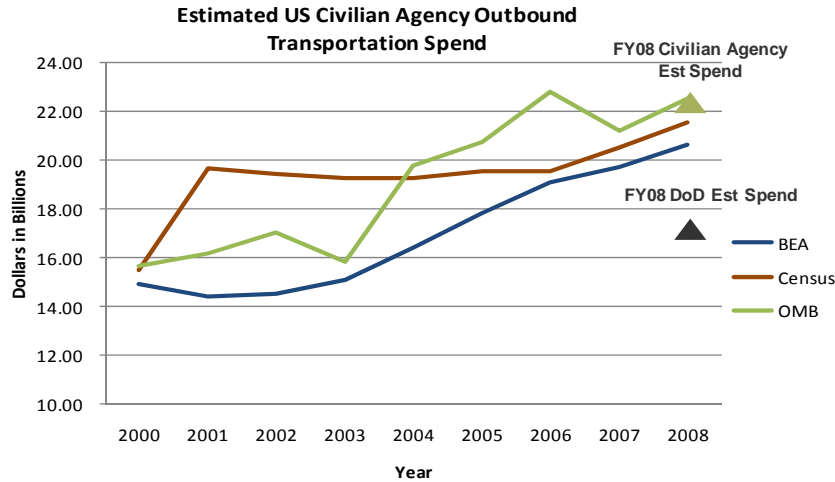


Figure 2. Civilian Agency Actual Spend

Another important finding to consider, beyond the snapshot of FY08 actual civilian agency spend, is the growth rate in transportation spend. In only eight years, the **estimated actual spend on transportation for civilian federal agencies has increased over 40%** from under \$16B in FY2000 to over \$22B in FY2008—a growth rate approximately double that of inflation. Even when controlling for the spike in fuel prices during 2007 and 2008, this is unsustainable. If this growth rate continues unchecked, civilian agency transportation spend could exceed \$28B in the next 5 years. The American Trucking Association estimates that rates across most modes have fallen dramatically between 2007 and 2008 to levels similar to those seen after the September 11th attacks.

Reasons for Variance Between Budget & Actual Spend

Based on the findings from our interviews and analysis of reporting requirements in the federal Acquisition Regulation and Object Classification Code guidance, **PRTM identified three main potential reasons for the variance between budget and actual spend.**

- Transportation costs not identified in all FAR-based contracts
 - Interviews revealed that some service contracts at multiple agencies do not itemize transportation costs
 - FAR subpart 47.207-11 only requires civilian agencies to report contracted movement exceeding 50 short tons
- Allowance for transportation services to be captured outside OCC 22.0
 - For example, OCC 22.0 rules permit transportation costs for services procured and paid by vendors to be excluded regardless of whether the cost is itemized in the contract
- Inconsistency in assigning costs to OCC 22.0
 - Multiple examples of transportation cost reported in OCC 25.2 and other OCCs

Examples of actual spend exceeding budget for OCC 22.0

- One civilian agency's budget for FY08 included \$40M in OCC 22.0 with actual spend estimated to be \$340M
- Another civilian agency budgeted \$13M in OCC 22.0 in FY06 and reported actual obligations of \$14M, but a GAO report estimated actual spend of ~\$720M in transportation spend
- One independent agency estimated total freight spend of ~\$600M in FY08 but only reported \$40M
- Another independent agency had no OCC 22.0 budget but spent at least \$25.5M in FY08

- Examples include assigning transportation cost to the OCC for the item being shipped (i.e. IT equipment, office furniture)

Potential Savings

To identify potential savings, PRTM reviewed government and commercial interview findings to document current and best practices. We used our commercial experience and domain expertise to find common themes among organizations with well-executed transportation operations. Finally, PRTM used the Transportation Maturity Model to facilitate comparison between commercial and federal agency findings. **PRTM identified potential savings by addressing three key areas: 1) organizational structure and reporting, 2) procurement methods, and 3) operational improvements.**

PRTM estimates that recurring savings of \$20B to \$30B over a five year period is possible through policy and structural changes and operational improvements. Improved organizational structure and reporting requirements, along with identifying and making appropriate use of Tender and FAR-based procurements should yield an initial 10-15% in recurring savings. Operational improvements to transportation management in civilian agencies can yield an additional 10%-15% in recurring savings. PRTM has implemented operational improvements with numerous commercial and government organizations. For example, **PRTM worked with the US Transportation Command to identify \$500M to \$700M in potential savings through operational improvements.** PRTM has helped clients improve transportation management and achieve recurring savings through:

- Consolidation (20% savings)
- Mode conversion (6-8% savings)
- Sourcing and rates (10-15% savings)
- Accessorial management (8-10% savings)
- Utilization (15-20% savings)

Based on PRTM's proven track record of helping clients realize savings as outlined above, we are confident that operational improvements will result in 10-15% recurring savings for federal agencies.

Recommendations

In addition to the findings, other factors influenced PRTM's recommendations. Our recommendations provided an approach to developing and maintaining improvements to transportation management across the federal government and for all modes of transportation. Additionally, federal agencies can incorporate commercial best practices around sustainability to **achieve compliance with Executive Order 13514**, "Federal Leadership in Environmental, Energy, and Economic Performance." These recommendations will help agencies reduce their carbon footprint through improved operational efficiencies. Based on the findings and these inputs, PRTM developed nine recommendations focused in three policy areas:

A. Organizational structure and reporting

1. Implement policy that strengthens oversight responsibility within agencies (page 16)
2. Require TSPs to report spend and other data by agency through a central data collection portal (pages 16-17)

B. Procurement methods

3. Coordinate procurement with GSA as part of a structured procurement strategy (pages 18-20)
4. Implement requirements for reporting transportation demand to GSA (pages 20-21)

C. Operational improvements

5. Expand transportation management IT capability to include creation of a data collection portal (pages 21-22)
6. Expand transportation management training & require certification for those with obligation authority (page 22)
7. Consolidate and coordinate shipments among agencies (page 23)
8. Implement a marketing plan to communicate GSA transportation offerings (page 23)
9. Implement agency specific operational improvements (pages 23-24)

As part of recommendations 6, 7 and 8, PRTM recommends **implementing a GSA-led transportation management center of excellence** to serve as single point of reference for transportation management functional knowledge for federal civilian agencies. A GSA-led transportation center of excellence can champion all transportation training and certification, help consolidate shipments within and among agencies, and develop a marketing plan to make civilian agencies aware of transportation related service offerings.

Recommended changes to agency *organizational structure and reporting* include **strengthening oversight responsibility** within each agency and **requiring TSPs to report spend and other transportation information by agency to a central data portal**. This will help ensure transparency and accountability of policy execution. Policy changes to *procurement methods* will **facilitate coordination between agencies and GSA**, and **require agencies to review historical data to forecast demand** for transportation services. This will identify actual spend by agency and allow GSA to achieve economies of scale by understanding total transportation demand.

Operational improvements include expanded IT and data analysis capabilities which will help **identify agency-specific transportation improvement opportunities**. Consolidation and coordination of shipments among agencies and **implementing agency-specific recommendations will drive further operational efficiencies and cost savings**.

Implementation

While implementing these recommendations may seem daunting, breaking them up into more manageable pieces lowers risk and makes them more approachable. Implementation of the recommendations can be best achieved using a three-phased approach. Initial capabilities should be developed and several recommendations can be started during the first phase (Phase 1a) which should take 18 weeks. Tasks started during Phase 1a will include:

- Building a training curriculum for certifying federal transportation officer with obligation authority
- Issuing a Budget Data Request and analyzing agency specific transportation data

- Chartering enhanced OGP-led management oversight body for policy implementation and professional development
- Conducting a Voice of the Agency assessment to obtain customers’ perspective and inform GSA policy
- Building a performance measurement framework (PMF) and a standard set of metrics to assess progress and impact of policy changes
- Developing scope of analysis for federal inbound transportation assessment

Oversight and Collaboration

Figure 3 shows the suggested OGP-led management oversight body and its four components. The Executive Steering Committee (ESC) should be comprised of senior agency executives, whose focus will be coordination of logistics issues, providing strategic direction for transportation management, and approving policy changes. The ESC should be advised by a Board of Directors consisting of government and commercial subject matter experts. The Core Team should consist of representatives from multiple agencies and should include cross functional representation to manage the portfolio of transportation improvement efforts. Finally, Integrated Project Teams should be formed to execute specific initiatives to develop government wide transportation capabilities.

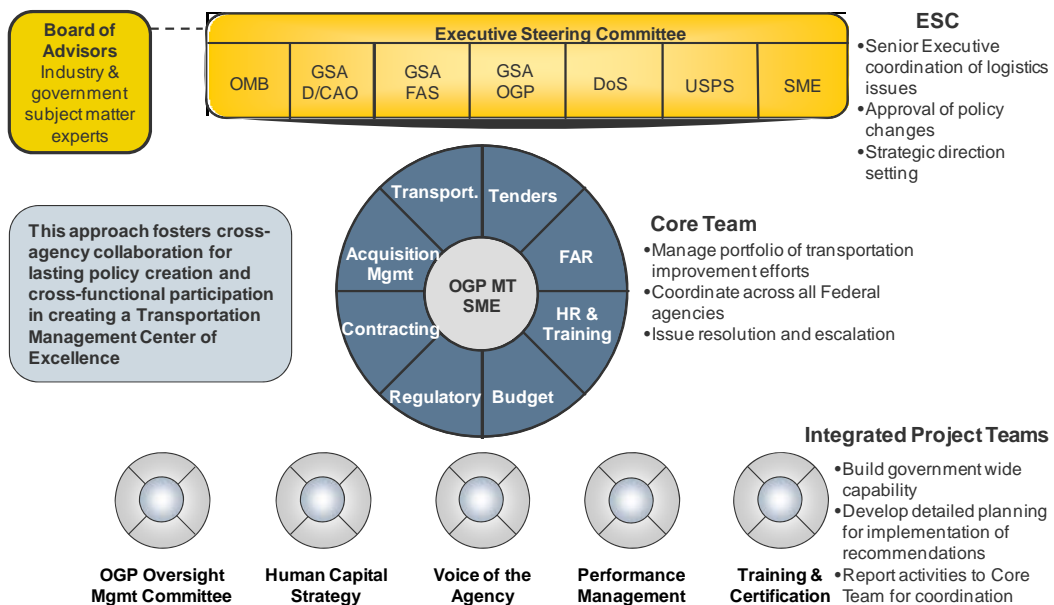


Figure 3. Suggested OGP-led Management Oversight Body

Phase 1b will last 18 months and include the implementation of the *organizational structure and reporting* recommendations, as well as two operational improvement recommendations. The remaining *operational improvement* recommendations will be completed during Phase 2 which will also last 18 months. Figure 4 shows the suggested implementation timeline.

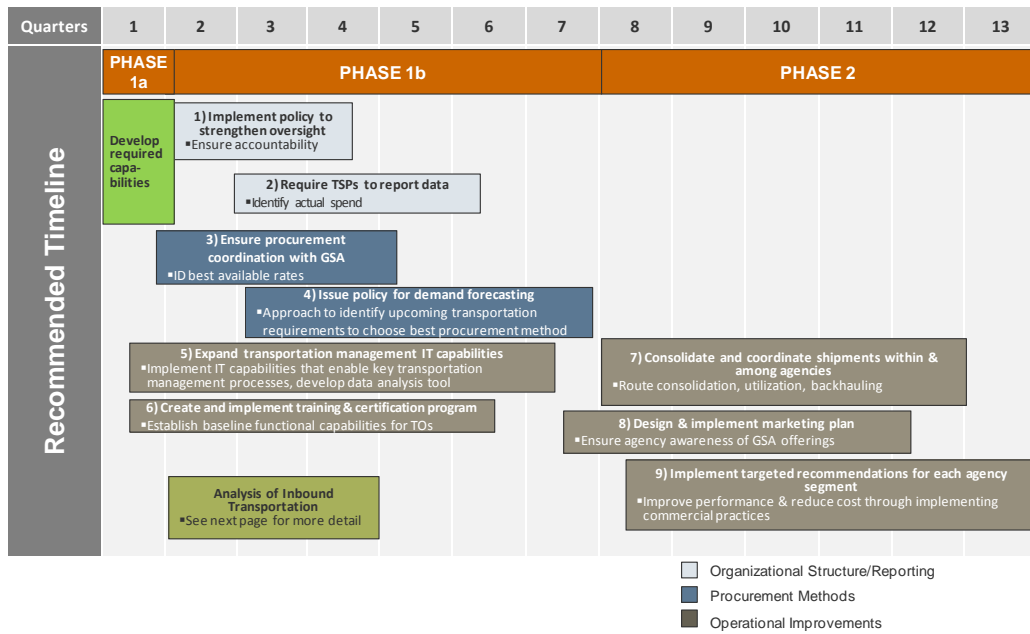


Figure 4. Suggested Implementation Timeline

2 Findings

This section provides the findings distilled from more than 50 interviews conducted. The qualitative data collected are analyzed and organized into agency segmentation; maturity assessment; leading practices observed by government agencies, Transportation Service Providers (TSPs), and as commercial companies; and transportation spend. These findings provide the basis for recommendations and implementation plan. More detailed findings can be found in Appendix A.

2.1 Agency Segmentation

PRTM interviewed cabinet and independent federal agencies to acquire information about outbound transportation programs specific to those agencies. After documenting results, PRTM identified common themes around three categories: organization, process, and procurement methods. Organizational segmentation grouped similar structural and reporting aspects of agency transportation functions, and process refers to the relative maturity of its transportation management procedures. Procurement segmentation identified procurement methods for transportation services to include use of FAR and Tender. Framing the agency performance within these three categories allowed PRTM to identify common areas of improvement in outbound transportation management within each agency segment.

Organization

Organizational structure and reporting of transportation management vary widely among agencies. Some agencies have centralized transportation procurement and management offices while others set policy at the agency level and leave execution to sub-agencies. Decentralized agencies have little oversight and visibility into transportation process and spending. For example, the Department of Health and Human Services (HHS) amends the Federal Management Regulation – Subchapter D – Transportation (FMR) to meet the needs of HHS and its operating divisions. However, HHS has no way to see if policy is followed or enforce compliance because there is no requirement to report on any transportation activities. Conversely, the Department of Veterans Affairs, with centralized policy and execution of transportation procurement, has visibility into transportation volume and spending through their centralized organization. Most agencies lack a single point of accountability to ensure that policy and execution are aligned. Transparency of procurement practices and spending is an essential early step in achieving cost reductions.

Process

Agencies that ship frequently or act as inter or intra-agency service providers generally have well defined and mature processes. Agencies where transportation of items is not a core mission tend to have poorly defined and less coordinated processes. Emergent mission agencies, such as FEMA and USAID, build flexibility into their processes at a price they are willing to accept. Mature transportation management processes have well defined policies, proactive planning, and oversight and visibility into transportation spending. Mature processes have clearly defined roles and responsibilities and can survive employee turnover. Small organizations expressed a desire to design better processes, but lack the expertise, money, and human capital to do so. The key takeaway is that the federal government has a fragmented approach to transportation procurement and the overall management process, with little to no coordination between agencies.

PRTM reviewed agency IT solutions and data where available. Most agencies have little to no in-house transportation IT solutions. Those using GSA tenders rely heavily on the Transportation Management

Services Solution (TMSS). Some agencies use TMSS for the whole process (generating the bills of lading, etc) while others use it for rate comparisons. When agencies do not use TMSS for the entire process, GSA misses the opportunity costs of revenue generated by the fee charged to the TSPs.

One common theme across agencies is the lack of formal training for transportation officers or those with transportation obligation authority. Most transportation specialists/officers receive on-the-job or other informal training. For example, USPS offers general supply chain classes via on-line training provided by a contractor. Agencies expressed interest in training on the transportation procurement process and the use of TMSS. The lack of training on TMSS and the transportation procurement process could be limiting the number of transactions completed through TMSS. The lack of a common baseline of functional knowledge among transportation officers impedes cross agency collaboration and consolidation, limiting opportunities for implementation of cost reduction techniques.

Historical transportation spend, volume, mode, and lane information is almost never collected and tracked by agencies. For the agencies that do review transportation data, analysis is generally limited to obligations vs. budget on a monthly or quarterly basis. For the few agencies that do collect transportation data, even fewer know how to analyze it. Therefore, most agencies are unable to accurately budget and forecast demand for transportation services and, consequently, are forced to react to transportation requirements rather than proactively plan.

Procurement Method

Most agencies use FAR-based contracts, GSA tenders, or their own agency-specific tenders. USPS, NASA and the DoD are the only organizations interviewed that use third-party logistics (3PL) providers in addition to their own fleet. Agencies with mature transportation management processes, such the Department of Veteran Affairs, use both FAR and tenders depending on which is appropriate for the particular transportation situation. FAR contracts work well for high-volume, recurring shipments, while tenders are best for non-recurring or time-sensitive missions. PRTM did find several instances where the determining factor in procurement method selection is convenience. PRTM did not find any instances of agencies that perform a rigorous cost analysis to determine which procurement method or combination is most cost effective while still satisfying mission requirements.

Agencies expressed concerns about the limitations of FAR and GSA tenders. FAR-based procurements can take too long and, if not properly written, can limit visibility into transportation spend if it is not required that those costs are itemized. When it is itemized, transportation costs are often included in the broader shipping and handling category. Some agencies have their own tenders because they claim to get lower rates than GSA. The agencies that claimed to get better rates than GSA were able to do so because they shared lane-specific information and typically utilized regional carriers. The VA negotiates its own rate tenders and claims to be able to get better rates than GSA by sharing information with TSPs and using regional carriers.

Figure 5, is a graphical representation and comparative analysis of the agencies' transportation management practices. It includes organizational structure and reporting (centralized/decentralized), process (mature/immature), procurement method, and budget size. Within the agency specific recommendations section, the agencies are classified by quadrant assignment:

- Centralized organization/mature process (top right quadrant)

- Centralized organization/immature process (lower right quadrant)
- Decentralized organization/mature process (top left quadrant)
- Decentralized organization/immature process (lower left quadrant).

Within each one of the four quadrants, agencies are further categorized as either high volume/budget (over \$100M annually) or low volume/budget. The high volume/spend agencies are USPS, Department of Agriculture, Department of State, NASA, and Department of Homeland Security. Appendix A provides details of the segmentation analysis and the quadrant

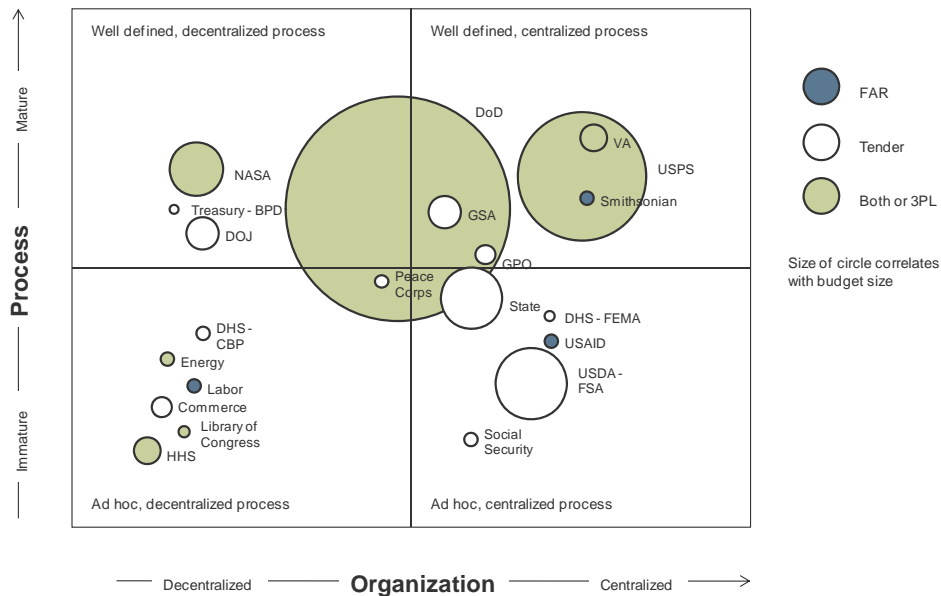


Figure 5. Agency Segmentation

Agency segmentation provides an overall qualitative picture of federal agency transportation management characteristics. Further, it begins to identify target opportunities and improvements for agency groupings. Since agencies in the same segment typically exhibit similar characteristics it is possible to begin to develop agency-specific improvement opportunities by developing quadrant-specific improvement opportunities. Interview findings and agency segmentation also highlighted the fact that certain agencies specialize or excel in particular types of transportation. These agencies should be considered as lead agencies for those types of transportation. Examples include:

- Department of State: OCONUS transportation
- Department of Veterans Affairs: Transportation of medical supplies and equipment
- GSA: CONUS transportation

2.2 Maturity Assessment

The maturity assessment for each agency listed below (Figure 6) is based on the information gathered during the interview stage and research process. This information was evaluated against the seven categories of PRTM’s Transportation Maturity Model. (A detailed description of the Transportation Maturity Model and maturity assessment can be found in Appendix A)

The maturity model provides a standard set of criteria to assess agency’s relative strength. The model provides a common framework for developing improvement opportunities targeting common functional areas. PRTM’s framework was developed out of our standard approach to transportation management assessments, and focuses on the seven areas that drive operational performance.

	Stage I	Stage II	Stage III	Stage IV
Financial Concepts	• Financial and planning based mostly on history	• Financial and planning based on budget	• Financial and planning based on standards	• Financial and planning based on competitive superiority
Time Focus	• Activities mostly reactive with limited ability to look out for defined periods	• Activities are forward biased with forecast out on yearly basis	• Activities are forward biased with forecast out 2 or more years	• Activities are forward biased with forecast out 3-5 years
Service Focus	• Service focus is defined to treat everyone the same	• Service focus is defined to meet individual needs or current hot priority	• Focus is defined to differentiate service commitments for customers	• Focus is to partner across supply chain to improve customer experience
Alliances	• Mainly non-existent, some ad-hoc relations developed but not institutionalized. • No forecasts shared with partners	• Select 3rd party relations developed with key providers due to historic relations. Few targeted for stronger relations. • Forecasts shared with key suppliers	• Alliance partners have clearly defined R&R with given autonomy to make appropriate operating decisions. • Trading partners share forecast	• Alliance partners are considered core team members, given access to relevant company information and provide input to key decisions --utilize and trust each other’s information
Assets	• Many small assets collected across system	• Asset management focus on cost elimination	• Asset base integrated into transportation plan	• Assets leveraged and optimized across total supply chain
I.T.	• Information and tools inconsistent, heavy reliance on MS applications (Word, Excel, etc.)	• Leverages limited or outdated transportation and integration technologies..	• Single solution supports central organization and corporate goals • Substantial integration with primary enterprise systems	• Single solution supports fully automated routine tasks. • Systems designed for joint process improvement/ optimization with customers /suppliers
Metrics	• Measures performance using last year’s data	• Compares freight cost with budget • Compares service versus internally defined standards	• Has a transportation management team to improve customer satisfaction • Compares performance versus objectives	• Has an integrated process to improve customer satisfaction with ongoing measurements of contribution to customers’ success
Agencies	• Dept. of Energy • Dept. of Labor • Dept. of Commerce • Library of Congress • Dept. of Health & Human Services • DHS – CBP • DHS – FEMA • Dept. of State – Peace Corps • Dept. of State – USAID	• NASA • Treasury – BPD • Dept. of State • Government Printing Office • Dept. of Agriculture – FSA • Dept. of Veteran Affairs • USPS • Smithsonian		

Figure 6. Maturity Model¹

PRTM’s Maturity Assessment Model has been used to assess transportation management capabilities with dozens of private and public sector clients across 13 modes of transportation.

2.3 Leading Practices

Table 1 below is a compilation of practices used by agencies, TSPs, commercial companies as well as PRTM domain experts. The names of five commercial companies PRTM interviewed are not identified due to the initial non-disclosure agreement to protect companies’ privacy.

¹ Use or disclosure of data contained on this sheet is subject to the restriction on the title page of this document

Agency/Organization	Leading Practice Observed
Department of Defense	- Defense Transportation Coordination Initiative leverages leading practices from 3PLs
Department of Veteran Affairs	- Centralized transportation management, standard process, formal data and metrics, ID demand growth, information sharing, and application of appropriate procurement method
NASA	- Use of Multiple 3PLs - Cross-agency coordination to increase utilization
Smithsonian Institute	- Mode cost comparison between organic fleet and TSPs
USPS	- Analysis of inbound - Use of Multiple 3PLs - Utilization analysis
Commercial Companies	Optimization strategies that rigorously analyze these factors: - Consolidation - Point of optimization - Use different providers for TL and LTL - Security and safety - Centralized transportation management - Manage transportation as a core competency - Ensure that incentives drive the desired behaviors - Understand timing requirements to avoid “over servicing” - Accessorial review - Rate Urgent - Mode Selection

Table 1. Leading Practices

2.4 Transportation Spend

To develop meaningful and applicable recommendations, it is important to understand both the functional capabilities of the federal government, as well as the actual amount of transportation funding expended. Therefore, we began this assessment by trying to identify the total cost of transportation. Initially, we developed a “bottom up” approach to collect actual spend data from each agency we interviewed. That proved difficult as only a handful of agencies interviewed were able to provide the information during the time available for the assessment. Our second attempt was a macro approach to identify total federal civilian agency spend.

PRTM used US Census Bureau and the Bureau of Economic Analysis reports estimating federal government spending, broken out by DoD and civilian agencies. Estimates for FY08 are \$20B and \$22B, respectively. To obtain a third estimate, PRTM analyzed actual obligation information from OMB. PRTM added all civilian agency obligations for transportation of things with an estimate for transportation services captured in the reporting code for other services. PRTM assumed that approximately 10% of other services obligations are for transportation services based on 1) the fact that 10.6% of Gross Domestic Product is transportation related, 2) estimates obtained from interviews that 10% of OCC 25.2 spend is on transportation services. All three estimates show that actual federal civilian agency spend was between \$20B and \$22B in FY08. By comparison, the federal civilian agency budget for transportation of things was \$10.8B. Total federal spend on outbound transportation is estimated to be between \$40B and \$50B. Figure 7 shows the estimated outbound transportation expenditure for civilian agencies. More details on methodology and data sources are provided in Appendix A.

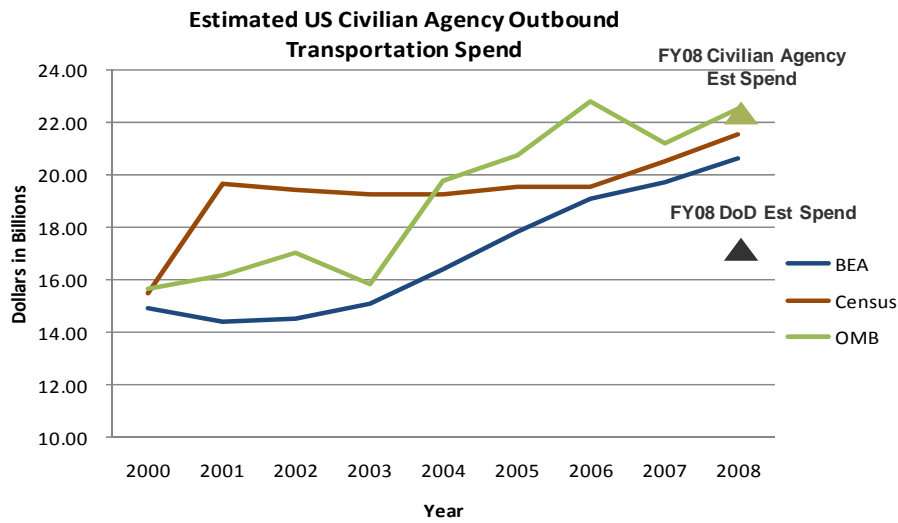


Figure 7. Civilian Agency Outbound Transportation Spend

In addition to providing a snapshot of civilian agency spend for FY08, Figure 7 also shows the growth trend in transportation spend from 2000-2008. In fact, transportation spend increased over 40% in that eight-year period, approximately double the compound rate of inflation for the same period. If this growth rate goes unchecked, civilian agency transportation spend will exceed \$28B within the next five years. This growth rate can be addressed and controlled with the implementation of nine recommendations in the following section.

3 Recommendations

3.1 Introduction

This section provides a summary of outbound transportation recommendations, cost savings potential for each area, and the implementation timeline. Though applicable across all modes, the recommendations are focused mainly on transportation within continental United States (CONUS).

Based on the findings from the interviews and maturity assessment, PRTM has three areas of recommendations with nine specific recommendations. GSA needs to issue policy that influences the organizational aspects of transportation management and the procurement methods used for transportation. Table 2 below shows the three areas/levers and their specific recommendations.

Savings of \$20B-\$30B over 5 years of recurring savings possible by implementing recommendations based on PRTM’s experience and domain expertise

Recommendation Category	Recommendations
<p style="text-align: center;">A</p> <p>Organizational Structure / Reporting</p>	<ol style="list-style-type: none"> 1. Implement policy that strengthens oversight responsibility within agencies <ul style="list-style-type: none"> ▪ Designate a transportation lead for each agency to ensure transparency and accountability of policy execution ▪ Establish reporting criteria in the FMR Subchapter D requiring agency lead for transportation management whose responsibilities include: set policy, report metrics, ensure transportation managers are certified, and establish decision criteria and guidance for selection of procurement method 2. Require TSPs to report spend and other data elements by agency <ul style="list-style-type: none"> ▪ Report transportation data through GSA portal from key shipping documents
<p style="text-align: center;">B</p> <p>Procurement Methods</p>	<ol style="list-style-type: none"> 3. Coordinate procurement with GSA as part of a structured procurement strategy <ul style="list-style-type: none"> ▪ Require stronger guidance on the use of tender vs. FAR, coordinate requirements and acquisition prior to procurement, and require sharing of agency specific rate information 4. Implement requirements for reporting transportation demand to the GSA portal <ul style="list-style-type: none"> ▪ Establish a baseline of historical spending and volume ▪ Create quarterly forecasts and report to GSA based on historical information and anticipated changes in demand for both FAR and tender based procurements
<p style="text-align: center;">C</p> <p>Operational Improvements</p>	<ol style="list-style-type: none"> 5. Expand transportation management IT capability <ul style="list-style-type: none"> ▪ Create portal to collect and disseminate spend information and shipping data ▪ Determine need for common transportation management and optimization system <p>Transportation Management Center of Excellence</p> 6. Expand transportation management training and require certification for those with obligation authority <ul style="list-style-type: none"> ▪ Implement curriculum for training and certification, and issue policy to define requirements 7. Consolidate and coordinate shipments among agencies <ul style="list-style-type: none"> ▪ Establish central consolidation and coordination point within each agency for outbound shipping ▪ Leverage preferred TSPs to identify and implement consolidation opportunities 8. Implement transportation specific marketing plan <ul style="list-style-type: none"> ▪ Identify target audience, package, position and disseminate service offerings and measure effectiveness of marketing plan <p>Agency Specific</p> 9. Implement agency specific recommendations <ul style="list-style-type: none"> ▪ Use results of agency data analysis, maturity model, and agency segmentation to identify improvement opportunities ▪ Realize improvements through consolidation, utilization, mode optimization by implementing select best practices

Table 2. Three Focus Areas and Accompanying Recommendations

Collectively, these recommendations will transform the federal government’s outbound transportation management process, and enable federal agencies to implement standard industry practices and achieve operational efficiencies. By ensuring transparency and accountability of policy execution and identifying actual expenditures, GSA will be able to forecast demand and negotiate better rates, thereby leveraging economies of scale. In addition, expanded Information Technology capabilities combined with consistent, standardized functional knowledge among transportation professionals in each agency

will enable large scale consolidation and achieve significant cost reduction. Finally, these recommendations take into account the need for wide-spread agency buy-in to successfully implement these proven cost-reduction practices.

The next section of the report details the nine recommendations; they are also shown in the Detailed Discussion of Each of the Recommendations.

3.1.1 Organizational Structure and Reporting of Federal Transportation Management

Current policy: Under the provisions of the FMR, agencies are not required to report transportation activities to GSA for outbound shipping. Agencies are only required to report cost of outbound transportation purchased via the Federal Acquisition Regulation (contracts) to GSA if certain thresholds are met (50 short tons for civilian agencies). An effective new policy will require reporting for all transportation activities and start the process of more efficiently spending federal dollars on transportation services.

3.1.1.1 Recommendation 1 - Implement Policy that Strengthens Oversight Responsibilities within Agencies

Agency management must be accountable for following transportation policy. To ensure transparency and proper visibility of policy execution, civilian agencies must designate an agency lead for transportation management who will:

- Ensure agency policy for transportation management consistent with GSA policy
- Establish clear decision criteria and guidance for selection of procurement and routing methods
- FAR acquisitions should be used for shipments with regular intervals or for shipments where no lane-specific rates are available via tender
- Maintain and report agency transportation metrics established by the transportation management oversight body
- Ensure all transportation managers and those with transportation obligation authority are certified through the GSA certification program (See Recommendation 6 for detail)
- Serve as a member of the Governmentwide Transportation Policy Council (GTPC)

Management controls within each agency must include the transportation services reporting requirement and fall under the auditable purview of each agency's Inspector General. GSA can implement management controls by modifying the FMR, Subchapter D – Transportation, Part 102-117 – Transportation Management, Subpart K – Reports, §102-117.345. “Currently, there is no requirement for reporting to GSA on your transportation activities. However, GSA will work with your agency and other agencies to develop reporting requirements and procedures.” Government policy should (after coordination with agencies) require agencies to report transportation data—from spend to shipping details. The next section of the FMR (§102-117.350—How will GSA use reports I submit?) is already set up to give agencies reasons why GSA requires reporting of transportation data.

3.1.1.2 Recommendation 2 - Require Transportation Service Providers to Report Spend and Other Data Elements by Agency

This is a critical early step. Experienced transportation professionals estimate that 3-4% of outbound transportation costs can be saved simply by increasing the visibility of cost through reporting. Consequently, federal policy should require line-item reporting for transportation services obtained from directly obligated Operations and Maintenance funding (tender) and for contracted services (FAR)

regardless of volume. Currently, civilian agencies are required to report only contracted movements that exceed 50 short tons under the provisions of the FAR subpart 47.207-11.

In the short-term, government-wide policy should exceed this requirement by requiring reporting for all transportation services obtained via the FAR. The long-term solution is to eliminate the volume threshold altogether in FAR subpart 47.207-11. The Government Bill of Lading contains enough specific data elements (proof of delivery, freight Invoice, etc) needed to capture actual expenditures.

GSA Office of Governmentwide Policy should issue policy within the FMR (Subchapter D – Transportation, Part 102-117—Transportation Management Subpart K—Reports §102-117.345) for federal agencies to require the transportation service providers to capture and report the contents of the Government Bill of Lading back to the agencies. The agencies should be required to report this data and information directly to GSA, where it will be stored in a central GSA repository. In order to mirror current budget expenditure procedures, transportation service reporting to GSA must be completed quarterly from each agency.

3.1.1.3 Justification for Organizational and Reporting Changes

These recommendations are based on several conclusions. The federal government’s fragmented procurement and limited ability to track real-time transportation expenditures prevents budget owners from taking advantage of the government’s inherent economies of scale.

Actual spend data is not transparent or readily available, the cost of transportation is often not itemized in contracts, there is no requirement to report on actual expenditures, and there are no means to enforce real-time financial reporting. Consequently, the scale of the government’s transportation costs is not known by the decision makers and senior leaders.

Additionally, most (though certainly not all) agencies lack in-depth domain knowledge needed to manage large transportation requirements. This skill is essential in selecting the best mode, using the right priority, and limiting often escalating accessorial charges. The lack of inter-agency collaboration exacerbates this problem. federal civilian agencies are essentially different customers acting independently in an industry about which they are largely ignorant.

When large-volume transportation users consolidate transportation requirements and employ strategies like container usage lanes, pooling outbound and inbound requirements, and better transportation zone management, they invariably save money.

An optimized transportation management strategy is linked to visibility of the best transportation options. The managing offices within the various agencies at the procurement decision point for transportation services must have all the information needed to make a cost effective choices. Achieving this informed position is more likely with a strategy of consolidation and better financial reporting. By requiring the transportation service providers to capture and report the contents associated with the Government Bill of Lading, it takes the onus off the federal agencies and shifts it to the more capable transportation service providers. A central repository located within GSA that stores this data will allow GSA to analyze and evaluate federal agency transportation spending on an aggregate level, allowing GSA to negotiate better rate tenders.

The transportation services sector rewards customers who consolidate. The federal government, even without the DoD included, is a significantly large customer of transportation services worldwide.

Implementing these organizational changes and reporting requirements is the first step in the federal government moving from a decentralized, immature buyer of transportation services to a more centralized and mature customer.

Some of these changes (particularly the reporting requirement) can be accomplished relatively quickly and will have the added benefit of high-level reviews necessary for implementing recommendations B through D.

These findings are consistent with a 2007 GAO report (rpt # 07-560 Foreign Assistance) that examined the increased transportation costs affecting U.S. humanitarian food delivery worldwide. GAO's findings recognized that inefficient transportation and contracting practices increase risk and cost of food delivery. One of the GAO's executive recommendations called for USAID, the Department of Agriculture, and the Department of Transportation to improve logistical planning via cost-benefit analysis of long-term transportation agreements. Similarly, PRTM believes that improved logistics planning among government agencies can, through consolidation and reporting, lower cost of outbound transportation.

3.1.2 Procurement Methods

3.1.2.1 Issue and Limitations with Current Guidance

Agencies are not always applying the best procurement method because convenience is a significant factor driving transportation procurement decisions and current regulation does not provide GSA visibility into agency use of non-GSA tenders. Also, poor demand planning makes it difficult to anticipate requirements and makes effective FAR procurement difficult. The fact that reporting is not required opens the opportunity for improvement. These recommendations follow the current structure of the FMR.

3.1.2.2 Current FMR Introduction

FMR, Subchapter D – Transportation, Part 102-117—Transportation Management²

- Subpart A—General
- Subpart B—Acquiring Transportation or Related Services
- Subpart C—Business Rules to Consider Before Shipping Freight or Household Goods
- Subpart D—Restrictions That Affect International Transportation of Freight and Household Goods
- Subpart E—Shipping Freight
- Subpart F—Shipping Hazardous Material (HAZMAT)
- Subpart G—Shipping Household Goods
- Subpart H—Performance Measures
- Subpart I—Transportation Service Provider (TSP) Performance
- Subpart J—Representation Before Regulatory Body Proceedings
- Subpart K—Reports
- Subpart L—Governmentwide Transportation Policy Council (GTPC)

² <http://www.gsa.gov/Portal/gsa/ep/channelView.do?pageTypeId=17113&channelId=24560&specialContentType=FMR&file=FMR/Part102-117.html#wp2014651>

3.1.2.3 Recommendation 3 – Ensure Procurement Coordination with a GSA-Driven Mode Procurement Strategy

Below are the suggested modifications to the Subchapter D - Transportation, Part 102-117 - Transportation Management of the FMR. The changes and/or additions are italicized.

3.1.2.3.1 Subpart B—Acquiring Transportation or Related Services, §102-117.30 (d)

Current:

§102-117.30—What choices do I have when acquiring transportation or related services?

When you acquire transportation or related services you may:

- (a) Use the GSA tender of service;
- (b) Use another agency’s contract or rate tender with a TSP only if allowed by the terms of that agreement or if the Administrator of General Services delegates authority to another agency to enter an agreement available to other Executive agencies;
- (c) Contract directly with a TSP using the acquisition procedures under the Federal Acquisition Regulation (FAR) (48 CFR chapter 1); or
- (d) Negotiate a rate tender under a federal transportation procurement statute, 49 U.S.C. 10721 or 13712.

Change to:

- (d) Negotiate a rate tender under a federal transportation procurement statute, 49 U.S.C 10721 or 13712 while coordinating with GSA to determine if GSA can provide the service at the same or better service level and cost.

Modification increases GSA’s ability to coordinate transportation management with federal agencies thus providing government-wide negotiation power to leverage a better deal with TSPs. The above modification further provides visibility into the use of non-GSA tenders and volume giving valuable insights to GSA’s service gaps which translates to opportunity for improvement and flexibility within the system.

3.1.2.3.2 Subpart C—Business Rules to Consider Before Shipping Freight or Household Goods

Current:

§102-117.100—What business rules must I consider before acquiring transportation or related services?

When acquiring transportation or related services you must:

- (a) Use the mode or individual transportation service provider (TSP) that provides the overall best value to the agency. For more information, see §§102-117.105 through 102-117.130;
- (b) Demonstrate no preferential treatment to any TSP when arranging for transportation services except on international shipments. Preference on international shipments must be given to United States registered commercial vessels and aircraft;
- (c) Ensure that small businesses receive equal opportunity to compete for all business they can perform to the maximum extent possible, consistent with the agency’s interest (see 48 CFR part 19);
- (d) Encourage minority-owned businesses and women-owned businesses, to compete for all business they can perform to the maximum extent possible, consistent with the agency’s interest (see 48 CFR part 19);
- (e) Review the need for insurance. Generally, the Government is self-insured; however, there are instances when the Government will purchase insurance coverage for Government property. An example may be cargo insurance for international air cargo shipments to cover losses over those allowed under the International Air Transport Association (IATA) or for ocean freight shipments; and

(f) Consider the added requirements on international transportation found in subpart D of this part.

Change to:

Before acquiring transportation or related services you must:

Add:

(f) Ensure coordination with GSA when ready to acquire transportation services

The suggested modification reinforces the coordination with GSA. It also helps differentiate and clarify Subpart C, which describe what users should consider before deciding on the acquisition of service, from Subpart B, which is the actual acquisition.

3.1.2.3.3 Subpart E—Shipping Freight

Current:

§102-117.165—What shipping process must I use for freight?

Use the following shipping process for freight:

(a) For domestic shipments you must:

- (1) Identify what you are shipping;
- (2) Decide if the cargo is HAZMAT, classified, or sensitive that may require special handling or placards;
- (3) Decide mode;
- (4) Check for applicable contracts or rate tenders within your agency or other agencies, including GSA;
- (5) Select the most efficient and economical TSP that gives the best value;
- (6) Prepare shipping documents; and
- (7) Schedule pickup, declare released value and ensure prompt delivery with a fully executed receipt, and oversee shipment.

Change to:

(4) Check for applicable contracts or rate tenders within your agency or other agencies, including GSA, *and ensure section §102-117.30 of this chapter is followed;*

This modification increases agencies' coordination with GSA.

3.1.2.3.4 Subpart G—Shipping Household Goods

Current:

§102-117.220—What choices do I have to ship HHG?

(a) You may choose to ship HHG by:

- (1) Using the commuted rate system;
- (2) GSA's Centralized Household Goods Traffic Management Program (CHAMP);
- (3) Contracting directly with a TSP, (including a relocation company that offers transportation services) using the acquisition procedures under the Federal Acquisition Regulation (FAR) (see 102-117.35);
- (4) Using another agency's contract with a TSP (see §§102-117.140 and 102-117.45);
- (5) Using a rate tender under the federal transportation procurement statutes (49 U.S.C. 10721 or 13712) (see 102-117.35).

Change to:

(5) Using a rate tender under the federal transportation procurement statutes (49 U.S.C. 10721 or 13712) *while coordinating with GSA to determine if GSA can provide the service at the same or better service level and cost* (see 102-117.35).

This modification is similar that of Subpart B above.

Implementation overview and timeline should be managed through the GTPC Working Groups and have buy-in from agencies.

3.1.2.4 Recommendation 4 – Implement Requirements to Report Forecasted Transportation Demand

Subchapter D – Transportation, Part 102-117—Transportation Management Subpart K—Reports §102-117.345 does not contain a requirement for reporting all transportation activities to GSA. As mentioned earlier, required reporting will provide decision makers with the size and scope of their transportation demands. In addition, elevated visibility realized from required reporting will improve transportation demand planning accuracy. As the historical demands are better understood and tracked by those with domain expertise, requirements will be communicated earlier to TSP. This, in turn, will present GSA with an improved negotiating position. As demand variability decreases, FAR-based contracts can be more common (a condition desired by many agencies interviewed during this project). Additionally, better demand planning accuracy increases flexibility. As a large-volume, consolidated customer, GSA will be in a stronger position vis-à-vis the TSP to accomplish quick-turn requirements. The 2007 GAO report on Foreign Assistance referenced earlier also highlights the reduction in risk associated with improved contract management.

Finally, the FMR should recognize the relationship between improved Supply Chain Management and the transportation demand supporting it. For example, the FMR should formalize the relationship among providers within federal agencies who will have the best visibility of upcoming or surging demand.

3.1.2.5 Justification for Procurement Improvements

The procurement decision point is the most critical step in the outbound transportation process. Before this decision point all requirements, TSP performance history, shipping volume, and timelines can be used by the purchaser to negotiate the best possible rate. After the procurement decision obligates money for the service, that leverage is lost. With modest adjustments to the FMR, GSA can better influence the process before the procurement decision, rather than passively receiving reports after the fact.

Eliminating convenience as a driving factor in procurement decisions will provide GSA with the required visibility needed to improve demand planning and anticipate requirements. Modification of FMR as prescribed above will increase the government's ability to coordinate transportation management with federal agencies and improve negotiating leverage with TSPs and flexibility.

These modifications can happen rapidly and will clarify the process for agencies.

3.1.3 Operational Improvements

Recommendations five to nine focuses on improving operations, increasing customer satisfaction, and streamlining process. These improvements not only are beneficial for GSA but they will cascade government-wide. Achieving efficiencies and operational improvements through operational improvements will help achieve compliance with EO 13514 by increasing sustainability through reduction of carbon footprint.

3.1.3.1 Recommendation 5 – Expand Transportation Management IT Capability

The follow-on system for TMSS will have a more robust mode search capability. If government-wide policy required agencies to use a consolidated center of excellence (COE), use of this IT system will exceed current demand patterns. Consequently, it should be fielded and tested for this new demand in advance of any new policy or establishment of a COE.

Ultimately, a data management and analysis tool should be developed that can incorporate multiple reports from TSPs and government agencies. Such a relational database should conform to industry standards and be available to external customers (i.e. agencies).

Develop a Government-wide Transportation Management Center of Excellence (TMCOE)

Current policy encourages, but does not require, agency officials to use transportation experts at GSA for their outbound transportation needs. New government-wide policy for civilian agencies should serve as a forcing mechanism for creation of the TMCOE.

3.1.3.2 Recommendation 6 – Establish a Transportation Management Training and Certification Program for Officials with Obligation Authority.

GSA should manage the program through the TMCOE for agency specialists who require familiarity with government-wide transportation policy.

GSA's TMCOE will provide subject matter expertise on tender-based and FAR-based acquisition, functional knowledge and assistance for low volume shippers (e.g. mode, priority, accessorial determination criteria), and serve as a best-practices repository for the federal government on transportation services.

The TMCOE will be staffed by trained transportation professionals familiar with the demands and requirements of the agencies they support, the policies they follow, and the regulations they enforce.

The TMCOE will be responsible for conducting training for agency personnel with the responsibility of managing and executing their outbound transportation requirements. Training will be conducted twice a year at GSA headquarters and travel arrangements will be the agencies' responsibility. Training will be one day initially, but is subject to revision if more coverage is required. The subject matter covered in the training should be formed through a collaborative process with the federal agencies and leverage current best-practices. Collaboration will increase agency participation in the training sessions.

Policy should be driven to incentivize agencies to certify transportation officers as well as require continuous training.

Current:

Subchapter D – Transportation, Part 102-117 – Transportation Management, Subpart H – Performance Measure states:

§102-117.270—What are agency performance measures for transportation?

- (a) Agency performance measures are indicators of how you are supporting your customers and doing your job. By tracking performance measures you can report specific accomplishments and your success in supporting the agency mission. The Government Performance and Results Act (GPRA) of 1993 (31 U.S.C. 1115) requires agencies to develop business plans and set up program performance measures.
- (b) Examples of performance measurements in transportation would include how well you:

- (1) Increase the use of electronic commerce;
- (2) Adopt industry best practices and services to meet your agency requirements;
- (3) Use TSPs with a track record of successful past performance or proven superior ability;
- (4) Take advantage of competition in moving agency freight and household goods;
- (5) Assure that delivery of freight and household goods is on time against measured criteria; and
- (6) Create simplified procedures to be responsive and adaptive to the customer needs and concerns.

Add:

(7) Provide training and certifications for transportation officers' career development as well as to provide customers high quality and seamless service.

3.1.3.3 Recommendation 7 – Consolidate and Coordinate Shipments Within and Among Agencies

In addition to quarterly financial reporting requirements, each agency must identify in writing to GSA, a central consolidation office for outbound shipments. The consolidation office must be chartered to improve inter-agency utilization, centralize route planning, incorporate backhauling, and report actual expenditure. The implementation of this recommendation will establish GSA as the leading agency in achieving cost savings for the government through consolidation and coordination of shipments for all federal civilian agencies.

In order to ease the burden of implementing these offices, and the inter-agency coordination they require, GSA should establish a transportation services center of excellence to facilitate service provider and customer relationships between and among agencies.

3.1.3.4 Recommendation 8 – Implement Transportation Specific Marketing Strategy

Marketing the TMCOE is essential. In order for new reporting and procurement procedures to be successful, they will need buy-in from the agencies. A message deployment timeline for 2010 should begin early. The upcoming GSA Expo 2010 in May is an opportunity to outline the scope of the government's transportation challenge and build justification for a robust transportation management center of excellence.

GSA should ensure the federal agencies are actively engaged in the formation of the TMCOE through encouraging agency suggestions and leveraging agency best-practices.

Once established, GSA has market penetration with its office supply catalog. In many cases, the offices that receive these catalogs (hard copy or email notification) are the same offices (or located near the offices) responsible for outbound shipping.

Agency Specific Recommendations

These recommendations are designed to be quick wins once the fundamentals from the other recommendations are in place.

3.1.3.5 Recommendation 9 – Implement Targeted Recommendations for Each Agency Segment.

Tailor these recommendations for each segment based on performance data. For organizations with a Centralized Organization/Mature Process and a high volume/spend profile, GSA should assess implementation of targeted best practices across other agencies. This assessment should include

viability and a cost-benefit analysis of that organization becoming a strategic service provider for immature /low volume agencies. For low volume/spend, GSA should conduct a cost-benefit analysis of maintaining organic capability vs. strategic service provider partnerships (e.g. VA, USPS)

For organizations falling in the category of a Centralized Organization/Immature Process with high volume/spend, GSA should implement targeted recommendations to improve procurement process (e.g. USDA). For low volume/spend organizations, implement targeted recommendations to improve procurement process. Cost-benefit analysis of developing organic capability vs. strategic service provider partnerships (e.g. FEMA)

The Decentralized Organization/Mature Process agencies with both high and low volume/spend require assessment of capability to centralize procurement within the agency and improve oversight (e.g. NASA). For low volume/ spend organizations, GSA should identify opportunity cost of not consolidating spend through strategic service provider partnerships (e.g. Treasury).

Agencies in the category of Decentralized Organization/Immature Process with a high volume/spend should define benefit of consolidating procurement and improving performance vs. strategic service provider partnerships (e.g. HHS). Low volume/spend agencies have the best opportunity for quick wins and cost reduction. GSA should identify the best partnership opportunities to consolidate spend (e.g. Commerce).

A subject matter expert within the TMCOE once established should be available to assist agencies to tailor improvement of transportation management.

3.1.3.6 Justification for Operational Improvements

Agencies can use PRTM's quad-chart assessment to understand their relative position with other agencies and how they might compare to industry leaders. Ultimately, federal agencies should want to be a more evolved customer of the TSPs. Larger agencies will realize greater returns based on the volume they represent; however, all should seek an internal structure that provides them with a centralized and mature transportation process.

The inconsistent application of transportation management policy and practices across the federal government is in part driven by the lack of a central resource for transportation managers. Establishing a TMCOE to be used by all federal agencies is the best way for the government to achieve the scale of savings that PRTM identified in this joint effort.

The TMCOE will be a central clearing house for all transportation management issues, both outbound and inbound, and will promote continuous improvement of government transportation practices through improved policy, training, and tools.

In addition to the policy changes already identified, an OGP-led Management Oversight Body of senior executives responsible for logistics should be established to continually review status of reports and current policy for improvements. The Steering Group should establish a Core Team of transportation management professionals to create and administer a training and certification program for those with obligation authority related to transportation procurement.

GSA should chair both the Steering Group and the Core Team, but they should be composed of members from every agency to ensure agency-wide participation and that the spectrum of federal agency transportation (large shippers, small shippers, domestic, international, emergency response, etc.) is represented.

Mode selection carries large-scale returns if unnecessary use of next day air is eliminated and air-to-ground mode conversion is given adequate consideration. For example, a truckload-to-intermodal strategy achieved ~8% savings for a large food additive company as did a LTL-to-multi-stop truckload strategy for a large Fortune 500 company.

Within government, the DoD's Surface Deployment and Distribution Center has a useful model for transportation selection training targeted toward budget owners (transportation officers). A GSA-managed certification program for transportation specialists will allow for improved deployment and knowledge of government-wide policies.

4 Phased Implementation of Recommendations

The recommendations and its details within the previous section may seem daunting, breaking them up into more manageable pieces lowers risk and makes implementation more approachable. Nine recommendations can best achieve using a three-phased approach. Initial capabilities and infrastructure needs to be developed in order to implement the nine recommendations. Initial capabilities and infrastructure will start in Phase 1a with six tasks. Phase 1b commences the implementation of recommendations one through six and Phase 2 will focus on recommendations seven to nine.

4.1 Phase 1a - Develop Required Infrastructure and Capabilities

Estimated timeframe: 18 weeks. Phase 1a includes the following tasks: 1) build a training curriculum for certifying federal transportation officer with obligation authority, 2) design a data analysis tool and portal to help gather specific outbound transportation consumption data from all civilian federal agencies and provide detailed analysis, 3) charter an enhanced OGP-led management oversight committee for policy implementation and professional development, 4) conduct a detailed "Voice of the Agency" assessment to identify the customers' perspective and inform GSA policy, 5) build a performance metric framework (PMF) to assess progress and impact of policy changes, 6) develop scope of analysis of federal inbound transportation

Task 1 – Develop Training and Certification Curriculum

PRTM will expand GSA's Travel and Transportation Management Training curriculum on transportation management to include specific training on transportation service procurement. The curriculum will include:

- Acquisition methods and best use for each type
- Mode, priority, accessorial, and freight class selection
- TSP selection methods
- Transportation demand analysis and forecasting
- Transportation management best practices to include: consolidation, utilization, backhauling, mode management
- International transportation management

Task 2 – Conduct Transportation Data Gathering and Analysis and Create Data Analysis Tool

Develop an authoritative baseline of current spend on outbound transportation services. Once the baseline has been established, a more detailed analysis of data for each agency will be conducted, initially focusing on top 10 agencies in terms of actual spend. A data analysis tool and portal will be created enabling the government to collect and analyze transportation data in a standardized process. To accomplish this, the following activities should occur:

- Data collection through development of a Budget Data Request (BDR) for OMB to issue to federal civilian agencies to obtain additional outbound transportation detail on agency Object Classification Codes 22.0, 25.2, and other Object Classification Codes that may contain outbound transportation costs
- Initial analysis will focus on identifying a baseline of actual expenditures on transportation services
- Agency-specific analysis based on results of BDR and information obtained from agency finance and transportation offices, initially focusing on the top 10 agencies in terms of identified spend
- Additional data will be collected as needed by working with agency financial and transportation management offices
- Data analysis tool will be developed to analyze actual spend and other transportation data

Task 3 – Design and Charter the Enhanced OGP-led Management Oversight Committee

Work with identified transportation leads at each agency to create and facilitate the enhanced OGP-led management oversight committee. The committee will act as the oversight body that will manage implementation of recommendations developed in the Governmentwide Transportation Management Study. Additionally, the committee should develop a human capital action plan to include:

- Defining required knowledge skills and abilities
- Developing transportation management position descriptions
- Developing suggested organizational structures for different agency segments.

The committee will be comprised of two oversight bodies: the Executive Steering Committee (ESC) and the Core Team. The ESC will set strategic direction for improved federal transportation management, and the Core Team will manage the portfolio of transportation improvement initiatives. To accomplish this, the following activities should occur:

- Develop the enhanced OGP-led management oversight committee charter
- Develop recruiting criteria for transportation management professionals
- Define needed knowledge, skills and abilities of transportation professionals
- Develop suggested organizational structures for different agency segments

Task 4 – Conduct a Detailed “Voice of the Agency” Assessment

A targeted Voice of the Agency assessment ensures agency needs are addressed as GSA develops the Transportation Management Center of Excellence (COE). Voice of the Agency assessment should include both high volume/spend federal agencies and smaller volume/spend agencies. To accomplish this, the following activities should occur:

- Perform targeted interviews with high level transportation executives within each agency
- Identify explicit and latent agency needs
- Align individual agency perspectives with government-wide view
- Develop structured requirements for the COE

Task 5 – Build a Performance Metric Framework (PMF)

The enhanced OGP-led management oversight committee should develop metrics and a Performance Measurement Framework (PMF) to ensure a single standard for metric definitions and calculations,

provide a standard reporting method, and give agencies and the OGP-led management oversight committee the ability to identify high level operational issues and diagnose underlying problems. To accomplish this, the following activities should occur:

- Develop a standard set of transportation metrics to ensure standardization of performance measurement between agencies
- Develop a Performance Measurement Framework (PMF) for use as a transportation management tool for agencies and the OGP-led management oversight committee

Task 6 – Develop Scope for Governmentwide Inbound Transportation Management Study

GSA should develop a scope for analyzing federal agency inbound transportation. This scope will be similar to the scope of the OGP Governmentwide Transportation Management Study, which focused on federal agency outbound transportation. To accomplish this, GSA should conduct the following activities:

- Identify personnel to interview within each federal agency
- Identify commercial carriers, associations, and private sector companies to interview
- Develop questions for interview guide
- Identify Object Classification Codes that contain inbound transportation charges and develop a Budget Data Request (BDR)

The six tasks described above are capabilities and infrastructure necessary for the implementation of Phase 1b and Phase 2 for the improvement of government-wide transportation management. Phase 1b will last 18 months and include the implementation of the *organizational structure and reporting* recommendations, as well as two operational improvement recommendations. The remaining *operational improvement* recommendations will be completed during Phase 2 which will also last 18 months.

4.2 Phase 1b - Continue Implementation of Recommendations and Stand Up a Center of Excellence

Estimated timeframe: 18 months. This phase will build on the capabilities developed during Phase 1a and includes the implementation of the *organizational structure and reporting* recommendations, as well as two operational improvement recommendations one of which will begin the stand up of the Transportation Management Center of Excellence. Specific recommendations implemented during this phase of work include:

Organizational Structure & Reporting

Recommendation 1) Implement policy to strengthen oversight

Recommendation 2) Require Transportation service providers to report agency specific data

Procurement Methods

Recommendation 3) Ensure procurement coordination with GSA

Recommendation 4) Issue policy for demand forecasting

Operational Improvements

Recommendation 5) Expand transportation management IT capabilities

Recommendation 6) Expand transportation management training and require certification for those with transportation obligation authority (Transportation Management Center of Excellence)

It's assumed in this phase that the policy recommendations, expanded transportation management IT capabilities, and a robust training regime have been established.

Phase 1b affords the opportunity to continue refining metrics and assess performance

4.3 Phase 2 - Complete Implementation of Operational Improvements

Estimated timeframe: 18 months. In Phase two, the final *operational improvement* recommendations will be implemented to complete the Transportation Management Center of Excellence. Completion of Phase 2 will allow federal civilian agencies to realize intra and inter agency operational improvements, reducing spend and continue to improve performance. Specific recommendations include:

Operational Improvements

Recommendation 7) Consolidate and coordinate shipments among agencies (Transportation Management Center of Excellence)

Recommendation 8) Implement a transportation-specific marketing plan (Transportation Management Center of Excellence)

Recommendation 9) Implement agency-specific recommendations (Agency Specific)

This phase is where full consolidation and coordination of shipment requirements is achieved within and among agencies. In Phase 2, the federal government moves to a mature transportation procurement organization that leverages its volume in route consolidation, utilization, and backhauling. It will also design and implement marketing plan to ensure agency awareness of GSA offerings. Additionally, the targeted recommendations for each agency (by segment) will continue to be refined. As commercial transportation procurement practices evolve, the federal government will need to adjust to continue realize cost savings through active management. The implementation timeline is shown in Figure 8 below.

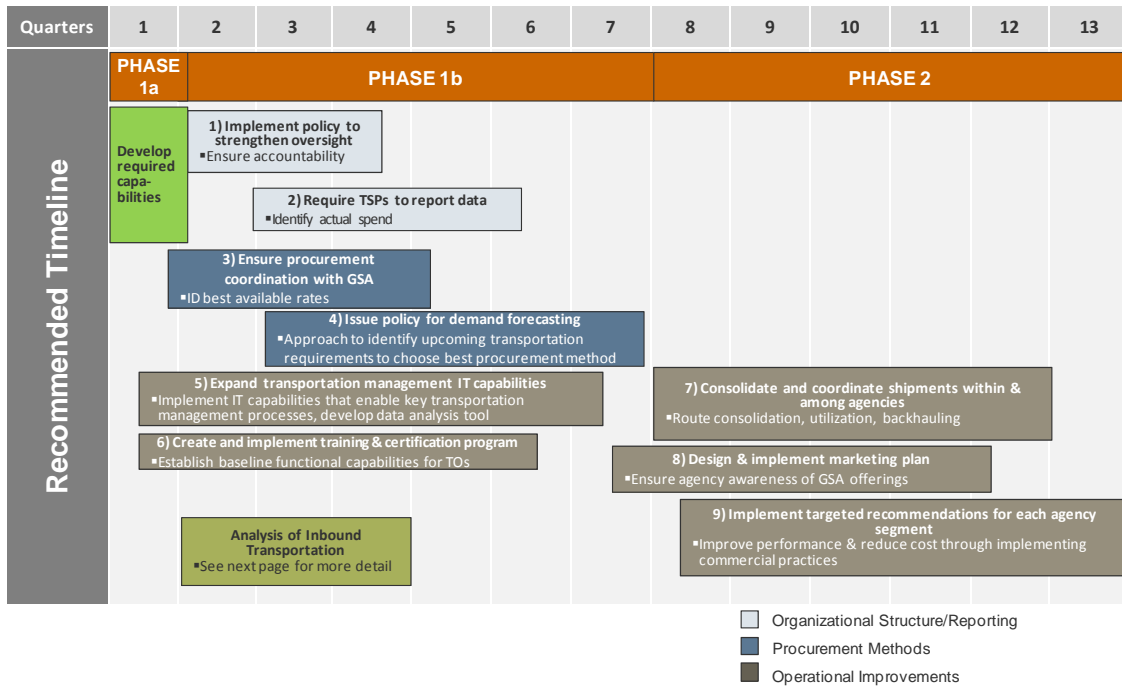


Figure 8. Transportation Management Recommendation Implementation Timeline

Appendices

A. Detailed Findings

Agency Segmentation Analysis

As part of the Agency Segmentation Analysis, PRTM used the following understanding of the criteria for each category. Transportation management is **centralized** if one office has visibility into policy compliance. The organization must clearly state who sets and executes policy. It allows those setting the policy to understand how it affects execution. A highly centralized organization consolidates government transportation spending by providing transportation procurement services to other agencies.

For a **decentralized** organization, transportation management is dispersed throughout the organization and policy enforcement is not evident. A lack of formal governance and structure is compensated through ad-hoc communication between autonomous regions.

A **mature** process has well defined policies, proactive planning, has oversight, and visibility into transportation spending. It clearly defines roles and responsibilities. It is institutionalized and can survive employee turnover.

An **immature** process is loosely defined and has limited or no oversight. It is reactionary and is based on individual practices rather than institutional ones. Consequently, the skills and process are not transferable when those individuals leave the agency.

Centralized Organization/Mature Process

The high volume/spend agencies for this quadrant are USPS and Department of Defense (DoD). USPS uses two third party logistic (3PL) providers to procure transportation. Their IT consists of a 3PL online portal that is used to interface with the 3PLs. Based on the USPS interview, their training program is less developed than they would like and not in-depth enough to be effective. The 3PLs provide shipment, spend and key performance indicators (KPIs) for USPS.

DoD sets policies at the Office of the Secretary of Defense (OSD) level with coordination and inputs from Services' policy divisions. Transportation policy, rates and business process are standardized across DoD. Policy governing acquisition of transportation services resides with United States Transportation Command (USTRANSCOM) as the designated Distribution Process Owner (DPO) for DoD.

DoD execution is decentralized as Transportation Officers (TO) from all installations are authorized to purchase transportation services. TOs are given the authority and flexibility to choose transportation services; however, some organizations have a "challenge mechanism" in place to object (or question) the TO's decision when necessary. DoD uses FAR contracts, 3PL, and tenders. The Department would like to move toward more FAR contracts as it gives DoD good leverage, stability, and control of pricing to help with fiscal year planning. DoD manages transportation programs such as the Worldwide Express (WWX) and Defense Transportation Coordination Initiative (DCTI).

Similar to GSA's Federal Strategic Sourcing Initiative (FSSI), the WWX offers expedited international express delivery service but through multiple award contracts. WWX contracts with nine commercial express carriers who offer prices lower than the commercial rates. It is mandatory for DoD to use WWX for express shipment of small packages under 300 pounds.

DTCI's mission is to partner with a world-class 3PL to manage CONUS distribution of "freight all kinds" (FAK) for selected Service and DLA shipping locations. DTCI is DoD's attempt to achieve cost savings and efficiency in distribution through leveraging the winning 3PL's existing business with their best commercial practices and the large volume of DoD freight.

DoD has various IT systems for transportation management such as PowerTrack for billing and payments, Surface Deployment and Distribution Center (SDDC) for data mining, Global Air Transportation Execution System (GATES) for international shipment, the Cargo Movement Operations System (CMOS) and the Global Freight Management (GFM) for booking shipments.

DoD has a training program at Transportation School at Fort Eustis and conferences throughout the year. Additionally, most IT systems provide training. GFM has weekly training sessions. Although DoD's training is extensive, DoD does not have a certification program, hence, TOs are not required to be certified. DoD uses IT systems to collect data. For example PowerTrack shows the breakout for DoD domestic shipment as: Air - 22%; Ocean - 25%; Barge - 2%; Rail - 8%; Motor - 40%; and Pipeline - 3%. DoD has an extensive and formal budget evaluation process within the Planning, Programming, Budgeting, and Execution (PPBE) process. However, there are no formal metrics to measure transportation service providers' performance DoD-wide.

The low volume/spend agencies with a centralized organization/mature process are Department of Veterans Affairs, Smithsonian, Government Printing Office, and General Services Administration. Department of Veterans Affairs uses the FAR for high volume, recurring shipments. They use GSA's and their own rate tenders for all other shipments. They use GSA's TMSS system and their own internal system—an in-house database created to track and compare rates. There is currently no formal training program established within Department of Veterans Affairs. They capture extensive data but do not evaluate it because transportation services are procured on behalf of customers. They track carrier as well as their own performance based on customers' evaluations.

Smithsonian has an organic fleet of 50 vehicles that are capable of handling their unusual shipments, such as animals and fine art. Smithsonian uses an in-house Fleet Management System to monitor and organize their fleet. Smithsonian rarely uses GSA rate tenders because of their unusual shipments and lack of familiarity with GSA service offerings. However, they do use GSA TMSS as a source of vendors. When they are not using their organic fleet, they primarily use the FAR because there are only a few TSPs equipped to handle their shipments and because there are only 23 ship-to locations. On-the-job training exists as well as training on how to handle their unique shipments. They track transportation performance through the use of Radio Frequency Identification (RFID) tags and capture transportation data.

The Government Printing Office (GPO) strictly uses rate tenders when procuring transportation. They have their own tenders which they compare against GSA's and use the lower of the two. GSA is unaware that GPO does this comparison and GPO does not report the results of the comparison to GSA. Besides GSA's TMSS, they do not possess any IT systems for transportation management. They also have not

established a transportation training program and there are no metrics in place to track vendor performance.

Centralized Organization/Immature Process

The high volume/spend agencies interviewed include Department of State (DOS) and Department of Agriculture (DOA). Department of State uses GSA tenders, their own tenders, and the FAR for unusual shipments. They do not have a well defined training program but believe that one should be developed across the government.

DOS uses the transportation Lite and their own Integrated Logistics Management System (ILMS) to manage transportation and store their internal rates. They track their transportation spending and volume through the Bureau of Resource Management. They also monitor vendor performance in order to handle customer complaints and improve customer service.

The Farm Service Agency of Department of Agriculture only uses rate tenders to procure transportation. They use GSA's for ground transportation and their own for ocean-bound transportation. They use GSA's TMSS and they do not provide any formal transportation training. They track transportation spending but do not evaluate it. There are no metrics in place to monitor vendor performance.

The low volume/spend agencies for this quadrant are USAID and FEMA. USAID use FAR-based procurements exclusively. They require transportation officers to be certified and are in the process of implementing IT systems for transportation management. They have limited visibility into transportation spending because costs are not broken out of the FAR contracts. They do not have any metrics in place to evaluate vendor performance.

FEMA procures all of their transportation using GSA rate tenders - their emergent missions preclude them from using the FAR. When responding to a disaster, 90% of commodities and equipment needed for the response must be in place no later than 36 hours after the FEMA Regional Office issues a request via a "tasker." FEMA uses GSA's TMSS system and only has on-the-job training. The CFO tracks transportation spending but does not evaluate it. There are no metrics to track transportation and vendor performance.

Social Security Administration (SSA) uses only tenders. SSA follows and relies on GSA transportation policy for they do not have a policy office. SSA ships mostly forms and printed materials from five warehouses using less than truck load (LTL) and a few express shipments within continental United States (CONUS). SSA uses TMSS for rate comparison. SSA has an internal system to generate bill of lading and stores of some transportation data. As a GSA transportation service consumer, SSA reports transportation data such as spend and number of shipments quarterly to GSA. SSA reports some transportation costs to OCC 22.0. For shipments of other assets such as computers and furniture, transportation costs are combined into OCC directed by the purchasing agent. There are no formal metrics used and the transportation office is not involved in the budgeting process for SSA.

Decentralized Organization/Mature Process

High volume/spend agencies that fall into this category include NASA which uses the FAR as well as GSA rate tenders to procure transportation. NASA does not have an organic IT solution, but they use the systems provided by their TSPs. They have not established any transportation training. Their

transportation spending is tracked at the individual center level but is neither evaluated nor reported to headquarters.

Low volume/spend agencies include the Department of Treasury – Bureau of Public Debt. They use GSA rate tenders but not the FAR to procure transportation. They use their own IT solution for invoicing and GSA's TMSS system. They have on-the-job training or use GSA's training services if needed. They do not track vendor performance and do not track and evaluate transportation data.

Decentralized Organization/Immature Process

PRTM did not discover any decentralized, high volume/spend agencies under the criteria outlined above.

Low volume/spend agencies in this category include the Department of State (DOS) – Peace Corps, Department of Homeland Security (DHS) – Customs and Border Protection, Department of Energy (DOE), Department of Labor (DOL), the Department of Commerce (DOC), the Library of Congress, Department of Health and Human Services (HHS).

Peace Corps uses freight forwarders to procure transportation. On-the-job training exists while some training is either contracted or provided by GSA guidance. An accounting system that resides at headquarters tracks transportation data. However, headquarters does not know if the individual posts are evaluating this data.

The DHS Customs and Border Protection office strictly uses GSA rate tenders. They use GSA's TMSS system. The quality of their internal transportation training has deteriorated. They track some transportation data but do not evaluate it. There are no metrics in place to evaluate vendor performance.

DOE procures transportation using GSA rate tenders or their own tenders. They use the FAR for large non-Hazardous shipments. They have an automated transportation management system (ATMS) in addition to using GSA's TMSS. They have a basic transportation management workshop, covering the transportation process and how to use ATMS. They also have six training modules that cover tender descriptions and how to use tenders for requirements. Some transportation spending and data is tracked but not evaluated. DOE is in the process of improving current metrics.

DOL uses the FAR to procure transportation through one TSP. They were unaware of GSA rate tenders. There is no IT support and no internal transportation training program. Transportation spending and data are tracked but not evaluated. No performance metrics exist because they have been using the same TSP for the past 30 years.

DOC uses GSA rate tenders to procure transportation. Policy dictates the bureaus have to use GSA's TMSS system, but there is no oversight verification. There is no formal training, only on-the-job training and shared organizational knowledge. There is no collection of data and analysis at the agency level, but there is some at the bureau level. When the bureaus use GSA's TMSS, transportation data is tracked.

Library of Congress uses the FAR and GSA or their rate tenders to procure transportation. They use GSA's TMSS system to shop for rates or to use GSA's rates. The only transportation training that exists is on-the-job. They do not track vendor performance frequently but do have metrics in place.

HHS procures transportation either using the FAR or GSA tenders. The procurement method decision is solely one of convenience. HHS use GSA's TMSS to procure transportation services and offers no training. All spending, budgeting, and evaluation are done at department level. There are no metrics in place to monitor vendor performance.

Maturity Model

The purpose of the model is to assess the relative strength of an organization's transportation management processes against best practices. PRTM's Maturity Assessment Model has been applied to dozens of private and public sector clients across 13 modes of transportation. The assessment allows agencies to understand the gaps that exist between their practices and best practices, and to understand what a high-performing transportation management function looks like. It is important to understand that developing mature transportation management processes is not a set function where all seven categories must be satisfied at Stage I before moving to Stage II. Many agencies that we studied have pockets of practices that are operating at Stage III or Stage IV, but on aggregate, most agencies fell into either Stage I or Stage II. The recommendations contained in this report will provide the foundation for all federal agencies to be able to improve the maturity of their transportation management processes, thereby improving efficiency and effectiveness.

Financial Concepts

The two key drivers for achieving Stage IV performance of basing financials and planning on competitive superiority are the ability to forecast demand, and to share the forecast with TSPs, and leveraging the economies of scale of the federal government by coordinating transportation procurement across agencies. By collecting actual spend information from TSPs and by coordinating tender negotiations with GSA, both of these drivers will be achieved.

Time Focus

The federal budgeting process requires agencies to forecast budgets for five years. As agencies obtain the information on what actual transportation spend is and the ability to forecast demand, they will be able to provide accurate transportation budget forecasts for five years, putting them at the same level as the best commercial companies in time focus.

Service Focus

Best in class organizations relentlessly focus on improving service across the entire supply chain to improve the customer experience. Transportation is one element of the overall supply chain. By focusing on customer service across the entire supply chain, overall results will be maximized.

By differentiating service level needs of and commitments to different customers, Agencies will achieve both lower spend and higher customer satisfaction. By identifying shipments requiring lower service levels, Agencies can select the most cost effective transportation method for these shipments. Freed up funds can then be used to maximize service levels for critical / high service level shipments. Best in class organizations segment the service level requirements for their shipping needs by customer and type of shipment, setting standards captured in routing guides and systems that drive execution.

Alliances

Best in class organizations treat TSPs as alliance partners rather than simply as vendors, share information openly with these partners, and seek alliance partner input on key decisions. During the joint effort we discovered pockets of this practice in some agencies. Best in class organizations strategically decide which vendor relationships should be primarily transactional and which should be partnerships. Targeted eExpansion of this practice fostering alliance partners across the federal government will allow the benefits of this close relationship to be realized by all agencies.

Assets

Organizations with best in class performance manage their transportation as part of an integrated supply chain. This includes leveraging assets across the supply chain rather than simply optimizing them within the transportation function. As a general rule, transportation needs are best, and most cost-effectively served by retaining the services of 3rd party transportation providers. The decision to procure or maintain assets to meet targeted transportation needs should be justified by a clear operational imperative and/or a compelling cost advantage.

IT

Fully mature organizations have IT systems that consolidate and automate routine transportation management tasks and are designed for joint process improvement / optimization with customers and suppliers. Connecting your supplier's supplier through your customer's customer provides full integration through the supply chain, allowing for an effective flow of information needed to drive down costs while driving up service levels. Fully mature organizations have IT systems that support all aspects of transportation management: data gathering and forecasting in support of tenders, implementation of negotiated rates, shipment optimization and automation, and freight bill audit and pay. They have IT systems that are clearly aligned with their transportation strategy.

Metrics

The key to developing fully mature metrics is understanding what the metrics will be used for. Measuring performance for its own sake is a waste of time and money. The purpose of collecting performance data is to enable fact-based decision making on how to improve service and lower costs. Best in class organizations have an integrated process to improve customer satisfaction with ongoing measurements of customer success. This process leverages defined standards and objectives to measure operational and strategic effectiveness respectively. The standards and objectives are reviewed as a part of the overall strategy development process.

Transportation Spend Analysis and Methodology

This section will layout FY08 outbound transportation budget as reported, FY08 outbound transportation actual expenditures and the reasons for why actual spend is higher than what is reported as "Transportation of Things."

Fiscal year 2009 (FY09) actual is preferred but has yet to be released by Office of Management and Budget (OMB). To maintain consistency and accuracy, PRTM used transportation spend data from all sources between 2000 and 2008.

FY08 Outbound Transportation Budget

In President’s Budget 2009 (PB09), Object Class Code (OCC) Analysis reports “Transportation of Things” (OCC 22.0) to be \$24.6B for the federal government in 2008. The split of this total is \$10.5B and \$14.1B for federal agencies and DoD respectively.

Agency	Transportation of Things
DoD	\$14,100M
USPS	\$7,663M
USDA	\$986M
State	\$339M
DHS	\$162M
NASA	\$127M
Other Agencies	\$1,289M
Total	\$24,666M

Table 3. DoD and Top Five Civilian Agency FY08 Budget for Transportation of Things (OCC 22.0)

FY08 Outbound Transportation Expenditure

Interviews led to findings that OCC 22.0 does not capture all transportation expenditures through the following examples:

- FY08 Department of Veteran Affairs budget included \$40M in OCC 22.0 with actual spend estimated to be \$340M
- USAID budgeted \$13M in OCC 22.0 in FY06 and reported actual obligations of \$14M, but GAO (April 2007 GAO-07-560 Foreign Assistance Report) estimated actual spend of approximately \$720M in Food Aid ocean transportation
- USPS estimates total non-mail freight spend of approximately \$600M but only reported \$40M
- Export Import Bank had no OCC 22.0 budget but spent at least \$25.5M

This finding led PRTM to further research and analyze actual transportation expenditure. This section presents the estimate of total actual expenditure as well as the methodology used.

Several governmental sources reported high-level view of transportation expenditure data. To validate transportation spend, PRTM obtained information from several sources for verification. Table 4 below displays the sources used for transportation spend analysis.

Source	Details (Report/Table)
Bureau of Economic Analysis	Gross Domestic Product by Industry Accounts
U.S. Census	The 2010 Statistical Abstract: Table 1030 Transportation-Related Components of U.S. Gross Domestic Product The 2009 Statistical Abstract: Table 1024 Transportation-Related Components of U.S. Gross Domestic Product
OMB	President's Budget 2010

Table 4. Sources of Data for Transportation Spend Analysis

Federal Government Transportation Spend Result

President’s Budget 2009 (PB09) Object Class Analysis reports FY08 budget estimates of \$24.6B for outbound transportation (Object Classification Code 22.0). Interviews and research indicated that this is the baseline amount only, as transportation costs are also reported elsewhere. PRTM’s research and analysis for FY08 federal transportation expenditure is between \$39B and \$54B (of this, \$20B to \$23B is for civilian agencies), about twice the budget amount. This range is based on PRTM’s analysis of the data acquired from the three sources mentioned in Table 4 above. Table 5 below shows FY08 range of transportation expenditures. The subsequent sections provide more details behind the numbers.

	Census	BEA	OMB
Civilian Agencies	23.0	20.6	22.5
Department of Defense	31.7	26.6	16.7
Total Federal Transportation Spend	54.7	47.2	39.3

FY08 \$ in Billions

Table 5. FY08 Transportation Spend

US Census

Transportation spend data was obtained from U.S. Census from the 2010 and 2009 Statistical Abstract. It is the authoritative and comprehensive summary of statistics on the social, political, and economic organization of the United States. The source did not provide data for 2008; therefore, estimates were derived from the average of previous years’ growth rates. Table 6 below displays data from U.S. Census.

Year	Government transportation-related purchases (\$B)	Civilian agencies transportation-related purchases (\$B)	Defense transportation-related purchases (\$B)	Growth Rate (%)
2000	28.2	19.2	9.0	
2001	30.9	21.1	9.8	9.57
2002	36.9	26.4	10.5	19.42
2003	46.8	30.6	16.2	26.83
2004	46.3	29.7	16.6	-1.07
2005	46.1	30.2	15.9	-0.43
2006	47	32.1	14.9	1.95
2007	51.8	32.1	19.7	10.21
2008*	54.7	33.9	20.8	5.62

* Estimated based on average growth rate
 Average growth rate is 5.62%

Table 6. US Census Transportation Data

Bureau of Economic Analysis (BEA)

BEA is an agency of the Department of Commerce. BEA produces a comprehensive and up-to-date picture of the U.S. economy that influences the decisions made by the government affecting monetary policy, tax and budget projections and business investment plans. The cornerstone of BEA’s statistics is the national income and product accounts (NIPAs), which feature the estimates of gross domestic product (GDP) and related measures.

BEA’s Industry Economic Accounts provides the GDP by Industry Accounts (i.e. agriculture, forestry, mining, utilities, construction, manufacturing, wholesale/retail trade, transportation, information, finance, etc.).

The gross output for the Transportation industry was used for this analysis. BEA provides data dates back to 1997 and the latest data point is 2007. The beginning of this section explains the preference using 2008 data. Since 2008 is not yet reported by BEA, it is estimated using the average growth rate from year 1995 to 2007.

During PRTM’s interview with commercial carriers and transportation associations, the consensus estimate is that government represents about 6% of TSPs’ revenue. Gross output for the transportation industry represents the total revenue for all transportation providers. With this correlation, 6% can be applied to the gross output to derive the federal contribution to the transportation industry.

Table 7 below displays the gross output, the growth rate for the Transportation industry, and the federal government’s contribution to this total output. It is worth noting that while gross output rose in 2007 and 2008, the American Trucking Association indicated that rates across most modes fell dramatically in that period.

Year	Gross Output (\$B)	Growth Rate (%)	Federal Contribution** (\$B)
1995	424.4		25.5
1996	448.9	5.77	26.9
1997	478.9	6.68	28.7
1998	507.4	5.95	30.4
1999	534.1	5.26	32.0
2000	567.9	6.33	34.1
2001	546.2	-3.82	32.8
2002	550.3	0.75	33.0
2003	571.4	3.83	34.3
2004	623.8	9.17	37.4
2005	678.9	8.83	40.7
2006	727.2	7.11	43.6
2007	750.0	3.14	45.0
2008*	786.9	4.92	47.2

Average Growth: 4.92%

* Gross output estimated based on average growth rate

** Federal spend is approximately 6% of industry's revenue

Table 7. BEA’s Transportation Industry’s Output & Federal Transportation Spend

OMB, President’s Budget 2010

OMB’s main mission is to assist the President in overseeing the preparation and to supervise Executive Branch agencies in the execution of the federal budget. OMB helps the President formulate spending plans, evaluates the effectiveness of agencies’ programs, policies and procedures, assesses competing demands for funding among agencies, and sets funding priorities. PB10 reports \$22.9B within Object Classification Code (OCC) 22.0 (Transportation of things) for aggregate federal agency FY08 actual spending. Transportation of things is defined as contractual obligations for the transportation of things (including animals), for the care of such things while in process of being transported, and for other

services incident to the transportation of things. This excludes transportation of people which is reported in OCC 21.0 (Travel and transportation of persons).

Interviews of federal agencies indicate cost of outbound transportation can be found in other OCCs. In FAR based acquisitions of services and FOB destination shipments, transportation costs are sometimes hidden in the total cost which makes it difficult to identify what the real transportation cost is. Further, even when transportation costs are itemized, they are often not reported separately and are accounted together as total acquisition cost. As such, PRTM identified an additional OCC 25.2 (Other services) to account for these hidden outbound transportation costs. PB10 reports a total of \$120.9B for federal agencies in OCC 25.2. Other services are defined as Obligations for contractual services with the private sector that are not otherwise classified. To account for transportation cost within this OCC, a factor of 10.6% was applied to the total. This factor is based upon the transportation output as a percent of GDP reported by US Census and Bureau for Transportation Statistics and USPS estimate of transportation expense based on their income. Table 8 below displays total transportation cost based upon OMB’s President’s Budget documents (OCC 22.0 and a percentage of OCC 25.2).

Year	Civilian	DoD	Total
2000	15.7	7.0	22.7
2001	16.2	7.1	23.3
2002	17.1	13.6	30.6
2003	15.8	18.7	34.5
2004	19.8	18.0	37.8
2005	20.7	17.0	37.8
2006	22.8	15.5	38.3
2007	21.2	19.3	40.5
2008	22.5	16.7	39.3

\$ in Billions

Table 8. Transportation Spend based upon OMB’s data (OCC 22.0 and a percentage of OCC 25.2)

Explanation of the Variance

Interviews revealed several reasons true cost is difficult to obtain. First, it is a challenge to breakout transportation cost within FAR-based contracts. Even when transportation costs are itemized in contracts, it is usually reported as a lump sum outside of OCC 22.0. Some service contracts at USDA, VA, USAID, Smithsonian and Peace Corps do not itemize transportation costs. Further, FAR subpart 47.207-11 only requires civilian agencies to report contracted movement exceeding 50 short tons.

Second, policy and documentation does not restrict transportation services to be captured within OCC 22.0. For example, OCC 22.0 definition permits transportation costs for services procured and paid by vendors to be excluded even if cost is itemized in the contract.

Third, multiple examples of transportation cost reported in OCC 25.2 indicate inconsistency in assigning costs to OCC 22.0

B. List of Interviews

Interviews Completed			
Agriculture	DoD – OSD Trans Policy	Legislative Branch – Government Printing Office	USPS Non-mail Freight
Agriculture – FSA	DoD – SDDC	Legislative Branch - Library of Congress	Veterans Affairs
Commerce	DoD – USTRANSCOM	NASA	AMSA
Commerce – NOAA	Energy – HAZMAT, HHG	Peace Corps Freight	ATA
DHS – CBP	Energy – Regular Freight	Peace Corps HHG	Int'l Assn of Movers
DHS – FEMA	GSA – Freight Management	Smithsonian	Byrne Transportation
DOJ – DEA	GSA – GSS	Social Security Administration	CFC
DoD – Air Force A4T	GSA – HHG	State	Landstar
DoD – Army G4	HHS	USAID	NDTA
DoD – Marine Transportation	HHS – CDC	Transportation	Yellow Freight Services
DoD – Navy HHG	HHS – IHS	Transportation – MARAD	Commercial Companies
DoD – NOLSC	HHS – NIH	Transportation – FAA	
DoD – OSD Comptroller	Labor	Treasury – BPD	

Note: Multiple interviews conducted for some agencies listed above

C. Interview Questions

Questions for Federal Agencies

1. General
 - 1.1. Is transportation policy standardized across the agency? If it differs, how so and what is the rational for differences?
 - 1.1.1. Is there a standardized rate structure for the entire agency or do the rate structures vary by location and/or department?
 - 1.1.2. Is there a set process for procurement of transportation services across modes and freight classes or does it differ?
 - 1.1.3. How is freight class and mode determined for shipments? Is the determination process standardized through set policy?
 - 1.2. What officials and parts of each federal agency are authorized to purchase transportation services, and does this authorization differ by the type of service being purchased?
 - 1.3. What part(s) of each federal agency set(s) transportation policies?
 - 1.4. What types of transportation services does each agency purchase?
 - 1.5. How is funding for outbound transportation services determined? How often is planning done and for how far out? What is the basis for the budget projection – historical spend, forecasted activity, or a combination of the two?
 - 1.6. What type of forecasting is used to anticipate future demand for services? How far forward does the plan look? Is anticipated demand for transportation services shared with service providers? What information is shared?
 - 1.7. Are there established partnerships with transportation providers? What is the nature of the partnering relationship?
 - 1.8. To what extent does each federal agency get involved in managing transportation cost for inbound freight?
 - 1.9. What type of IT support is used to facilitate the procurement of transportation services?
 - 1.10. What type of training is available for personnel responsible for procurement of transportation services? Are there set training requirements?
 - 1.11. What processes does each federal agency use to purchase and pay for transportation services? Do they use third-party logistics providers? How many agencies use cost-sharing and collaboration for specific common freight moves (for example, HAZMAT)?

2. Tender vs. FAR
 - 2.1. To what extent does each agency use rate tenders to obtain transportation services?
 - 2.2. To what extent does each agency use the Federal Acquisition Regulations (FAR), as opposed to rate tenders, to obtain transportation services?
 - 2.3. What are the advantages and disadvantages, according to the agencies, of using rate tenders and the FAR to obtain transportation services?
 - 2.4. To what extent do agencies use the tenders of service provided by other agencies (GSA, DoD, others) and why?
3. Data and Performance Measures
 - 3.1. What is the percentage of transportation spending by type? (for example, household goods, air freight, small packages, etc.)
 - 3.2. What is the percentage of transportation spending by location (that is domestic and international)?
 - 3.3. Is actual spending on outbound transportation services tracked and reported? Are obligations for transportation services tracked by Object Class Code? What system(s) are used to track obligations?
 - 3.4. How often is transportation spending evaluated?
 - 3.5. What formal metrics do federal agencies use to measure volume, transportation costs and categorization of freight?
 - 3.6. What performance metrics do federal agencies use to measure how well transportation services are supporting the agencies' mission(s)?

Questions for Commercial Carriers and Associations

- 4.1. What contracting types and processes do large private sector organizations use to obtain transportation?
- 4.2. To what extent and/or in what fashion should federal agencies adjust their balance between FAR procurement and rate tender procurement, and why?
- 4.3. Are there commercial and business practices used in private sector transportation management that the government should consider for possible implementation?
- 4.4. Is the procurement of transportation services typically centralized in commercial organizations?
- 4.5. Do commercial carriers and associations track transportation spending by federal agencies? If so, is it tracked by freight class and mode?

- 4.6. Are there specific aspects to the federal transportation service procurement process that need improvement?
- 4.7. What are some common transportation management best practices used by commercial organizations and associated typical cost savings (in percent terms)?

Questions for Private Sector Companies

- 5.1. What is the processes to purchase and pay for transportation services?
- 5.2. Is transportation policy standardized across the company? If it differs, how so and what is the rationale for differences?
 - Is there a standardized rate structure for the entire organization or do the rate structures vary by location and/or department?
 - Is there a set process for procurement of transportation services across modes and freight classes or does it differ?
 - How is freight class and mode determined for shipments? Is the determination process standardized through set policy?
- 5.3. What officials and parts of the companies are authorized to purchase transportation services, and does this authorization differ by the type of service being purchased?
- 5.4. What part(s) of each company set(s) transportation policies?
- 5.5. Is actual spending on outbound transportation services tracked and reported?
- 5.6. How often is transportation spending evaluated?
- 5.7. What formal metrics do the companies use to measure volume, transportation costs, and categorization of freight?
- 5.8. What performance metrics do the companies use to measure how well transportation services are supporting the companies' mission(s)?
- 5.9. How is funding for outbound transportation services determined? How often is planning done and for how far out? What is the basis for the budget projection – historical spend, forecasted activity, or a combination of the two?
- 5.10. What type of forecasting is used to anticipate future demand for services? How far forward does the plan look? Is anticipated demand for transportation services shared with service providers? What information is shared?
- 5.11. Are there established partnerships with transportation providers? What is the nature of the partnering relationship?
- 5.12. How do private companies manage the cost of in-bound transportation? Do they allow the shipper to manage it on an FOB Origin basis, and/or how and to what extent do they get involved in managing the transportation from the shipper to the agency?

- 5.13. Are there elements of the transportation management process in which your company considers itself to be a market leader? If so what process is it and how is it superior to others in the marketplace? What cost savings (in percent terms) are associated with implemented best practices?
- 5.14. What type of IT support is used to facilitate the procurement of transportation services?
- 5.15. What type of training is available for personnel responsible for procurement of transportation services? Are there set training requirements?

D. Summary Interview Notes

Agency: Dept. of Agriculture – Farm Service Agency (Interviewed November 13, 2009)

Organization:

FSA uses ground, rail and ocean transportation. FSA does not set transportation policy. FSA domestic (ground transportation) is procured through GSA while Rail and Ocean are through Foreign Agriculture Service (FAS). Railroad service is primarily used to transport commodities (dairy products) purchased through Commodity Credit Corporation (CCC) price support programs. Rail carrier rate filings are utilized to determine if this transportation service will be appropriate for shipments. Rail carriers are selected to handle shipments on the basis of rate, transit time, and service levels.

Procurement Process:

For domestic transportation FSA get a request for transportation from the customer. They use TMSS to find TSPs based on the transportation information provided by the customer. They select the top 5-10 TSPs from TMSS and then contact them to see if they can handle the job.

FAS handles the procurement of ocean transportation for shipments to and from OCONUS trade locations, such as Hawaii, Puerto Rico, Virgin Islands, Guam and the U. S. trust territories. They do not use TMSS to find rates but rather have their own tenders. Ocean carriers offer tender of rates and/or charge for transportation services for which an ocean carrier is to be compensated for handling cargo. The customer ships the goods to FAS Jacksonville or FAS Alaska depending on where the shipment's destination is and then FAS takes over of the transportation from their location to the offshore destination.

FSA uses the GSA tender rates for its ground transportation. For rail and ocean, FSA obtains its own rates. Freight class and mode are determined by the commodities and the origination/destination of shipments. Freight classes are dry, chilled, and frozen. Perishable items are shipped via refrigerated containers. Rail is used for east-west routes while ocean is used for OCONUS locations. The rest of the shipments use full truckload ground transportation.

FSA has no official vendor relationships but they try and utilize as many transportation service providers (TSP's) as possible to retain interest from a broad pool of vendors.

Tender/FAR:

FSA procures all ground transportation services through GSA tender offers. They have their own rates for ocean and rail transportation. FSA currently does not use FAR based procurement.

IT/Training:

FSA uses GSA's TMSS. No formal training is provided

Data Collection/Analysis:

FSA does not forecast and responds to demand. FSA is reactive not proactive. Transportation spend is not evaluated.

About 70% of shipments are dry. Rough spending for FY08 and FY09 are \$150M and \$160M, respectively. Rail spending averages around \$5M/year.

There are no metrics to track vendor performance. Information about vendor performance is acquired by within the office but not documented, i.e. knowledge gained on the job.

Other:

FSA has the expertise and experience for ocean/off-shore transportation.

Agency: Dept. of Commerce (Interviewed November 2, 2009)Organization:

The Dept of Commerce's Travel Management Division (TMD) sets transportation policy for the agency based on the Federal Transportation Regulation (FTR). The policy is supposed to be standardized across the agency but has no way of knowing if the individual bureaus are following them. There is no real oversight of the bureaus and no way to monitor them.

The Bureaus set their own practices to meet Commerce policies. OCONUS moves are supported by the Foreign Commercial Services Office.

Procurement Process:

All TMD employees (and their equivalents at each of the bureaus) are authorized to procure transportation services.

TSPs submit rates in response to Request for Offers (RFO) during the open filing window to provide transportation services for the movement of household goods. They have a low HHG volume—6 relocations so far this year. Generally HHG shipments are LTL ground.

Tender/FAR:

Commerce uses the tender rates provided by GSA Centralized Household Goods Traffic Management Program (CHAMP). CHAMP contains an online TMSS system that allows users to retrieve rates.

Commerce exclusively uses rates available from GSA tenders.

IT/Training:

Commerce uses GSA's Centralized Household Goods Traffic Management Program (CHAMP). There is no formal training program.

Data Collection/Analysis:

The Travel Management Division does not know the budget for HHG moves. Budget is set a bureau level and executed by TMD. Some bureaus have dedicated budget analysts while others have acquisition officers handling the transportation budget. Forecasting at the bureau level is limited to the budgeting process. Commerce estimated that 95% of its transportation cost is CONUS. Spend is tracked by each bureau and not by TMD.

Other: None

Note: The Commerce Dept's Travel Management Division could be eliminated if GSA assumes the TMD role and allows the Bureaus to call them directly. Personnel in TMD could then be distributed out to the bureaus where it seems the authority (decision and budget) resides.

Agency: Dept. of Commerce – NOAA (Interviewed November 9, 2009)Organization:

NOAA follows the Federal Management Regulation, Subchapter D-Transportation for transportation policy, which covers freight and HHG shipments. NOAA receives occasional amplifying policy guidance on freight and HHG from the Department of Commerce along with package shipment policy. The Department of Commerce policy to its Bureaus (including NOAA) is to use the FSSI contract for express and ground domestic delivery services. Transportation management is decentralized across NOAA, but the policy and processes used are the same. Transportation management employees at the three transportation offices (Maryland, Norfolk, and Seattle) of NOAA are authorized to purchase transportation services. The transportation management office has a small budget that primarily covers salaries and operating expenses. They procure transportation services on behalf of their customers. Each customer is responsible for obligating their own funds. NOAA purchases transportation services for freight, FedEx's freight heavy offering, household goods, express and ground domestic delivery services. The primary mode used is ground. NOAA ships household goods, equipment, furniture, vehicles, exhibits, and some HAZMAT.

Procurement Process:

Three transportation managers at NOAA ensure that the execution of policy is met through standardized processes. The one exception to this is in the procurement of freight shipment. The Brandywine, MD office calls a GSA contact who acts as their interface with TMSS. The Norfolk, VA and Seattle WA offices access TMSS directly.

For freight, NOAA works with GSA to schedule shipments or uses FedEx for items that conform to FedEx's heavy freight requirements. If an item conforms to FedEx's freight heavy requirements, they will compare price to see if it more economical to ship the items freight or FedEx. Old policy stated if freight was over 150 lbs the customer had to ship the items as freight and not via FedEx. The Department of Commerce has not renewed the policy and with the new FedEx freight heavy option, the customer can use either Dept. of Commerce freight or FedEx regardless of the weight of the shipment. GSA enters the information about the shipment into TMSS and provides NOAA with rate quotes. If a onetime quote is needed quickly, GSA will not use TMSS, but will call TSPs that he knows can provide the service. The two other NOAA transportation offices, Norfolk and Seattle, access TMSS directly.

For household goods, all of NOAA uses GSA's move management program (CHAMP). Transportation information is submitted to the TSPs who then recommend mode to GSA acting on NOAA's behalf. GSA communicates this information to NOAA, and the recommendation is usually followed. The primary mode is ground. Freight class is based on the information given in transportation request from NOAA. Cost-sharing and collaboration with other agencies does not occur. The customer pays the TSPs directly so the transportation management office does not get involved with the payment processing.

Tender/FAR:

For freight, NOAA uses GSA tenders or FedEx. For household goods, NOAA uses GSA's move management program. NOAA used to obtain their own tenders which they felt offered better rates than what is available through GSA. That policy was changed by a previous Administrator.

NOAA only uses FAR when rates for a particular lane are not available in TMSS. For example, NOAA has several small but recurring shipments to remote Alaska that can be reached via boat or air. In this instance they issued an RFP to obtain transportation services. NOAA does not use FAR because it is more time consuming than the tender process.

NOAA believes other agencies are getting better rates than GSA because they are specifying anticipated volume to the TSPs, and GSA is not providing volume estimates. When NOAA used to do its own tenders it would get better rates than the ones GSA provided. NOAA got lower rates because it would negotiate with a few TSPs and share historical shipment volumes to leverage their volume. A previous Administrator of NOAA changed policy to use GSA tenders because of the perception of risk of only using a handful of TSPs.

For freight, NOAA uses GSA tenders or FedEx (Freight Heavy). For household goods, NOAA uses GSA's move management program (CHAMP). They do not use tenders from other agencies.

IT/Training:

The only IT support NOAA has is TMSS, which is utilized when NOAA does freight shipments using the GSA tenders. NOAA thinks TMSS is not user friendly and lacks options for ocean and air TSPs. There is no formal training, only on the job training and shared organizational knowledge.

Data Collection/Analysis:

There is no forecasting used to anticipate future demand for services. The transportation management office does not formally analyze year over year demand for services. NOAA does not have any formal relationships with TSPs. Most inbound costs are buried in contracts that stipulate FOB delivery. The Maryland office has 80-100 household goods moves per year. As a whole, NOAA does about 175 household goods moves per year. As a whole, NOAA did 120 freight moves in FY08 and 60 in FY09. This drop in shipments can largely be attributed to increased use of FedEx through their freight heavy program.

For freight and FedEx freight heavy, transportation spending is primarily CONUS. There are occasional shipments to Hawaii, Alaska and Puerto Rico. For household goods, 95% of transportation spending is CONUS. The remaining 5% of moves are for NOAA Commissioned Officer Corps OCONUS moves. GSA captures NOAA's transportation spend in a database. However, data is not evaluated. TMSS contains a Customer Satisfaction Index (CSI). CSI is a performance metric used to evaluate the TSPs participating in GSA's tender process. Customers fill out a form evaluating the TSPs. The CSI measures the customer's satisfaction with a TSP's performance. The CSI is comprised of 70% cost and 30% quality. (3.6) GSA used to charge agencies a 4% fee for freight shipments executed through TMSS but now charges TSPs that fee.

Other:

NOAA thinks it would be more cost effective for the Government to have GSA offer a 3PL-type service to manage the transportation process rather than having agencies hire a GS-12 level employee to manage transportation.

Agency: DoD – Air Force Air Mobility Command (A4T) (Interviewed December 10, 2009)Organization:

Policy is standardized across 12 AMC bases. Rates structure is also standardized for DoD. A4T has centralized policy and decentralized execution. Policy is set at AF HQs (Pentagon). A4T adheres to DTR, AF instructions, JFPR, and JTR.

Procurement Process:

Individual Transportation Manager determines the best value for shipment/cargo. Priority of shipment dictates mode. International shipments are either sea or airlift. If a shipment is over 300 lbs, with priority 1, it will be shipped by a commercial carrier. If shipment is over 300 lbs and AMC channel movement is chosen, the shipment is passed through the Air Clearance Authority (ACA) for approval. There's no challenge mechanism for commercial shipments. Distribution Flight Chief or TMOs and their designated agents are authorized to purchase transportation.

Each installation inputs budget requirements and receive funds directly from AF HQs. They do not go through A4T for funding, but if funding runs out, installations go to A4T to request additional funds.

Tender/FAR:

A4T uses tenders sparingly, about 20% or less. A4T prefers FAR-based procurement. 80% of shipments are under FAR contracts. A4T tries to stay away from tenders because of the unknown accessorial causing cost to be more than what originally estimated. Tenders are not time definite like FAR. It provides flexibility, however, it's not cost effective. A4T uses GSA small package program, similar to the WWX. A4T use DTCL at aerial ports.

IT/Training:

IT systems use by A4T are PowerTrack and CMOS for billing, carrier shipping system and bills of lading system. There's no formal training within A4T

Data Collection/Analysis:

A4T does not forecast. A4T does not have Command metrics because everything is done are dictated by law. There is an inspection system Logistics Standard Evaluation Program (LSEP). If bases keep metrics, it would be very few. Statistics are not readily available.

Other:

Participates in the Distribution Steering Group

Best practice at A4T: allow traffic managers to make decisions and responsible for the budget.

Decentralized and put accountability & responsibility on installations.

Training could be improved.

If GSA becomes center of excellence, A4T will definitely use more GSA's services.

Agency: DoD – Army G4 (Interviewed December 3, 2009)Organization:

The G4 does not get involved in execution of transportation. They are a policy arm and not involved with operations. They are proponents for a few regulations such as Defense Transportation Regulation (DTR). Other relative policies to transportation are Army Regulation 59.5, AR55-xx, and AR56.4. Second destination transportations (SDT) are done within this office. USTRANSCOM is the Distribution Process Owner (DPO) and therefore executes and procures transportation.

Procurement Process:

NA

Tender/FAR:

The Department is moving toward FAR-based procurement to avoid usage of tenders out of convenience.

IT/Training:

Army uses GFM as booking system and PowerTrack to pay and audit bills. GFM program office provides training to include online. G4 also can get training from transportation school.

Data Collection/Analysis:

G4 has access to different systems for data such as PowerTrack for billing and GFM for booking information. However there are no formal metrics established.

Other:

Users are given the flexibility to choose mode, however there's also a process acts as a "challenge mechanism" to ensure shipments are shipped by proper mode.

One good practice G4 uses is the "not to exceed rate" within DTCL.

Working group to communicate issues, best practice and lesson learned.

Additional security measures to be placed on domestic small package.

Agency: DoD – DTCL Program Office (Interviewed December 9, 2009)Organization:

DTCL uses Menlo Worldwide Logistics as 3PL/Transportation broker for all DoD “Freight All Kinds” (FAK)/General Commodity within CONUS (48 states). All Services and DoD components receive the same service and rate structure through DTCL. DTCL is driven by the Defense Transportation Regulation. Policy is driven at TRANSCOM level with inputs from OSD and Services.

Procurement Process:

Only the sites set up with DTCL can use the service. Once participating with DTCL, the same procurement process is used across all modes. Transportation Officers determines the mode depending on his/her needs. DTCL only ships FAK and general commodity within the CONUS (48 states). Transportation Working Capital Fund (TWCF) is used to pay for DTCL services.

Tender/FAR:

DTCL uses FAR for FAK within the 48 states. For other shipments, tenders are used.

IT/Training:

DTCL uses EDI, GFM, DSS and a Menlo provided system as interface tool with DoD systems. DTCL office provides training for sites who wants to implement DTCL. GFM has training sessions as well as transportation school.

Data Collection/Analysis:

DTCL office evaluates Menlo’s performance often. Menlo is contracted to provide status reports to DTCL program office once a month. These metrics are evaluated and verified by Unisys Corporation. Metrics include: number of site implemented, % of on time delivery and pick-up, % of system up time, % of small business purchasing transportation, % of overage, shortage, and damage, claims cycle time, and gross freight cost avoidance.

Other:

DTCL is a second destination transportation initiative therefore does not track in-bound freight. One of the lesson-learned is to involve services early on in the planning process so everyone receives the most information possible that will ensure better transition when the program is rolled out. Perform thorough analysis of in-house procurement option before going with a 3PL provider. In the long-run, as DTCL picks up more sites and more people use it, the system will be able to optimize and consolidate to enable higher efficiency.

DTCL Implementation Phases:

Phase 1–3: 67 sites

Phase 4: additional 30 sites

Phase 5: GSA

Phase 6: economic analysis

DLA is scheduled (TBD and negotiating) to tentatively roll out in the DTCL initiative.

Agency: DoD – Naval Operational Logistics Support Center (NOLSC) (Interviewed October 9, 2009)Organization:

NOLSC serves as the Navy Single Process Owner (SPO) for Fuel, Ammo, and Transportation. Policy is standardized and that NOLSC is the SPO and also the budget holder for the service. NOLSC is the authorized sources of purchase. Purchase authorization used to reside with Services, but now as the process owner NOLSC is positioned to execute.

Procurement Process:

The service did not care how material is shipped and the cost involved. If it is a recurring transportation item, a contract with TRANSCOM will be established. If a short notice emergent requirement arises then NOLSC will find an available Tender to execute under which makes it easier because these are pre-approved carriers. There is one single process for NOLSC: TRANSCOM. NOLSC acts as the broker for this service and uses the same process for all modes... NOLSC determines best mode based on commodity and priority, however, it is purely commodity driven. Most every customer requests air shipment, if the commodity is Wood, etc. then it is diverted to surface. All requested air shipment must be cleared through the air clearance authority (ACA) which has become a Navy policy as air shipment has been the most abused mode of transportation. AMC is the prime mover for items that are TPFDD through the system. AMC is not a for profit business so they cannot compete with industry and as a result are very inefficient and ineffective unless it is mass movements associated with strategic lift for large scale operations.

Tender/FAR:

NOLSC was unhappy to see that Tenders are on the decline because they are the most effective ways of moving short order items. Rates are negotiated by TRANSCOM and established through contracts to include small packages like FEDEX. NOLSC has no Tenders and uses other agency Tenders to accomplish the task.

IT/Training:

NOLSC uses MANUGISTICS software and employs an ERP system. Training is poor and this is a big problem for NOLSC. There is no formal certification like Defense Acquisition Workforce Improvement Act (DAWIA) levels in contracting.

Data Collection/Analysis:

Tenders are 20% spend and contracts are 80% spend. Tenders percentage would be higher if they were more plentiful. Funding are determined by historical spend. There is some forecasting that is done in the operations analysis branch. NOLSC has a department of operations analysts who constantly review and run statistics and data review on the modes and efficiencies of each mode and employ Six Sigma among others to determine most efficient/effective means. Most all information collected is in house. Services report up through NOLSC but reporting is only as good as those analysts who capture it properly. They can pull the metrics but do not routinely look at them. The only metric of concern for NOLSC is RDD (Required Delivery Date).

Other:

One of the biggest problems service-wide was when a part in the system was unavailable, the customer procured it and did not ship the item FOB origin. Customer shipped the part FOB destination for ease of use but the exorbitant costs of transportation were invisible to the customer and they did not care.

NOLSC manages the entire process to include inbound shipments...full visibility.

NOLSC constantly looks to reduce cost. Since NOLSC started this aggressive program of taking ownership for the transportation last year they have shifted 30 to 40% of the Air shipments to Surface shipments. They have saved over \$12-15M in managing by mode.

One of the biggest savers they are currently exercising is Opportune Lift. They now have visibility into all Atlantic Fleet and Pacific Fleet assets and use a code TP4 to load those aircrafts that are already paid for that have completed the one-way mission and are returning empty. This utilization has been key.

Agency: DoD – Navy Household Goods (Interviewed November 25, 2009)Organization:

Navy HHG focuses on the execution of transportation policy. Policy and standardization are centralized within SDDC. Navy would like to do a regional national solicitation contracts by taking the working through centralized centers as much as possible and take the burden off the local offices where possible.

Procurement Process:

The service member has decisions in driving the move and cost. I.e. the government could move all their stuff or Do IT Yourself (DITY) move (95%) of what government would have paid. For example, member may elect to move only part of their shipment and do the rest by self move. That situation can create a half a truck shipment to intended state and could be charged more instead of a full truckload based on volume and time of year, etc. The software controls modes but the offices may have a certain degree of latitude to move a shipment. Navy HHG may have a choice of certain modes, but mostly driven by customer. Navy HHG primarily uses ground and ocean, long and short truck, or 1000 lb quick ship by air locally. Most of the costs are constrained by the JFTR and JTR, i.e.: extra weight above and beyond allowance is paid by member. Therefore to some degree the cost of the move is bound with policy constraints.

SDDC is responsible for the program by which locally Navy HHG selects its carriers. SDDC is responsible for the systems and rank order moves for CONUS and OCONUS with a few exceptions for local moves that have to happen or small quantity or unusual moves that Navy HHG has with a local contractor in place. SDDC establishes rates but they are based on origination and destination of shipments. Carriers are rank ordered in that rate.

Tender/FAR:

Tenders are embedded in the larger SDDC system. Small moves are contract vehicles through Direct Procurement Method (DPM).

IT/Training:

Navy HHG uses Defense Personal Property System (DPPS), Transportation Operational Personal Property System (TOPS), web-based virtual TOPS. Lack of training leads to a greater push to centralize.

Data Collection/Analysis:

Navy HHG keeps metrics on spend and cost per move for their own benefit but the people who manage the checkbook are N10 & DFAS. N10 is the budget holder and forecaster of personnel requiring shipping, they provide the rough order of magnitude and budget, Navy HHG executes.

The new system ranks carrier by best value not by low cost. The service member rates the carrier and score is factored in the ranking process.

Agency: DoD – Office of Secretary of Defense, Transportation Policy (Interviewed December 3, 2009)Organization:

OSD is the policy setter for the services (DoD level). OSD has instruction that it promulgates but it is TRANSCOM who they work with as Distribution Process Owner (DPO) to provide input to the authoring of the DTR. Policy is standardized by TRANSCOM. OSD sets the DOD policy level but it is very broad. Most of OSD influence is via a chair at the DSG (Defense Steering Group) which meets quarterly, participants include OSD, DLA, TRANSCOM, GSA, etc.

Procurement Process:

TRANSCOM is the centralized acquisition authority for policy, OSD has no acquisition authority. Most of the acquisitions happen and are set at SDDC. SDDC is authorized to purchase transportation services for DoD.

Tender/FAR:

N/A.

IT/Training:

N/A.

Data Collection/Analysis:

Forecasting is done at the service level and not applicable for OSD as they are the pure policy setters. There are numerous financial systems across the services, for example, Power Track is used for the tracking and paying of bills. TRANSCOM and DLA primarily track the costs and report them to DoD. Transportation spending is evaluated quarterly at the DSG.

Other:

***OSD's primary role is to drive three behaviors: do it smart, do it effectively, and do it this way. In conjunction with the DSG they share lessons learned for better processes and for doing business.

***OSD gain best practices through companies like PRTM, RAND, LMI, etc.

***IF GSA would really like to make an impact, consider regional stocking of their inventories forward for use across many US agencies and government. For example, if GSA could they would provide a method of visibility of their stocks in Kuwait for the embassy, etc. to purchase U.S. items locally rather than order from the states. There could be great benefit in a forward stockage policy and process. Provide visibility to overseas customers & map them to overseas stocks vice back to CONUS would be a tremendous opportunity for GSA.

***GSA has made incredible progress between 2008 and 2009, they do need to consider their rates they set and become more efficient like DTCL.

Agency: DoD – Surface Deployment and Distribution Command (SDDC) Freight (Interviewed December 9, 2009)Organization:

Policy is set at OSD level with coordination and inputs from different Services' policy divisions/sections. Transportation policy, rates and business process are standardized across DoD. Transportation Officers (TO) at each installation is authorized to book transportation services. Transportation officers are given the flexibility to select the mode of shipment.

Procurement Process:

For domestic, SDDC Freight uses bills of lading and can be paid through PowerTrack. Public vouchers are seldom used.

For international, SDDC uses TWCF funds IBIS/GATES as IT support system.

Freight class is not being used because carriers submit rates according to commodity code. Freight class 100 is the only one left for LTL shipments.

Partnership with associations (i.e. NDTA, ATA) and its members; when a transportation officer has a specific preference for a particular carrier, he/she needs to document his/her choice for the TSP.

In-bound freight is considered 1st destination (from vendor to installation/depot). SDDC does not track 1st destination. This is being negotiated by DCMA and DLA.

Provide services to White House and Department of Energy.

Tender/FAR:

Tenders are used for domestic shipments by Bills of Lading. FAR are used for international shipments and most are ocean. Each method has its own advantage/disadvantage. For the amount of shipping that DLA does, they cannot make calls for each shipment to look for tenders so FAR would make better sense. The interviewee stated that SDDC should use each method to its described effectiveness and efficiency.

IT/Training:

PowerTrack – payment

IS DDC – a data mining tool

IBIS/GATES – for international shipment.

Transportation School at Fort Eustis. Training conferences and symposium. GFM has weekly training sessions.

Data Collection/Analysis:

Air - 22%; Ocean - 25%; Barge - 2%; Rail - 8%; Motor - 40%; Pipeline - 3%

This percentage of volume is through PowerTrack which only accounts for domestic shipments.

Transportation spending and metrics are tracked at Service level.

Other:

SDDC holds executive working group and carrier review board. Some involve all the way up to 4-star level.

GSA can use have access to GFM system with an MOU/MOA

SDDC uses GSA's BPA contract for small package and working well

Partnerships

Integrated distribution lane meetings to look at all segments of supply chain

Agency: DoD – United States Marine Corps (USMC) Transportation (Interviewed December 10, 2009)Organization:

Transportation policy, rate structure and process are standardized across DoD.

Procurement Process:

Transportation officers are given the flexibility to select the mode of shipment. Policy is set at OSD and TRANSCOM level with coordination and inputs from different Services' policy divisions/sections. USMC purchases air, ground, ocean movements for unit move and sustainment.

Tender/FAR:

USMC uses other agencies' tenders and GSA Small Package rates. USMC does not have any FAR based contract. It uses TRANSCOM's service.

IT/Training:

USMC uses PowerTrack for payment and CMOS.

Data Collection/Analysis:

Forecasting is not done because Marines are mission driven. USMC uses a lot of metrics from DLA's fusion center such as TDD standards and POF.

Other:

Have a staff of about 20 people to validate invoices and catch billing errors.

DLA and GSA should get on the same sheet of music as suppliers to speed up business process and service.

Agency: Dept. of Energy – HAZMAT, HHG, and FedEx (Interviewed November 23, 2009)Organization:

Transportation is decentralized across the DOE sites and each site is autonomous. There is standardized policy across the agency but the policy exists at a high level. The policy includes transportation requirements and GSA regulations. However, the individual sites have their own procedures in place to meet the requirements. There are 100+ sites procuring transportation inside the DOE. There is no oversight into how each site is executing. Each site sets up their own individual automated transportation management systems (ATMS) and only contact HQ if they need a specific rate that is not in the system. There are transportation specialists and contractors at each site. Each site pays for its transportation directly. For tenders, each site uses the rates that are stored in ATMS. There are transportation specialists and contractors at each site. Contractors have written authority to procure TSPs when rates are not available in ATMS.

Procurement Process:

DOE participates in GSA Federal Strategic Sourcing Initiative (FSSI) so they used FedEx to ship small packages. Under GSA FSSI, DOE will handle small packages for some agencies such as NASA and HHS. They also use tenders and FAR to procure transportation. DOE purchases transportation services for FedEx small packages, HAZMAT freight, and HHG. Mode determinate is not standardized through policy. The individual sites have their own procedures in place to meet the high level agency requirements. Each site has a transportation specialist and contractors. The transportation specialist uses ATMS when using tenders and has the following modes available to ship by: LTL, truckload, air, rail, and a small amount of ocean. When using the FAR, the contractor decides which mode to use. There is no line item in the budget for transportation and each site pays for its own transportation. DOE sites use historical volume of waste to forecast. They provide these forecasts when looking for bids from TSPs. They have a list of TSPs that they have tenders from which are stored in ATMS.

Tender/FAR:

DOE sites have department wide tenders that are negotiated every two years. They negotiate tenders for truckload, LTL, and HHG. They do not charge TSPs the 4-6% fee that GSA charges. They participate in GSA FSSI for small packages. 80% of transportation services are procured with tenders and the other 20% using the FAR. They aggregate department wide freight to get what they believe are good rates. The individual sites use these rates as a base and negotiate off them. FAR acquisitions are for specific freight transportation. The waste isolation pilot plant, which handles nuclear waste, has carriers under contract. There are contractors at every site. DOE believes the advantages of tenders are that they are easier to negotiate and less time consuming (2 week process with tender in place). DOE has similar rates to GSA but think their rates are slightly better.

IT/Training:

They have an automated transportation management system (ATMS), which was built in-house 20 years ago in response to a report that claimed DOE could not control costs. They do a rate-route comparison. This is similar to what TMSS does but DOE thinks it is better. TMSS does not handle HAZMAT at all, including radioactive material. Each site sets up its own individual ATMS and only contacts HQ if it needs a specific rate that is not in the system. ATMS also handles pre and post payment audits. ATMS has no ability to track transportation spending. DOE has a basic transportation management workshop (2 in the last two years). These workshops cover how to do the transportation process and how to use ATMS. They also have 6 training modules that cover things like what tenders are and why and how to use them. There is specific ATMS training through ATMS.

Data Collection/Analysis:

In terms of spend, truckload is first, then air (FedEx small packages), HHG, and LTL. ATMS does not have the ability to track transportation spending and transportation costs are not broken out in each site's budget. Transportation management council is trying to standardize performance metrics. ATMS has some metrics.

Agency: Dept. of Energy – Regular Freight (Interviewed December 18, 2009)Organization:

Transportation is decentralized across the DOE sites and each field office is autonomous. Headquarters (HQ) does shipments for the 36 HQ program offices. There are 26 field offices and each has their own transportation budget and handles its own execution. HQ sets policy for all of DOE regular freight and issues guidance to the field offices. However, the individual sites have their own procedures in place to meet the policy. HQ has no oversight into whether each field office is executing to policy.

Procurement Process:

They ship freight such as servers, large displays, etc.

They use GSA tenders and the FAR to procure transportation. HQ handles the transportation for the HQ program offices. The individual field offices each have their own transportation budget and procure their own transportation, independent of HQ.

At the HQ level, the transportation office sets up the transportation for the program offices, pays the invoice, and then bills the program offices.

They primarily ship domestic.

Tender/FAR:

They use GSA tenders. For large shipments, such as displays, they use the FAR.

IT/Training:

They use GSA TMSS for tender procurements. They capture the spend data from the invoices in excel spreadsheets.

Data Collection/Analysis:

Demand is forecasted based on prior year spend and increasing by a percentage factor.

They track spend for freight, but inbound costs are not broken out separately. The field offices send in spend data once a year. For HQ alone (not including the field offices), in FY09, they spent \$33,864 outbound transportation. For the whole department, including HQ and the field offices, they spent \$1,483,636 on outbound transportation. They capture this data in excel spreadsheets.

They do not have metrics in place to measure TSP performance.

They primarily ship domestic, but they do not break out the data by domestic and international.

Other:

They do not do transportation for other agencies.

They said GSA used to have class on different methods of shipping and would like to see more.

Agency: Government Printing Office (Interviewed Dec 9, 2009)Organization:

GPO ships on a customer basis and acts more as a retailer than a wholesaler.

There is a centralized procurement office that sets the policy and decides whether a job should be outsourced or done in-house. No insight into the breakdown of jobs done in house vs. outsourced ones. GPO uses its own tenders to procure transportation for the jobs done in-house.

Procurement Process:

They primarily ship small packages and freight by air or truckload.

There are two types of jobs GPO does. For in-house jobs, GPO receives a requisition for printing from an agency or DOD and the job is performed by the GPO. The other type of job is when GPO receives a requisition and then outsources it to a commercial company. Work is outsourced to commercial companies based on bids they receive from them. In this case, transportation costs are not broken out by the contractors but are included in the total price of the job.

GPO has its own discounted rates on file with TSPs. They do a quick search of GSA TMSS to verify GSA does not have a rate better. Mode is based on customer requirements. Air shipments go out to 5 TSPs for quotes. GPO participates in GSA FSSI.

GPO uses FOB destination for outbound jobs that are costly to the customer. In this instance the contractor uses his own TSPs and selects the mode. FOB destination charges are high because contractor takes control of the shipping. Most agencies want shipments without regard to cost. GPO thinks they should rethink FOB destination because it is too costly. GPO does not forecast demand for future years.

Tender/FAR:

GPO has its own tenders. Sometimes it will check GSA TMSS to verify GSA rates are worse. Some TSPs have tenders on file and they try to stay competitive with TMSS rates. GPO does not do FAR based acquisitions.

IT/Training:

The only IT GPO has is TMSS when it checks GSA rates.

GPO does not have any training but is interested in obtaining training.

Data Collection/Analysis:

GPO keeps a log of spending more for checking and balancing and error checking than demand planning. Ground is the primary mode with \$80k in spending. Transportation spend is not evaluated.

GPO does not have any metrics in place to capture transportation data and TSP performance.

Other:

GPO has no formal relationships with TSPs outside of updating rates.

GPO does not manage and is not involved with in-bound transportation.

Agency: GSA Freight Management (Interviewed October 14, 2009)Organization:

GSA Freight Management Program oversees the GSA tender program available to other government agencies, but does not actually ship anything. GSA maintains general rate quotes from approximately 1500 TSPs across modes. The Transportation Management Service Solution (TMSS) automates the procurement of ground shipments with detailed information available by lane. This system contains tenders that are available to all civilian agencies. GSA also maintains tenders for ocean, air, and rail but those are not accessible through TMSS. GSA also negotiates standing route orders (SROs) for individual agencies for more specific or unique transportation needs. These tenders are only available to the agency requesting the service. There are 15 negotiated SROs and GSA knows specific transportation data for these. GSA customers set their own policy but have to follow a specific tender process outlined by GSA's standard tender of service (STOS). STOS serves as the base document for the transportation of Freight-All-Kinds (FAK) shipments by the agencies that participate in the program.

Procurement Process:

For the agency using GSA to procure transportation, the mode and uniqueness of the transportation determines the process. The customer uses TMSS to access the GSA rate tenders for ground transportation. For ocean, air, and rail, the agency must contact GSA freight management for the specific rates. GSA updates their rates for ground transportation twice a year, and once a year for air and ocean. There are two types of rate structures, general rates and SROs. General rates are higher because lanes are unspecified and there are 12,000 possible lanes. SRO rates are lower because lanes are specified and typically are negotiated for a specific agency. GSA captures obligation information for bills of lading generated in TMSS. Aggregate spending data is shared with TSPs at industry days. GSA does some forecasting based on historical volume.

Tender/FAR:

GSA provides rate tenders exclusively to their customers. GSA thinks they get better rates because TSPs are used to the tender process since that is how private companies procure transportation services. GSA has a strong relationship with industry. Using the tender process results in better rates because procurement is centralized and there is increased buying power. It is an open bidding process that allows complete visibility into the quote process and results in rates that are lower than the ones other agencies are able to obtain. The tenders are updated more frequently than rates obtained via a FAR procurement. The GSA freight management program does not use FAR because it hinders the ability to consolidate its buying power, requires a more in depth and lengthy procurement process than tenders, and is inconsistent with the process used by private companies.

IT/Training:

GSA uses a TMSS tool, where customers input their specific transportation information and look up GSA rate tenders by TSP. The capabilities and information contained in TMSS include: vendor identification, vendor bidding, vendor satisfaction information, and standing rates. TMSS currently captures only ~60% of actual spend. GSA is in the process of implementing a payment system which would require agencies to pay TSPs via the system, allowing GSA to capture ~100% of spend data. GSA provides the following training: TMSS training, training on how to access and utilize GSA rates, and training on how to perform "one time only" bidding.

Data Collection/Analysis:

Transportation spending and volume data is aggregated and shared with TSPs as part of the rate updating process, but not formally evaluated by government agencies. TMSS currently captures only ~60% of actual spend. GSA is in the process of implementing a payment system which would require agencies to pay TSPs via the system, therefore capturing close to 100% of spend data. GSA does not gather and analyze any formal performance metrics.

Other:

GSA has a lot of depots with significant in-bound transportation costs, but the freight management program is not involved with this.

GSA believes it is lacking the following: a shipping “smart tool” to identify optimal mode, freight class, level of service; specifically trained transportation experts to do the shipping; business intelligence; centralized shipment tracking; and shipping optimization.

Agency: GSA General Supplies and Services (Interviewed November 16, 2009)Organization:

There's no transportation procurement standardization across General Supplies and Services (GSS). Other than GSA 2901 series, there is no transportation policy. Policies are set at GSA OGP. The Transportation & Readiness Center (T&RC) is under the direction of Louis Neely. The office is new to GSS. This office provides oversight for the acquisition centers as well as the distribution centers. This office also serves as the liaison between the West, East distribution centers and the DoD. T&RC does not interface with non-DoD offices. T&RC interacts with Services, USTRANSCOM, DLA, OSD Transportation Policy and OSD Supply Chain Integration. T&RC does not set policy, however it is responsible for communicating DoD and/or policies to its regional centers. This office only books shipments for surface or ground movement from its furniture commodity centers and is not involved in rates negotiation. T&RC reviews transportation data in order to provide good oversight and communications to its centers as well as serve its customer more effectively. T&RC is trying to create a network of transportation specialists within T&RC. Transportation services are purchased at GSS's regional distribution and acquisition centers.

Procurement Process:

T&RC strictly uses freight class Freight All Kinds for all its shipments. Surface and Ground transportation are used.

Tender/FAR:

NA

IT/Training:

Other than its own internal IT systems CSC and FSS19, T&RC uses DoD Defense Travel System (DTS).

Data Collection/Analysis:

Specific transportation cost cannot be extrapolated from the surcharge related to customer's order. From 2008 to 2009, T&RC handled a total of 420 shipments, 654 vans and 391 tags. T&RC system does capture cost of all its distribution and acquisition centers. T&RC manages by customer metrics such as customer wait time, IDL, IBS, pick-pack ship time.

Other:

The office has a good working relationship with YRC (Yellow and Roadway). The office does not manage its in-bound freight.

Agency: GSA Household Goods (Interviewed October 28, 2009)Organization:

GSA customers set their own policy but have to follow the specific tender process outlined by GSA Household Goods Tender of Service (HTOS). HTOS specifies standards for transportation, accessorial services, and storage-in-transit of the personal effects and property of federal employees relocating to another duty station. It also establishes documentation and reporting requirements. Some agencies have a single, centralized office that procures transportation services for the entire agency while other agencies have a decentralized HHG organization.

Procurement Process:

There are two types of processes for procurement of transportation services: general purpose and move management. General purpose support involves a customer agency using the Centralized Household Goods Traffic Management Program (CHAMP) to identify a list of potential carriers (approx 250 TSPs) and their rates. Customers can enter their detailed move information and cut a bill of lading using CHAMP. Currently, payment isn't required within the system therefore customers can contact the preferred TSP and the process ends outside of the system. Move management support is a one-stop source option that GSA offers a customer for relocation needs where GSA handles the entire transportation process for the customer. In most cases the agency shipping the items determines mode and freight class. However, for household goods LTL is the primary mode. Along with American Moving and Storage Association (AMSA), GSA Household Goods has an open bidding process to update rates available through its tenders. GSA invites TSPs to submit rates to provide transportation services for the movement of household goods via the Request for Offers (RFO) process. CHAMP is available to the every federal agency. The biggest users of GSA's HHG services (CHAMP and move management) are Dept. of State; DOJ – DEA, FBI, US Courts; Dept. of Commerce; Dept. of Agriculture; Dept. of Interior.

Tender/FAR:

GSA Household Goods strictly uses GSA tenders to obtain transportation. The tender system that GSA offers for HHG is based off of a discount to commercial tender pricing. GSA Household Goods does not use the FAR. FAR is not industry standard. The process of procuring transportation services under the FAR can take much longer and be far more expensive than the process under rate tenders.

IT/Training:

GSA's Centralized Household Goods Traffic Management Program (CHAMP) is an online TMSS. The current version of CHAMP does not allow for payment to be made through the system, but the next release will have that functionality. GSA Household Goods has TMSS training. It also has a training branch that customers can pay to use – Federal Travel Regulations (FTR) training. GSA Household goods will also go onsite to agencies to train their personnel on transportation.

Data Collection/Analysis:

GSA forecasts aggregate anticipated demand annually, using factors such as changes to operational tempo, historical trends, and external factors such as administration changes. Actual demand is compared to forecast on a quarterly basis.

GSA Household Goods captures the net spend and volume of all the agencies participating in CHAMP based on bill of lading data generated in CHAMP and shipping reports that the TSPs send to GSA. Aggregate spending is reviewed on an annual basis to be used for business planning and demand planning that is shared with TSPs. 85% of transportation spend is CONUS and the other 15% is OCONUS.

The Customer Satisfaction Index (CSI) is a performance metric used to evaluate the TSP participating in GSA's CHAMP (70% cost and 30% quality) that may increase TSPs scope of operation. A CSI of 100 indicates average customer satisfaction. Every customer can view the CSI of each TSP in CHAMP.

Agency: Dept. of Health and Human Services (Interviewed October 20, 2009)Organization:

The Logistics Policy Division (LPD) sets a baseline policy that must be followed at the operating division (OPDIV) level; however, the OPDIVs have the freedom to add their own policies as well. Logistics Policy Division sets policy on what rules must be followed but does not dictate the process of how procurements are made to the OPDIVs. The staff is comprised of two government employees and a contractor.

Procurement Process:

HHS is a decentralized agency. Its three main operating divisions (or OPDIVs), National Institutes of Health, the Center for Disease Control and Prevention, and the Indian Health Service, operate independently from one another with limited oversight from HHS. General guidance is that items will be shipped at the required level of service with the lowest overall cost to the government. HHS uses tender rates established by GSA. They will use FEMA to procure transportation services as part of disaster recovery efforts.

Anticipated demand for transportation services is not shared with service providers. Mode of transportation varies depending on what the mission situation and objectives are, although the primary mode of transportation is truck.

LPD does not have any insight into what types of services the operatives are procuring or whether they are following policy.

Tender/FAR:

The HHS Logistics Management Manual (LMM) specifies that for non-hazardous material, only tenders that conform to the GSA Standard Tender of Service (STOS) should be used. Despite LMM guidance, HHS procures its transportation using both GSA tenders and FAR. Anecdotally, this is a decision heavily influenced by convenience.

IT/Training:

HHS uses GSA's Transportation Management Solution System (TMSS) to procure transportation services. There is no training.

Data Collection/Analysis:

Percent spent on type of transportation, commodities shipped, or location needing the service is not tracked.

Other:

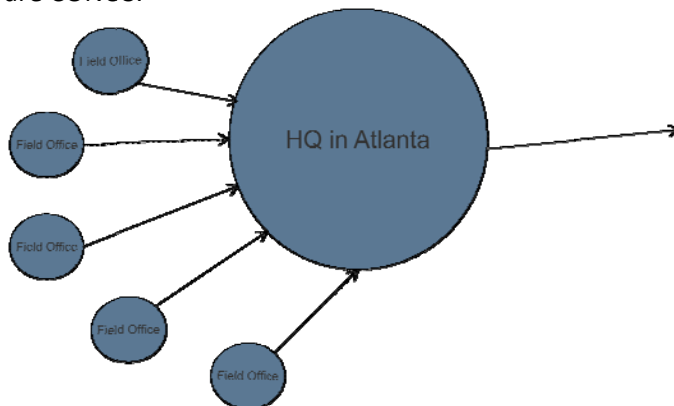
Budgeting is done at the OPDIV level. HHS is of the opinion that GSA tender rates are not always up to date. They feel that they can get a better rate through FAR-based acquisitions. HHS would like to evaluate ways to better consolidate transportation procurement to leverage volume.

Agency: Dept. of Health and Human Services – Centers for Disease Control (CDC) (Interviewed December 18, 2009)Organization:

The CDC has a decentralized transportation office. HQ is in Atlanta. HQ sets policy. Every CDC location ships packages and freight. The individual CDC offices ship everything directly to HQ in Atlanta. HQ consolidates all the office location shipments and then arranges the transportation for all the shipments out of HQ to their final destinations. HQ determines the mode of transportation. Each office does not have its own transportation officer. There is one transportation officer for all of CDC.

Procurement Process:

The individual CDC offices ship directly to HQ in Atlanta. HQ consolidates all the offices shipments and then arranges the transportation for all the shipments out of HQ to their final destinations. For domestic shipments the CDC primarily uses FedEx. For international shipments they use freight forwarders, FAR contracts, and FedEx. For all international shipments, if FedEx cannot handle the shipment, then there is an open bid process with 5 freight forwarders. In terms of transportation mode, they do some ground, but mostly air and water. The types of items being shipped are specimens, diagnostics, chemicals, HAZMAT, equipment, and computers. 60% of shipments are OCONUS and 40% are CONUS.

Tender/FAR:

CDC uses some tender and some FAR. For domestic shipments the CDC primarily uses FedEx. For international shipments they use freight forwarders, FAR contracts, and FedEx.

IT/Training:

Currently, the CDC keeps all its records in paper format. They expressed interest in having an IT tool. They have to maintain certification. CDC has HAZMAT training.

Data Collection/Analysis:

The individual offices have their own transportation budgets. They also do their own demand forecasting based off historical spend data. They have some performance metrics to monitor who is most efficient.

60% of shipments are OCONUS and 40% are CONUS.

Other:

Inbound transportation contracts have transportation cost broken out.

Agency: Dept. of Health and Human Services – National Institute for Health (NIH) (Interviewed December 17, 2009)Organization:

International outbound freight is centralized in one office while domestic is decentralized in multiple locations.

International and domestic HHG moves are done through Prudential moving company.

For domestic and international freight, they use DHL, FedEx, and specialized carriers. They use rate tenders for the specialized carriers. For domestic small packages they participate in the GSA FSSI. For domestic, they also use their in-house services, but this is in the process of being closed down.

Procurement Process:

International and domestic HHG moves are done through Prudential moving company.

For domestic and international freight, they use DHL, FedEx, and specialized carriers. They use rate tenders for the specialized carriers. For domestic small packages they participate in the GSA FSSI. For domestic, they also use their in-house services, but this is in the process of being closed down.

NIH will use their in-house services to pick up packages from the customer and deliver them to the TSP location. For in-house services, NIH obligates money for the customer then the customer reimburses them. For in-house services, NIH manages the move and billing. The customer pays the TSPs directly electronically.

Tender/FAR:

For outbound freight, NIH uses a combination of tenders, in-house, FedEx, DHL, specialized carriers, and a moving company. For HHG, they outsource transportation to Prudential moving company. They use their own tenders.

IT/Training:

They have training and certification for dangerous goods and HAZMAT every two years. They also have training and certification for project officers.

Data Collection/Analysis:

NIH has 20,000 outbound shipments per year. They track their in-house services but do not track the rest because the customer pays directly for those services. For HHG moves, Prudential tracks the shipments. They do not have any metrics.

Other:

They do not use GSA tenders because for international shipments they have the equivalent of what GSA offers.

Agency: Dept. of Homeland Security – Customs and Border Protection (Interviewed November 10, 2009)Organization:

DHS Customs and Border Protection (CBP) use GSA tenders for freight transportation. DHS does not have a centralized transportation management program. Like most divisions, Customs and Border Protection has its own transportation management program. There is a standardized rate structure across Customs and Border Protection because it uses the GSA tenders.

The transportation management program offices are authorized to purchase transportation services.

Procurement Process:

CBP's transportation office handles the TSP selection, bill of lading, policy and procedures but the customer pays the TSP directly for the transportation. A customer in the field sends a request for transportation to the transportation's office. In the request the customer includes transportation information like origin, destination, value of shipment, and accessorial details. The office uses TMSS to find potential TSPs, and emails a request for a quote to the TSPs. When a TSP is selected they prepare a bill of lading. It's forwarded to the acquisitions office and the TSP pickup is scheduled.

GSA purchases transportation services for freight. Every shipment is LTL ground (3-5 day service). Air mode is used for shipping drug dogs and Customs and Border Protection does not use TMSS for this because DHS has a contract with Continental Airlines.

The majority of the transportation is CONUS. OCONUS transportation is handled by the international affairs office.

Tender/FAR:

Customs and Border protection strictly uses GSA tenders and does not use the FAR.

IT/Training:

Customs and Border Protection uses GSA TMSS.

GSA transportation training has fallen off over the years. GSA used to have workshops and other resources but not anymore. The interviewee entered DHS 16 years ago with no transportation knowledge and learned everything from GSA. This is no longer the case for new transportation employees. There is a national mail program that he will accompany so he can talk about freight transportation in order to help train people. He also educates TSPs about government shipping when need be.

Data Collection/Analysis:

Customs and Border Protection does not evaluate transportations spending. They do not forecast to anticipate future demand. Spending on outbound transportation services is tracked by GSA. Customs and Border Protection spends \$300k-\$500k per year on transportation. The customer pays for the transportation.

DHS does not use any metrics to collect transportation data or to evaluate the performance of the TSPs. They assume the customer is happy if it continues asking for the same TSP.

Other:

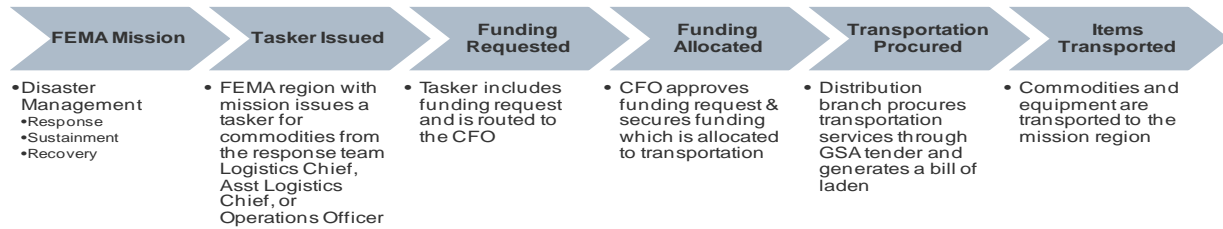
NA

Agency: Dept. of Homeland Security – FEMA (Interviewed October 13, 2009)

Organization:

Transportation policy is set by the Logistics Management Directorate and is executed through the Distribution Branch of the directorate. Transportation policy is standard across the organization, with the only differences resulting from whether the procurement of transportation services is emergent or routine. When responding to a disaster, FEMA may procure transportation services for HHS, CDC, and the American Red Cross. All offices in FEMA are authorized to use FedEx, UPS, or USPS to ship mail and small packages but only the Distribution Branch personnel is authorized to ship freight.

Procurement Process:



FEMA primarily ships freight via truck and air, and the procurement process is the same for each – GSA tenders are used. Approximately 92% of spending on transportation services is for shipment of freight via air and truck. The remaining 8% is spent on shipment of mail and packages via USPS, FedEx and UPS. When selecting a vendor, vendor performance is most important given time constraints and price is not the best indicator because money is not a major constraint. There is no budget for transportation. Money is requested when a mission arises. There is no planning; FEMA reacts to situations. The Distribution Branch has a small transportation budget that accounted for approximately 10% of total spend for FY09. FEMA does not forecast due to the unpredictability of the nature of their mission. Since funding is provided in an as-needed basis, FEMA believes that there is little benefit to forecasting, even in the aggregate.

Tender/FAR:

FEMA procures all of its own transportation using GSA tenders. FEMA could not react to emergent requirements if they used a FAR procurement, which is a timely process. Vendors are established and preapproved by GSA tender process. FEMA do not have the resources to pre-screen TSPs and reliability is vital during disaster relief efforts. There are GSA rates that are lower than what can be achieved via FAR because of the buying power achieved through consolidation of procurement. FAR locks in rates for the period of the contract while GSA tender rates are bid twice a year. Given the uncertainty of FEMA’s mission it is advantageous to have access to rates updated often.

IT/Training:

FEMA uses GSA TMSS. Other than on the job training, no formal training is provided to Distribution Branch staff

Data Collection/Analysis:

98% of FEMA transportation is CONUS, 2% is OCONUS. FEMA tracks its own spending, but GSA should capture this information as well because their bills of lading are processed through TMSS. Transportation spend is not evaluated. There are no metrics to track transportation data or to track vendor performance. Information about vendor performance is acquired by FEMA workers but not documented, i.e. knowledge gained on the job.

Other:

FEMA receives commodities and equipment in their own warehouses, but have no visibility into the cost of inbound transportation spending for those items. The inbound transportation cost is buried in the contract. FEMA has no official vendor relationships but they try and utilize as many TSPs as possible to retain interest from a broad pool of vendors. For mission critical needs, they only use major TSPs (no “mom and pop” providers).

Agency: Dept. of Justice – DEA HHG(Interviewed January 5, 2010)Organization:

The Dept. of Justice as a whole has a decentralized transportation organization, with each bureau within DOJ handling its own transportation. Within DEA, transportation management is centralized. The DEA does household goods moves. It does not have a centralized freight branch. They have a small package office.

Procurement Process:

Domestically they have 10 carriers and internationally they have 4 carriers. The DEA does household goods moves. It does not have a centralized freight branch. They have a small package office.

For international shipments, the DEA primarily ships by air and ocean. For domestic shipments, they primarily ship by ground.

The DEA does not use move management companies for HHG moves because they have a function that does this. DEA thinks move management companies are good for small agencies (less than 50 moves).

Tender/FAR:

DEA uses GSA tenders.

IT/Training:

DEA uses GSA TMSS to look up TSPs but does not use it for bookings and travel. DEA pulls TSPs from TMSS then books them through its internal travel system (relocation tracking system). The DOJ as a whole uses the Unified Financial Management System (UFMS). UFMS tracks money and does forecasting.

DEA built their own relocation tracking system (RTS). It handles relocation travel orders. It produces GBLs and other instructional sheets for customers. It also produces a travel folder that contains important forms for customers.

DEA participates in FTR class training. DEA also has training that covers standard transportation operating procedures.

Data Collection/Analysis:

DEA does 800 total relocation moves per year – 500 domestic and 300 international. The DEA transportation budget is \$50M/year. They track costs based on move type for domestic to domestic moves. DEA uses historical spend to forecast demand. The DOJ as a whole uses the Unified Financial Management System (UFMS). UFMS tracks money and does forecasting. However, they do not share forecasts with TSPs.

The DEA has annual carrier conferences. They use the GSA 3080 which is a carrier evaluation. They share these evaluations with the carriers during the annual carrier conferences. If the carrier is performing well, they keep them. However, if the carrier is not performing well, they get rid of it.

Agency: Dept. of Labor (Interviewed November 17, 2009)Organization:

There is very minimal regulation on shipment in DOL. Two individuals within DOL have guidelines for the postal meter and FSSI. No policy on freight. Each agency within DOL procures transportation differently. There's not one part of the organization that takes care of all shipment/transportation within DOL. Each agency within DOL is authorized to purchase services.

Procurement Process:

The process starts with a requisition follow by pick and pack and quality assurance. Volume and customer requirement drives mode of transportation. After mode is determined, DOL requests for quote from vendor. Vendor gives quote and Agency accepts and requests for approval via "shopping cart". Approval ends the process.

DOL uses different transportation services depending on the size, time and destination of shipment. Services are FedEx, freight or postal.

DOL use mostly ground transportation for domestic shipments and air for international. The volume and timing of delivery determines the transportation service mentioned above.

Tender/FAR:

DOL is not aware of GSA's tender program.

IT/Training:

No IT is used in the process. GSA sends out applicable training announcement for DOL. No internal training.

Data Collection/Analysis:

Shipment data are tracked but not closely managed. From March until November 2009, DOL spent \$130K on transportation services.

Ship to Veterans Administration and OSHA outside of US using Postal service for the total amount of \$74K, 930 shipments.

Actual spending is tracked by another organization within DOL.

Other:

There's one vendor who's been providing freight service for DOL for the past 30 years.

Accessorials are figured into the rate at the beginning so flat rate is all DOL gets.

Do not manage inbound shipment.

Agency: Library of Congress (LOC) (Interviewed December 18, 2009)Organization:

Policy is centralized and execution is decentralized. Policy is set within Office Systems Service office and procurement is decentralized. Each unit is authorized to purchase transportation services. Different locations/units procure their own shipments therefore maybe getting different rates.

Procurement Process:

Process is different for each unit because of decentralization. Recurring shipments are procured through FAR-based contract with a TSP. Each unit receives funding for operations. However, they do not seem to break out their spending categories so transportation cost is not easily tracked. The lowest level of charges is at the department level. Details below this are not available.

Tender/FAR:

Both tenders and FAR are used. FAR is used for recurring shipments.

IT/Training:

LOC uses TMSS when it needs to shop for or use GSA's rates. There is no formal training, only on the job training.

Data Collection/Analysis:

LOC manages and evaluates their inbound transportation cost more closely than their outbound because dollar value can be very high, i.e. art collection from Europe . LOC estimates roughly 25% of total transportation cost is inbound.

Unsure of the total cost of transportation by LOC because execution is centralized and doesn't require reporting.

Does not track TSPs performance frequently but do have tracking mechanism.

Other:

LOC has its own transportation unit so this is an option for LOC to transport items. LOC's fleet can transport things and people.

LOC has a storage facility in Fort Meade and has a heavy duty truck to transport things back and forth to sites.

Interviewee's general observation: Ideal thing for LOC would be that all shipments should go through a central point to ensure the best price, know that metrics are met and standardization.

Improvements for GSA/What GSA can do to help LOC:

- What are some best practices from other agencies that LOC can use?
- When get rates from TMSS, wide range in rates are given but system does not provide what are the differences between the lowest and highest rates.
- The TSPs phone listings are not updated. Information should be up-to-date and at users' finger tips.
- LOC's special needs are not being met. LOC looks to GSA to know what their special needs are and recommend and narrow the choices of TSPs down.

Agency: NASA (Interviewed December 10, 2009)Organization:

Transportation policy is standardized at HQs level across NASA. Rates are obtained independently by each of the 11 NASA centers. Policy is standardized/centralized and decentralized execution. Transportation officers at each location determine the modes and best value for shipments. HQ has an evaluation/audit mechanism to ensure the centers are following policies prescribed. Centers have to meet or exceed performance described in policies. Funding is determined by centers' budget inputs. HQs distribute funds to each 11 centers to execute. If centers run out, they go to HQs to request for more.

Procurement Process:

Each center uses a contractor to procure transportation through a 3PL/Base operations contractor. Contractors in turn execute according to the contract. Transportation is procured on a best value basis. Each of the 11 centers uses its own 3PL.

Tender/FAR:

The Base Ops contractor operates on a FAR based contract. GSA & commercial tenders are also used.

IT/Training:

NASA uses 3PL's system and shippers' systems.

Data Collection/Analysis:

Forecast is driven by mission at NASA. For planning purpose, NASA will share information with contractors on upcoming mission requirements. Centers do track FOB origin. Spending is tracked at centers level.

NASA HQ does not keep track of centers metrics. Data are not reported to HQ level. HQ is unaware of how much transportation spend is.

Other:

Cost avoidance method: Kennedy Space Center partners with the USAF to leverage their pilots' training flight time to fly some of NASA's oversized shipments for no cost. This partnership has saved NASA around \$8M of shipping cost thus far.

Agency: Peace Corps – Freight (Interviewed December 17, 2009)Organization:

HQ has 2 offices that handle material movements. Transportation division handles HHG and property movement. Office management handles air cargo shipments. Peace Corps has 9 offices domestically and posts internationally. Transportation officers/specialists reside at HQs. Regional offices have procurement authority to a degree but do not have transportation specialists dedicated at each site. Regional offices go through HQs to set up shipments majority of the time. Ship overseas as well as back to the States.

Procurement Process:

Peace Corps ships based on reimbursable method. Posts get funding and provide to HQs for transportation services. Peace Corps has preferred TSPs for their unique needs. However, they are not restricted to using those vendors.

Tender/FAR:

Peace Corps uses freight forwarders and air freight for shipment and do not use GSA tenders for air. Peace Corps uses the WWX as well. Peace Corps uses FSSI for FedEx, gets tier 3 pricing so do get some discounts going through that program. Only has 1 BPA contract with DHL at this time, but would like to establish more contracts in the future.

IT/Training:

Accounting system resides with the CIO of the organization. Some training is contracted out, on the job training or GSA provides guidance.

Data Collection/Analysis:

Forecasting, budgeting and evaluation are done in order to perform well. Individual posts handle this, and HQs does not have visibility since it is not responsible for posts budget.

Reported data are not tracked, however, if needed, TSPs can provide what Peace Corps needs. Also system should be able to pull up costs and what was paid out for shipping.

Diplomatic Pouch (through State Department) – 68%, DHL – 14%, APO/DPO – 12%, Air Freight/Cargo – 6%

Other:

Does not have metrics and collect data from TSPs but BPA contracts can establish this reporting requirement.

Peace Corps has unique needs that they feel GSA cannot provide at this point.

Agency: Peace Corps – Household Goods (Interviewed January 5, 2010)Organization:

Peace Corps has 2 offices that handle material movements. Transportation division handles HHG and property movement. Transportation Division sets policies for HHG movement. Peace Corps has 9 offices domestically and posts internationally. Policy is centralized within the Transportation division. Peace Corps Transportation Manual is based upon the Federal Travel Regulation (FTR) and the State Department's Foreign Affairs Manual (FAM).

Procurement Process:

All posts are authorized to purchase transportation, however, it is preferred that the Transportation Division takes care of it. Rate structure is the same for the US. Rates may vary if acquired internationally. PC compares tenders and their own BPA to ensure that they're getting the best price. GSA does not have tenders for some of the locations such as third world countries where Peace Corps operates. When new employees join, an entitlement package is sent to them. They contact Transportation Division to arrange for moves. Transportation Division is small, 3 people take care of the HHG movement and 1 contractor who takes care of the travel of people/flight. HHG ship via ocean or air, depends on the weight of the shipment. Air shipment averages around 300 lbs. Ocean shipment averages 3500 lbs. Partnership with 4 TSPs under 4 BPAs.

PC provides TSPs with obligation for each move. This number is usually higher because employees tend to ship less than the allowable. Bills/Travel authorizations come to Transportation Division for approval and forward to accounting for payment. Accounting has codes to charge HHG moves. Peace Corps does not use other agencies (than GSA) for HHG movements nor provide service for other agencies. Cost sharing rarely occurs. Once in a while it happens when a State Department employee joins Peace Corps. Cost is negotiated and maybe split between State and PC to move this particular employee. Uses GSA tenders approximately 20% of the time. Uses BPA about 80% of the time. HHG moves are mostly international. Domestic moves only happen when a location within the US closes and the employees move to a new location.

Tender/FAR:

It is an advantage to have BPA and GSA tenders available to the division. GSA tenders allow for the division to try out new vendors whereas PC enjoys the good relationship with vendors/TSPs within the BPAs. Peace Corps doesn't use tenders other than GSA's.

IT/Training:

Peace Corps uses TMSS. Employees are trained on the job or by GSA for TMSS.

Data Collection/Analysis:

Funding and budgeting are done at the Comptroller/Finance/HR level depending on how many employees are needed for mission. Forecasts are based on mission, plan and staffing. Transportation Division does not track and report spend. Comptroller/Accounting has this number. PC measures TSP's performance through a survey sent to consumer via email. Performance is tracked and shared with TSPs.

Agency: Smithsonian (Interviewed December 22, 2009)Organization:

Policy and execution are centralized within the Transportation Division. Within the Transportation Division, there are three branches. Policy and Analysis, Maintenance and Operations and Cargo Operations. This office takes care of domestic transportation for 18 museums, 4 science centers and the National Zoo. Only Transportation office is authorized to purchase transportation. Each museum has allotted funding but execution is centralized. Trust fund and federal fund are used for internal as well as purchase transportation services. Rates are standardized within the Smithsonian. There's an organic transportation unit as well as procure transportation services externally when cannot handle internally.

Procurement Process:

Smithsonian had standardized process because all museums, science centers and zoo go through this office for transportation services. Domestic shipments are done primarily by ground. Air is rarely used because not cost effective. If air is used, the requestor arranges for the air movement and the office will get the shipment to the plane. The Transportation Division is only responsible for domestic shipments only. There are sites all over the world. International shipments are done separately in another office. Smithsonian has a list of vendors (about 30) on contract to provide services if they can't do it internally. Occasionally put out RFI for vendors to get on this list.

Tender/FAR:

Tenders are rarely used because of Smithsonian's special/mission specific requirements. FAR are used for external shipments. Occasionally uses GSA tenders.

IT/Training:

Smithsonian uses an in-house Fleet Management System. Smithsonian provides on the job training as well as training on how to handle special shipments (ie. Animals, fine art work). There are companies who do training for special handling for art, antiques, etc. Employees are sent to these. Internal trainings are also done to certify employees.

Data Collection/Analysis:

75% Organic, 25% commercial. Organic transportation transports about 3shipments/week, 600 shipments/year. About 150 requests were contracted because they're not staffed to handle everything internally. Actual spending is tracked by FAST. Rigorous spending evaluations are done at the time of shipment to ensure efficiency at all time. Organic seems to be more cost effective than contracted through commercial vendors. Because most shipments are done internally, Smithsonian has all information on these shipments and does track on total spend. Do not track performance and does not have KPIs however, uses RFID to track where shipments are at all time.

Other:

Has an inventory of about 50 pieces of equipment (tractor trailer, special climate controlled trucks, cargo, 40 foot enclosed trailer, hydraulically controlled trailers) to handle internal transportation. Doesn't understand why international and domestic are done separately. Has about 21 drivers & equipment operators who are trained to multi-task/know how to operate all pieces of equipments. Use GSA schedules to look for vendors. All commercial vendors used by Smithsonian are on GSA schedules. Don't work with GSA because never explored the option. Quasi federal (trust funded vs. trust funded). Trust fund trumps a lot of decision.

Agency: Social Security Administration – Freight (Interviewed January 22, 2010)

Organization:

Office Title: DBCFM/OPLM/CWLS (Department of Budget and Finance Management/ Office of Publications and Logistics Management/ Center for Warehouse and Logistics Services). No policy office setting policy. SSA follows GSA regulation. For the most part, it is one office that has transportation execution responsibility. This office handles heavy freight/shipment and small package express/overnight. SSA uses mostly LTL. TLs are done but rare. Ships overnight about few times a week, which is about 10% of all shipping coming out of this office. Ship mostly forms and printed materials, some office furniture, computers. SSA usually ships from printers (private and GPO) to 5 warehouses. This office is not involved in budget process.

Procurement Process:

Use SSA’s own bill of lading.

For ground/domestic: Request generated, pick, pack, weighed, written up by the warehouse, form sent to office for shipping (11 cartons or more), determine carriers (rotate as much as possible, use carriers that solicit services to SSA), pull to TMSS to look at carrier rates, select carriers, type up into system to generate bill of lading, goes out to warehouse to call carriers for pickup. SSA has recurring shipments and some automatic shipments directly from GPO. For air or express SSAs use FedEx. No OCONUS

Tender/FAR:

SSA uses tenders only.

IT/Training:

SSA uses GSA’s TMSS to compare/obtain rates/determine mode/service level. TMSS is sometimes unreliable. Use own system to generate bill of lading. Use whatever training GSA provides. Need more functional training for TMSS.

Data Collection/Analysis:

Data available for freight only, do not keep data for small express packages.

FY08 Spend:

Period	Shipment	Amount
January – March	195	\$27,052
April – June	287	\$31,944
July – September	238	\$35,797
October – December	266	\$36,589
Total 2008	986	\$131,382

FY2009:

July to September, 341 shipments, \$63K;

October to December, 203 shipments, \$30K (slow year)

Charges are first send to National Traffic Services office for auditing then to Finance for payment.

Charges to OCC 22.22. Furniture uses different OCC (given to them by purchasing agent). SSA do not share information and have no collaboration efforts with TSPs.

No formal metrics. No carrier performance metrics. Only keep track of number of shipments and spend.

Do track some special projects like computers (about 500 shipments for the past 2 years)

Other:

Inbound is not handled in this office.

Agency: Dept. State (Interviewed December 2, 2009)Organization:

State primarily purchases transportation services for HHG transportation services, but does some freight. State primarily procures transportation using tenders. The Office of Logistics Management (LM) sets policy. State has a standard policy for transportation. They provide services to 29 other government agencies, such as DEA and Secret Service. Some of these agencies, such as Secret Service, are difficult to handle transportation services for because of their specific requirements. State pays for the transportation then the agency reimburses them. State charges agencies a fee for acting as a service provider.

Procurement Process:

There are three types of HHG moves: post-to-post, International Through Government Bill of Lading (ITGBL) (door-to-door), and direct procurement method (DPM). For post-to-post and ITGBL moves, they use GSA tenders. Post-to-post moves are one time only (OTO) shipments. For ITGBL the State pays for the transportation, not the post. For DPM moves they use their internal tenders and buy each transportation leg separately. When a post needs to do shipment it has two options, it can arrange the transportation itself (post-to-post) or it can use the transportation lite system. When using Trans Lite, the post contacts State HQ in Washington and provides them with the transportation information. State HQ then sets up the transportation and decides whether to use ITGBL or DPM. The mode determination process is not standardized through set policy. If a post arranges transportation itself via post-to-post, it determines which mode to use. When a post uses the Trans Lite system to set up the transportation, HQ takes over the process and decides which mode to use.

Tender/FAR:

They use GSA tenders and their own tenders. They use GSA tenders for all domestic shipments. For post-to-post and ITGBL moves, they use GSA tenders. For DPM moves they use their internal tenders and buy each transportation leg separately. They rarely use FAR and only use it for unusual shipments like helicopters. State uses 41 CFR because it provides flexibility over the FAR.

IT/Training:

They have an IT system called Transportation Lite, which does not contain their internal tenders. Integrated Logistics Management System (ILMS) holds their internal rates. They do not have a well defined training program. They have an intro traffic management. They used to use some DOD training but that did not work. They have HAZMAT training. Logistics Management has some internal training. GSA trains State on some low level transportation things. They have lower level, clerical intro to transportation. Most of the training occurs on the job. They have hired GSA in the past but the training was ineffective.

Data Collection/Analysis:

RM (Bureau of Resource Management) handles the budget. \$375M was budgeted for transportation in FY08. For forecasting, they look at last years and increase it by 5% to get demand. They analyze costs from previous years. State does 21,000 HHG moves per year. 90% of shipments are OCONUS. They track performance with defined metrics. They have periodic meetings with Logistics Management to review performance. If a post complains about a shipment they will refer to their metrics to verify the validity of the claim. The metrics are in place to improve the process and customer service. They have to report

these metrics and results to the Deputy Assistant Secretary. They believe the metrics allow them to defend their service and procurement process. They use metrics to find anomalies then drill down.

Other:

They expressed a lot of interest in having GSA offer training. They would like to see midlevel training that covers government transportation specifically, tenders, international and domestic. They said they are willing to assist GSA with international training. They would provide international course material and teach classes for GSA training program. They would like to see GSA create a centralized training program for all the agencies. They would like to see GSA set standards for recommended level of qualification and transportation expertise. They want to see standard knowledge for employees across the agencies. This would facilitate collaboration and interaction among the agencies. They would love to see forums for senior level people across agencies to discuss what does and does not work for transportation.

Agency: USAID (Interviewed October 8, 2009)Organization:

The Transportation Division of the Office of Acquisition and the Assistance Unit of the Management Bureau sets transportation policy for USAID. There are different policies applicable to each Functional Bureau to reflect differences in missions, business functions, and requirements of each, but overall USAID policy is that the FAR must be followed for all direct procurements of transportation services. Contracting officers are responsible for procurement of transportation services for items other than mail and packages. For transportation of bulk or containerized cargo, program managers, in the course of executing their projects, communicate transportation requirements to a contracting officer. Contracting officers are the only people authorized to procure transportation services.

Procurement Process:

Most USAID assistance programs are performed by third party companies or not for profit organizations. USAID issues contracts or grants to these organizations to distribute food and medical supplies, build infrastructure, or promote economic development. When third party service contracts and grants are used, the transportation of material is up to the third party service provider. In these cases, USAID has no visibility into the process or cost associated with outbound transportation services. For cases where USAID directly procures transportation services procurements, the majority are performed by the Democracy, Conflict, and Humanitarian Assistance Bureau which leads USAID humanitarian assistance responses. Due to the emergent nature of their mission, procurements of transportation services for humanitarian assistance have elements of the FAR waived to speed contract awards. Under this "streamlined" FAR procurement process, air and ocean transportation can be procured in a matter of hours. Specific waivers include advertising requirements, need for a sources sought notice, and holding an RFP open for a certain amount of time. Freight class and mode determinations are made by each individual program manager for the project they are executing. USAID primarily procures ocean and air transportation for food and construction supplies and equipment in support of disaster relief.

Tender/FAR:

USAID does not use tenders at all. In the cases where USAID procures the transportation, they rely on FAR-based procurements and rates are determined on an acquisition by acquisition basis. For emergent procurements USAID can waive certain time constraints in the FAR to complete procurement in a matter of hours. They feel that these "streamlined" FAR procurements give them results that are comparable with the private sector. They feel that the tender process is not transparent enough and the results from FAR procurements are better than those from tender procurements from both a rate and performance perspective. They can better manage performance through contract clauses and can build more performance incentives into a FAR procurement. However, most USAID assistance programs are performed by third party companies or not for profit organizations. Procurement of outbound transportation is included in contracts and grants. When a third party executes a project, any cargo associated with that project is transferred to control of the third party. Transportation of cargo is then procured by the third party under the FFP contract or grant. There are standard rates for packages and mail across the agency. There is no standardization for other items.

IT/Training:

USAID is in the process of using a system developed by SDDC called IBS to manage the acquisition of transportation. Contracting officers that procure transportation services will go through Office of

Federal Procurement Policy's transportation certification course. This requirement is in the process of being implemented.

Data Collection/Analysis:

Majority of transportation is bundled into service contracts and therefore there is limited visibility into transportation costs. Because of this, budgeted transportation does not represent total transportation spend. For the transportation they procure themselves, each program manager tracks transportation spend in spreadsheets and manages that amount against overall budget. Transportation usually is not a budget line item for programs. Neither the agency or individual programs budget for overall transportation and do not forecast at all. Transportation spending is not evaluated at the agency level. There are no metrics in place.

Other:

USAID does not have any visibility into inbound transportation costs. These costs are buried in the cost of the items being procured.

Agency: Dept. of Treasury – Bureau of Public Debt (Interviewed November 18, 2009)Organization:

RSB is a part of the Travel Services Division within the Administrative Resource center which is a division of the Bureau for Public Debt. RSB is the central office providing franchise services and relocation services for 28 other agencies domestic as well as international. The biggest clients are CDC (500 shipments/year), HHS, DHS (100 shipments), CIS, FDA etc. totaling 792. Of these 286 shipments are international. RSB does not set policy but abide by customers/agencies and GSA policies and counsel the customers on policies. RSB does not ship freight, only deal with UAB, POV and household goods. Freight is done at the Bureau for Public Debt (BPD) level where HHGs are done at the lower Relocation Service Branch (RSB).

Procurement Process:

The office procures ground, air ocean and do use multi model transportation. RSB charges a negotiated service fee to agencies depending on the types of transaction (interagency agreement). RSB provide full transportation service “cradle to grave”. RSB does not use GSA tenders if it’s an OTO shipment (one-time-only). For instance, if there’re no rates for shipment to a particular location, RSB will request rates from certain carriers for this OTO shipment.

The basic process for a domestic move is as follow:

- Agency sends request for relocation (individual’s contact info, funding, origin, destination)
- Give counseling on the entitlement base upon the type of move
- Fill out questionnaire to create travel orders
- Send travel order for agency to approve
- While waiting for approval, carriers are lined up through TMSS
- Once travel order approved, contact carrier, create GBL, pack and load
- Employee moves, arrival,
- RSB prepare voucher for the employee based upon the entitlement
- Carrier deliver to specified location and send invoice
- The invoice either goes to the agency or to RSB. RSB prefers the invoice to be sent to them because they know the details and can do a verification of service. GSA is involved in auditing the invoice but that may become RSB’s responsibility in the future

International move has several different variables to UAB, POV, and consumable shipment/post. Nothing can be done until there’s an approved travel order. Entitlements are a little different.

Tender/FAR:

RSB uses GSA tenders and for One-time-only (OTO), the office solicits rates from vendors. FAR is more for sole sourcing which RSB does not prefer because they need flexibility for HHG which CHAMP provides that multi-dimension that RSB needs.

IT/Training:

RSB uses CHAMP for rates and MLINK for invoice. They request GSA for training if needed or on the job training.

Data Collection/Analysis:

Generally, data are available but RSB does not closely monitor performance. Try to forecast as best as they can but RSB’s nature of business makes it tough to. Forecast are not shared externally, just use it internally for business planning purposes. RSB has a set budget and go through budget process every year. RSB is limited by law on the amount of OH. RSB does not track vendor performance other than what’s provided in the 30A.

Other:

RSB does not have a preference nor relationship/partnership established with specific TSPs other than what’s provided in the TMSS. Accessorials are on the rise especially for international shipments. Domestic accessorials include shuttle when bring the rig in, washer/dryer, Plasma TV, crating around \$400-\$600 per shipment. Example of International accessorial are demurrage when fail at customs exam, \$1000/shipment. Move manager is just another layer of administration and cost. Conflict of interest is prevalent because the move manager may have some preference for a certain carriers.

Agency: USPS Non-mail Freight (Interviewed October 26, 2009)Organization:

USPS transportation policy is centralized across the organization. There is a supply chain organization, contracting services, and a group that manages assets. The supply chain organization includes the non-mail freight team. The non-mail freight team leader aligns the transportation policy with the overall USPS policy. The team leader sets policy and ensures that it is communicated nationally. USPS non-mail freight team is authorized to purchase transportation services. It manages shipping supplies that are needed by the post office, pallets, cartons, trays, office supplies, trucks, generators, etc.

Procurement Process:

USPS does not use GSA rate tenders or the FAR, rather it uses its own network of trucks on a “space available” basis and two 3PL providers, Ryder and CH Robinson (truckload shipments only), to procure and manage transportation. The 3PL contract stipulates that USPS receive “below market rates.” USPS also has its own internal network of trucks that it uses for transportation for recurring shipments. The Business Opportunity Development (BOD) determines if the shipment can be transported through the USPS internal network of trucks. The determination is made through analysis of routes and capacity, and whether the shipment is one time or recurring. Only recurring shipments are eligible to be sent via the USPS internal network. The USPS only uses the mail stream network for regularly scheduled / recurring shipments that are not high priority. Mode and freight class is determined by the 3PLs before they solicit bids from TSPs. The 3PL contracts contain guidelines on how to determine freight class and mode. It is standard across the USPS and between the two 3PLs. The USPS budget is generally set within the second quarter of the FY. The Supply Management organization uses historical spend as a baseline and forecasted change in overall mail volume as a proxy for anticipated demand. USPS does not forecast for future demand. The 3PLs provide forecasts of general transportation market conditions.

Tender/FAR:

USPS does not use rate tenders or the FAR. The NMFT expressed the opinion that the TL and LTL rates are competitive, but there is no guarantee that the services will be offered at the rates quoted. “GSA rates can be paper quotes.” The NMFT thinks that using rate tenders is best for non-recurring shipments, and that a set contract would be best for scheduled, high volume transportation. They still prefer the use of 3PLs because of the rates they pay and the level of service that is provided.

IT/Training:

The 3PLs provide the USPS Non-Mail Freight Transportation Team (NMFT) with an online portal to coordinate scheduling, pickup, transportation, prepayment audits, and invoicing. The USPS NMFT does not have any additional dedicated IT systems or hardware. Current classes are offered online through Accenture’s Supply Chain University. The NMFT feels that transportation training is not comprehensive and is lacking in quality. The USPS currently has a ban on classroom training to save money.

Data Collection/Analysis:

Approximately 70% of transportation services purchased are LTL, 20% truckload, 5% air freight, and 5% other. USPS spending on 3PL’s was approximately \$35M for 30,000 transactions in FY08, and \$20M for 18,000 transactions in FY09. NMFT outbound transportation spending is primarily domestic. The 3PLs, Ryder and CH Robinson, provide an analysis of spend quarterly. There is a full time employee that reviews spending and performance. She provides weekly updates which are compiled and reviewed at the quarterly business reviews with the 3PLs. USPS has the following metrics in place with its 3PL

providers: volume by mode, spend, and diversity spend. USPS has the following key performance indicators in its contracts with 3PL providers: on-time performance, procurement savings, carrier assignments, and claim processing.

Other:

USPS makes an effort to be extensively involved in managing transportation cost for in-bound freight. NMFT estimates there is a 60/40 split between FOB destination and FOB origin. Virtually all FOB origin shipments are transported by the 3PLs with a nominal amount moving through the mail network. There are set evaluation criteria for determining FOB origin or destination, which includes a “best economic value analysis” for any procurement over \$3M. The initial 3PL contracts were awarded in 2006 and had a one year base period with two one-year options. The contract is in the process of being re-competed.

Agency: Dept. of Veterans Affairs (Interviewed October 28, 2009)Organization:

The TRSO (TRSO) under Bill Bardwell is the transportation manager, sets all transportation policy, and provides process guidance to the VA enterprise. The office serves as the single transportation office for the VA to include VHA, VBA, and NCA. The office is prohibited from handling interagency (VBA, VHA, NCA, etc.) issues but will do these things in the back office channel. They procure transportation services at the request of their VA clients, and the customer pays the transportation service providers (TSPs). The TRSO is authorized to purchase transportation services, and authorization does not differ by the type of service being purchased. There are also purchasing agents throughout the agency that are authorized to purchase transportation services for non-freight shipments.

Procurement Process:

There is a single process for procurement of transportation services across modes and freight classes. The customer sends a request for transportation services to the TRSO.

For shipments using rates off the VA tenders, the TRSO uses a custom built spreadsheet to generate a price estimate based of shipment for the customer. For shipments using GSA rates, TMSS is used to generate the estimate for the customer. The TRSO will generally use VA tender rates if available since they are generally better than what is available through GSA. Upon completion of an estimate, the customer will submit a formal request for transportation services to include obligation data and a bill of lading is generated and submitted to the TSPs. For "one-off" shipments (like shipping golf carts) his office will have to request specific rates from TSPs for that particular shipment, because a rate tender does not exist for these irregular shipments due to volume. The custom spreadsheet is used to capture these rates and can provide a basis for comparison at a later date. Upon completion of the shipment, the TSP will send the TRSO a bill for service. All bills are eventually audited to make sure, among other things, that the rate quoted and the rate charged match.

The only office that procures transportation on its own is an office within NCA that ships headstones and markers. They make approximately 350,000 LTL shipments per year out of a distribution center in Chicago under a full service contract.

Tender/FAR:

The VA uses rate tenders to procure transportation, but obtains their own rates in addition to GSA rates – the VA has 30-40 of its own negotiated tenders. VA tries to use its own rates where possible due to the perception that VA tender rates are lower than GSA tender rates. The main reasons for this are the TRSO's:

- 1) Existing working relationships with TSPs
- 2) Ability to share more detail on nature and projected volume of shipments with TSPs which allows TSPs to offer more competitive rates
- 3) Efforts to keep carriers aware of competitor rates
- 4) Utilization of regional carriers that offer better rates than national carriers – GSA does not have the same flexibility to do this
- 5) Avoidance of inter-lane transportation

Tenders are better suited to situations where there are shipments to/from multiple points, as opposed to single point to single/multi point.

They only use FAR-based procurements for moving HAZMAT, and those are contracts for disposal services to include transportation. All elements of the VA (except for marker shipments from the NCA and HAZMAT) have the same rate structure available to them through the TRSO. The TRSO is very much in favor of the tender system and feels that the rates available are superior to what is available via a FAR-based procurement. There are cases where the VA uses a FAR-based procurement of transportation services. In these cases it is because of the nature of the shipment (high volume like burial markers, regular scheduled shipments out of a central location) or because the transportation element is one component of an overall service contract (i.e. HAZMAT or medical supplies). These "one off" cases highlight areas where the VA feels that FAR-based procurements of transportation services are better than tenders.

IT/Training:

The TRSO used TMSS for GSA tenders and its own rate estimator tool in MS Excel. They also have a system to electronically generate bills of lading. There is currently no formal transportation training available. The TRSO will provide unofficial training to those that request assistance. There are plans to teach aspects of transportation management to the 1800 contracting officers that the VA employs. The TRSO used to provide quarterly seminars on transportation management but no longer does.

Data Collection/Analysis:

The TRSO has shipping records going back 20 years which capture 99% of agency spend. The office does about 2500 shipments per year, but spending is not captured by customer.

The TRSO estimates that there is \$65M in outbound transportation between VHA (\$40M), VBA (\$20M), and central purchasing (\$5M). They estimated that there is an additional \$1.5M in miscellaneous freight shipments. They estimated that there is approximately \$300M in small package and mail shipments, of which approximately \$50M is spent on services through the FSSI contract.

99% of the transportation that the VA procures is ground within CONUS, primarily LTL. The other 1% is ocean to OCONUS destinations like Puerto Rico, Alaska, and Hawaii. Because transportation services are procured on behalf of customers, the TRSO does not formally evaluate overall spending nor monitor volume or transportation costs of items shipped for their customers. They track year-over-year trends but nothing more formal than that. All freight is classified as class 50, regardless of what is being shipped.

The TRSO sends to the customer a carrier performance scorecard to evaluate the TSP that was used for the transportation. The scorecard is emailed or faxed back. The office is in the process of making the process web based to improve customer return rate. The questions that are asked of customers in this survey are:

- 1) Was your contact with the VA Transportation and Logistics Center convenient and efficient?
- 2) Did you receive your bill of lading correctly completed in a timely manner?
- 3) Did you receive complete and accurate instructions from the VA Transportation and Logistics Center?
- 4) Was the carrier's pickup and delivery on schedule as requested?
- 5) Was there any loss or damage of items?

The TRSO uses the results from these surveys to rate both internal performance and performance of TSPs.

Other:

The VA feels they have a very mature and developed transportation management capability. They feel this way because they 1) ship a wide range of items, 2) keep KPIs on TSPs, 3) forecast and communicate anticipated demand with clients and TSPs. "You name it we can ship it."

One area that the GSA could improve is in the area of service. The TRSO provides a service for its VHA, VBA and NCA customers, many of whom are not familiar with how to procure transportation services. They walk the customers through the process and help them determine how to best ship items. It was suggested that GSA should be offering the same services to the civilian agencies it supports. Many civilian agencies do not have high shipping volumes and knowledge of transportation management. These agencies would benefit from GSA transportation management services.

Association: American Moving and Storage Association (Interviewed November 17, 2009)Organization:

AMSA has 3200 members. The majority of the members do US moving and storage. About 50% do interstate, long moves and the other 50% do local moves. AMSA has all the GSA HHG approved companies as well as the subcontractors. Some of the large companies, like Atlas, also handle specialized freight, such as medical equipment and displays. AMSA is different than IAM because IAM are forwarders that arrange primarily international shipments. IAM has a bunch of different companies handling the shipment. Their members are responsible for the entire transportation by hiring companies to ship between the various touch points. They do not actually do the shipping themselves but hire and coordinate the forwarders. AMSA members operate mostly in CONUS and do the actual transportation instead of just overseeing the process.

Most commercial companies have a centralized transportation office that handles all the transportation for the company. Whereas, some government agencies have centralized offices and some have decentralized ones.

Procurement Process:

Commercial companies have COD where the customer pays for the shipping. Commercial also has corporate national accounts which are more like government transportation. Some commercial companies have their own transportation department if there is enough movement. Generally, commercial companies work with a handful of TSPs rather than the large amount that government agencies will typically work with. For both commercial and the government, as long as the TSP is generally doing a good job they will stick with it.

Tender/FAR:

Contract specialists like FAR but people who are not familiar with transportation of FAR do not like it. With the FAR there is less competition which is good for the TSP and bad for the customer. With the FAR, there are bureaucracy and forms the customer has to deal with. Wage determination is difficult under the FAR because prices change as you move between regions during the transportation process. With the GSA tender process there is better TSP participation and therefore, more choices for the customer. The GSA CHAMP is flexible.

IT/Training:

AMSA members are all located in the GSA CHAMP system and are GSA HHG approved companies.

Data Collection/Analysis:

AMSA no longer tracks transportation spending information. GSA CHAMP used to issue annual reports. A 1995 CHAMP report shows that in 1994 there were 15,570 moves with an average cost of \$3,339. The aggregate spend in 1994 was \$26.9M and accessorial charges were \$52M. Currently, AMSA members send in quarterly reports to GSA containing total number of shipments.

Other:

In 2004, the mission of the Governmentwide Relocation Advisory Board (GRAB) was to review the existing policies transmitted through the Federal Travel Regulation (FTR) for relocation and associated reimbursements and allowances for federal relocating employees in the CONUS. Upon its review in 2005 it recommended improvements for better management of government-wide relocation and provided GSA with advice regarding relocation best practices. These recommendations were in the areas of budget data and tracking, residence transactions, relocation reimbursements, transportation and storage, and administration and management. A recent (Oct. 21) federal register notice from OGP proposed a rule to collect data regarding relocation of civilian employees. AMASA is concerned that GSA wants to force every agency to follow the same transportation policy.

Association: American Trucking Association (Interviewed December 2, 2009)Tender/FAR:

Less FAR and more tenders. Commercial companies prefer tenders over FAR due to the legal complexity of FAR contracts. FAR is a barrier to entry for small carriers.

IT/Training:

IT system needs to be robust and flexible to support GSA, Transportation Officers, and carriers/shippers. System has to have the ability to track true freight cost and support transparency of process and information.

Data Collection/Analysis:

ATA does not track transportation spend specifically but is a wealth of other statistical transportation information such as DoD shipping points, percent of government business compare to the total transportation system in the US.

Other:

The ability to cross dock is important for shipment consolidation.

Transparency of process and information is important for competition and business ethic.

DTCI cripples competition for small independent carriers.

3PL service provider is better for smaller agency that handles smaller volume and unable to hire a fulltime

Transportation Officer for the agency.

Carrier qualification needs to be taken more seriously.

Association: International Association of Movers (Interviewed November 2, 2009)Organization:

International Association of Movers (IAM), the moving and forwarding industry's largest global trade association, is a union comprised of auditing, forwarding, moving, and shipping companies located in over 160 countries. The IAM has 2,200 members in 160 countries. The association focuses on both international and domestic movement of household goods. IAM states that large commercial organizations generally arrange 2,000-3,000 moves per year. Generally this is done from a centralized office and is often outsourced to a relocation services company such as Move Management Inc. Companies have been outsourcing the functions of a HHG office to relocation services companies for the past several years.

Procurement Process:

There is an overall trend in the industry moving towards providing "relocation services." Moving HHG is only one element of relocation services. Others include:

Assistance in finding housing on the destination side of the move

Researching neighborhoods, schools, etc on the destination side

Assistance with selling current home

Travel

Given this industry trend, many larger corporations are now using companies that offer these more comprehensive relocation services rather than directly procuring the services of a household goods forwarding company. Rather, procurement of HHG forwarding services is being done by the relocation service companies.

Tender/FAR:

IAM members tend to like FAR-based procurements over providing tender rates. The FAR has government estimated labor rates associated with it, and these rates tend to be higher than what the members are actually paying their employees. [These are not his words, but the take away is that the bids are calculating labor rate x estimated hours. If the FAR outlines labor rates higher than what IAM members are actually paying their employees, IAM members see more margin on FAR-based acquisitions]. Rates submitted through a tender process do not have labor rate guidance from the government. IAM members say that pricing is easier under a FAR based procurement since the task order is for an actual move, not just submission of rates. FAR-based procurements contain more information about the requirement that allow for more accurate bid. IAM also stated that FAR-based procurements are more transparent than the procurement of services from a rate schedule; IAM members feel there is a "good old boy" network that influences the decision making process in a tender environment.

IT/Training:

IAM thinks that the GSA's TMSS system is antiquated. There should be vendor training and education that addresses services GSA is looking for, how to be competitive on the GSA tender (beyond rates; many TSPs do not know service is a major factor in the metrics they track). TMSS is not user friendly; it allows customers to view rates but not book/pay through the system; TMSS does not set up the actual shipping; it just provides rates and estimates; the customer has to do its own billing; TMSS only provides TSPs, rates, and quality scores.

Data Collection/Analysis:

The IAM does not track spending by federal government or by agency. Individual carriers may, but that information is not shared with the association.

Other:

IAM implied that the buying power that the government has is not being utilized. There are approximately 30 TSPs in TMSS that do 90% of the transportation. GSA should use a type of transportation procurement method that leverages the government's size.

Association: National Defense Transportation Association (Interviewed December 3, 2009)Organization:

Larger firms have in-house logistics/transportation departments or 3PL's to help them procure transportation through annual procurements. These types of organizations place more of a premium on driving down costs. In these organizations, transportation is usually seen as a commodity, with carriers simply offering different rates for the "same" service. Centralization depends upon the size of the organization, the organization's culture, their philosophy of transportation (is it a commodity, or is service a differentiator?). Some larger organizations do not have centralized control over transportation, or such control may be limited. They may leave transportation procurement up to individual operating units.

Procurement Process:

Larger firms have in-house logistics/transportation departments or 3PL's to help them procure transportation through annual procurements.

The procurements often happen in multiple phases/steps: (1) Request for information (RFI) / Carrier Qualification; (2) Initial Bidding; (3) Subsequent Round(s) of Bidding; (4) Final Negotiations. Bids can take place off-line, by Excel spreadsheet, or on-line, via a combinatorial or reverse auction tool (e.g., Ariba, CombineNet).

Keep in mind that such organizations may treat parcel, truckload (TL), less-than-truckload (LTL), domestic air, international air, and ocean freight very differently. That is, they may view TL and LTL as commodities, but might view other modes as being more service-driven, and may take a more best-value approach. The degree to which transportation is commoditized is often directly related to the dollar-value of the products being moved, or the cost of failure if service is missed.

Tender/FAR:

FAR procurements seem to be more appropriate for large procurements that follow a longer time horizon. The tender mechanism works well for transactional relationships in which the providers are not required to make significant up-front investments to meet the agency's requirements.

IT/Training:

NA

Data Collection/Analysis:

Commercial carriers and associations do not track transportation spending by federal agencies well. Some contracts, require carriers to track spend associated with the contract, and may require delineation by agency. Nevertheless, given the complexity of government hierarchies, etc., there is a degree of error in any such reports. Given that most carriers provide a single mode of transportation, modes can usually be segregated. The large integrated providers (e.g., UPS, FedEx, DHL) or freight forwarders may not be as able to cleanly track by mode.

Other:

Commercial best practices:

3PL's often cite first-year savings of TMS systems as 20% or more. Year-over-year savings beyond the first year or two, however, are very difficult to achieve. Furthermore, in some cases, the promised goals of 10-30% are never realized, either because of failed implementations, organizational resistance (inability or unwillingness to change processes), etc.

Commercial Carrier: Byrne Transportation (Interviewed January 7, 2010)Organization:

Byrne Consulting, Inc. was formed in 1998 as a business management consulting firm. In 2003, transportation services were incorporated into the portfolio offered by Byrne Consulting, Inc. Between 2003 and 2008, transportation services were offered by Byrne Consulting, Inc. as an Agent to various multi-national companies. In 2008, BYRNE Transportation Services, LLC was incorporated as a separate entity for the purpose of providing transportation services. Byrne Consulting, Inc. continues to perform business management consulting services. Now run by a leadership team headed by Richard and John Byrne, the Company has been successfully moving military freight under the SDDC program for the last five years and under the Defense Transportation Coordination Initiative (DTCI) program since its inception. As an independent non-asset owning brokerage, BYRNE provides customers with a range of transportation choices vetted by experience and solid relationships with some of the country's largest supply chain and freight customers and service providers. BYRNE is General Services Administration (GSA) approved, Veteran's Administration (VA) approved, Department of Defense (DoD) approved, and Global Transportation Network (GTN) qualified (under the Surface Distribution and Deployment Center (SDDC) program).

Byrne does not provide service to private sector, therefore can only speak for DoD.

Centralized transportation management better serve the DoD. Byrne feels doing business for DoD is a lot easier than for GSA and the federal agencies. Global Freight Management (GFM) system shares DoD shipping data with the TSPs. Sharing of information enable TSP achieve efficiency through strategically map truck routes. Through this efficiency, TSP is able to share cost savings with DoD.

Procurement Process:

Byrne only provides transportation services to the government.

Tender/FAR:

FAR is used for recurring shipments.

IT/Training:

DoD's GFM is more flexible and allows carriers to change rates more often than GSA's system.

Data Collection/Analysis:

Byrne does track DoD spending but does not break it out by Services.

Other:

Improvement: Leverage information from user (agencies) and TSPs in order to negotiate the best rates for federal government. Information sharing is key.

Centralized transportation function is preferred by smaller carriers who do not have the resources to market their services. DoD DTCI is preferred for small carriers because it's a one-stop shop.

If the government shares more information such as how much it ships, carriers can provide strategies to help government consolidate which will save on cost.

Commercial Carrier: Corbett Farming Company (CFC) (Interviewed January 6, 2010)Organization:

Larger companies tend to have centralized transportation organizations. If transportation agents are not at distribution centers (DCs) to understand day-to-day business operations it can cause friction in the process and ultimately lead to down time. It is better to have centralized rate negotiation and allow DCs to have the authority to make the final decision.

Procurement Process:

NA

Tender/FAR:

CFC uses tenders and has contracts with about 11,000 different carriers in the U.S. CFC prefers tenders because they are straight forward. CFC doesn't know too much about FAR.

IT/Training:

NA

Data Collection/Analysis:

CFC said commercial carriers track transportation spending by federal agencies. For CFC, 90% of its business is commercial companies and 10% is government. CFC tracks spend by agencies, on time delivery, performance, and volume.

Other:

CFC said safety checks and regulations are one of their commercial best practices. CFC obtains safety status reports from its carriers every 30 days. DoD does safety audits but federal agencies do not. Another commercial best practice is information sharing with TSPs. Volume commitments can save the government between 20-25%. The government can save a lot of money by centralizing rates and consolidating loads.

There are specific aspects to the federal transportation service procurement process that need improvement. Detention charges are something that is costing the government. The rating structure within TMSS is more cost driven than performance driven. TMSS also has a lot of redundancies. The 6% service charge that GSA charges TSPs should be paid upfront instead of being paid at the end of the procurement process because some businesses may run into financial problems and therefore will not be able to pay.

Commercial Carrier: Landstar (Interviewed December 7, 2009)Procurement Process:

Commercial/private organization uses RFPs to solicit transportation services. Large corporations procure transportation service centrally to work with inventory control.

Tender/FAR:

Tenders are preferred. FAR is cumbersome for private sector. Very few people are qualified and have the knowledge of FAR. FAR document is too long. There are materials within the document that should be eliminated, i.e. child labor. The commercial RFPs are usually 20 pages. Private organization does not require small business partnership plan like FAR.

IT/Training:

NA

Data Collection/Analysis:

Landstar tracks spending by agency. The following are listing of some agencies in order of spend, starting with the highest:

DoD, FEMA, USPS, State Department, HHS, White House Communication, FAA, IRS.

Other:

Some commercial and business practices used in private sector transportation management that the government should consider for possible implementation:

DoD has centralized procurement but flexible for individual Defense components

Government should use carrier qualification as incentive and reward for good performance. Performance measurement is not in place.

A good description of shipment is helpful for carriers to plan and provide better service. Using the "FAK" description alone is not good enough. A good/more detailed description of shipment provides better protection for government.

Streamlining process leads to consistency, efficiency and ease of doing business with government.

Improvements for Federal Transportation Procurement Industrial fund, TMSS and 6% service fees are drawbacks

TMSS needs the following improvements:

Flexibility for carriers to enter rates more frequently

Better information for carriers on what is being bid, more than just "freight"

No information sharing/feedback information

Better access to decision maker outside the acquisition to better understand what agencies needs are.

Worldwide Express (WWX) program was overused by the government. Decision management software, consolidation and alternative services are some practices that can improve performance for government.

DHS used GSA services in the past but are now using more internal resources. Part of the reason is because the nature of the sensitive information of their business.

Government expects lowest price from carriers and requires documentations that locks carriers into agreement.

DoD is more in tuned with transportation whereas federal agencies are not savvy with the subject.

Landstar staffs 5 people in the organization to handle DoD tenders exclusively.

Transparency and consistency were lost when Fed did away with GBL to go with commercial bill of lading.

E. Data Elements for Bill of Lading, Proof of Delivery and Freight Invoice

These shipping documents contain relevant information needed to properly consolidate requirements. The tables below represent examples of some of these documents and the data elements PRTM believes are integral for an effective IT solution. However, the documents contain much more than those listed here. This list can be refined (expanded or reduced) depending on the requirement and the technical capabilities of the shipper, purchaser, and the TSP. The Government bill of lading contains many of the same elements as a commercial bill of lading.

Government Bill of Lading	
Bill of lading number	Description of articles
Transportation company tendered to	Weights
Date bill of lading prepared	Rate
Destination name	Charges
Destination address	Total charges
Origin name	Carrier's pickup date
Origin address	Length/cube ordered
Consignee (name and full address of installation)	Length/cube furnished
Shipper name	Date furnished
Shipper address	Mode
Appropriation chargeable	Type rate
Bill charges to (Dept./agency, bureau/office mailing address and ZIP code)	

Freight Invoice	
Billing Agent	Origin Port Name
Actual Pickup Date	Origin Port Geographic Location
Actual Delivery Date	Ship To Name (Transportation Provider)
Buyer's Organization Name	Ship To Geographic Location (Transportation Provider)
Ship From Name (Property Owner/Service Requestor)	Destination Port Name
Ship From Location (Property Owner/Service	Destination Port Geographic Location
Ship To Name (Property Owner/Service Requestor)	Flat Rate - Rate and Charges
Ship From Name (Transportation Provider)	Flat Rate - Billed Weight
Ship From Geographic Location (Transportation	

Proof of Delivery
Unit price
Extended price
Detailed description of supplies
Recipient organization's name and address
Location of delivery

F. Compliance Matrix

SOW Section	Tasks from SOW	Report Section
2.1	The contractor shall conduct a study of procurement processes that cover freight and cargo moved by motor carriers, air freight, and barge/water, rail, and personal property moves, both international and domestic. The study should also identify and capture best practices currently being used in agencies.	1, 2, 2.3, 3.2.2, Appendix A
2.2	The contractor will conduct interviews with 15 federal cabinet agencies and 5 specified independent federal agencies to determine procurement processes that they are using to obtain transportation services from vendors. GSA will provide contact information for each federal agency.	1, 2, 3.2.2, Appendices A, B, C
2.3	The contractor will identify five private sector organizations whose transportation operations are somewhat similar to those of federal agencies and interview those organizations to determine how their procurement processes for transportation are similar to and/or different from those of federal agencies. The contractor will develop contact information for the private sector organizations.	1, 2, 3, 3.2.2, Appendices A & B
2.4	The contractor will conduct interviews with two commercial carriers and three industry associations to identify opportunities to improve value in the government's purchase and management of transportation services.	1, 2, 3, 3.2.3, Appendices A & B
2.5	The contractor will draft, review, and edit documents to ensure the relevancy of information and data, develop a draft and final report on findings, and make recommendations.	1, 2, 3, 4
2.6	In conducting the work the contractor shall obtain and analyze information to answer questions stated in the SOW	1, 2, 3, Appendices C & D