

Supporting Statement for Paperwork Reduction Act Submission

VA Supplier Perception Survey (SPS)

A. Justification

- 1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection. Attach a copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information.**

The VA Office of Inspector General (OIG) and the Office of Business Oversight (OBO) recently provided audits that validate the need for a logistics doctrine along with the requirement for a plan to train and educate the VA logistics staffs at all levels on VA logistics processes and procedures.

Additionally, the VA recently conducted an Organizational Analysis which revealed that a logistics transformation is needed due to a number of logistics capability gaps, (previously identified and validated) shortfalls, and deficiencies within the Department. The study provided a significant set of recommendations for VA to transform the basic departmental logistics doctrine and infrastructure. The Office of Acquisition and Logistics (OAL) is in the process of implementing a new strategic plan that will include a reorganization of these functions. Accordingly, the VA logistics transformation will integrate with both the OAL strategic plan and balanced scorecard to facilitate success in logistics operations across the VA enterprise

The VA Supplier Perception Survey (SPS) helps the VA further its goal of transforming the VA acquisition process in order to better serve our veterans. The SPS is part of an initial set of initiatives to build the foundation for strengthening VA logistics programs. The intended organizations for the implementation of these recommendations (that support and strengthen departmental logistics management and operations) include the VA Central Office (VACO), Veterans Health Administration (VHA) headquarters and field medical units, Veterans Benefits Administration (VBA) headquarters and field units, and National Cemetery Administration (NCA) headquarters and field units. All contractor recommendations and implementations must support a lean, efficient and effective VA Logistics and Supply Chain Management process.

On July 29, 2009, the OMB Director Peter Orszag directed Agency heads to “determine if government workers involved in overseeing contracts are sufficient to achieve at a high performance level.” He said agencies should develop plans to increase the size of this acquisition workforce, improve training, and restructure acquisition practices to improve efficiency.” Furthermore, in a different memo Department and Agency heads are being told to cut contract spending by 3.5 percent in each of the next two fiscal years.” Within VA, the Office of Acquisition and Logistics (OAL) is charged with the

responsibility for the VA Strategic Sourcing program. OAL strongly believes that Strategic Sourcing actions can help the Department meet these goals.

The VA Supplier Relationship Transformation Forum has shaped a set of 46 questions that will be administered by Michigan State University through their innovative Supplier Perception Survey (SPS) to 15,000 VA suppliers each quarter of FY 2010 and then annually thereafter. This much more comprehensive data set will then be used to focus additional executive level meetings with industry, required policy or procedural changes, and additional SPS surveys to other groups of VA suppliers. Supplier Relationship Transformation Forums will be held semi-annually and will help shape the VA acquisition and logistics transformation.

2. Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate the actual use the agency has made of the information received from the current collection.

The results of the VA Supplier Perception Survey will help the VA to develop Key Performance Indicators (KPI) in acquisition and logistics operations across the VA that will make up a balanced scorecard. Leadership at all levels will be able to better manage acquisition and logistics operations once the balanced scorecard is in place. The Supplier Perception Survey results will indicate which areas the VA must focus on in order to strengthen the public/private partnership and increase the effectiveness of the services and facilities that the VA provides veterans while also lowering the overall cost to do so.

All information gathered by the Supplier Perception Survey will be maintained at the VA Office of Acquisition, Logistics and Construction and by Michigan State University's (MSU) Department of Supply Chain Management in the Eli Broad Graduate School of Management, the organization conducting the survey. .

3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submission of responses, and the basis for the decision for adopting this means of collection. Also describe any consideration of using information technology to reduce burden.

The VA will provide the Supplier Perception Survey in electronic format. The format is common for the types of questions that the VA will ask our suppliers and is considered the easiest format for the suppliers to use and the cheapest for the VA to administer.

4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item 2 above.

A thorough search for similar surveys in the Federal Register back to 1994 did not identify any similar studies. The Bureau of Economic Analysis and the Census Bureau conduct surveys of domestic and international business, but their surveys do not ask how the government is performing in regards to contracts between the two as our survey asks.

5. If the collection of information impacts small businesses or other small entities (Item 5 of OMB Form 83-I), describe any methods used to minimize burden.

No methods are used to minimize the burden because the information required to complete the form is already maintained by the respondent suppliers. The questions request that the suppliers describe their perception of how well VA is doing in particular areas and does not require quantifiable data. The demographic questions at the end of the survey request suppliers to provide general categorical information about their business that should be readily available to them.

6. Describe the consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.

The information provided by VA suppliers is critical to help VA improve the quality of services delivered to our customers. The information gathered by this survey is a key component to the VA transformation effort. Improving the VA relationship with our suppliers is a proven technique to achieve our goal to deliver the best value of goods and services at the best possible total cost of ownership. Without the information provided by the SPS we will not be able to target our efforts to improve the steps in our acquisition and logistics process that cause waste and inefficiency to the VA and our supply base.

7. Explain any special circumstances that would cause an information collection to be conducted in a manner:

VA consulted with Ambit Group, LLC, and Michigan State University's (MSU) Department of Supply Chain Management in the Eli Broad Graduate School of Management for their professional experience conducting similar surveys. MSU has conducted many similar surveys for business and provided key input into the frequency of collection as well as the structure of the survey. .

The comment period for the proposed data collection was published on November 4, 2009, pages 57220-57221. There were no comments received in response to this notice.

VA will consider supplier feedback from each survey event in order to best shape survey questions to mitigate data collection work by the suppliers and ensure survey

questions are clear.

9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.

There will not be any payment or gift to respondents.

10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy.

There is no assurance of confidentiality provided to respondents other than information protected by the Freedom of Information Act. There are no personal identifiers, and the information complies with the Privacy Act of 1974.

11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private. This justification should include the reasons why the agency considers the questions necessary, the specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.

There are no questions of a sensitive nature on the VA Supplier Perception Survey.

12. Provide estimates of the hour burden of the collection of information. The statement should:

- * **Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated. Unless directed to do so, agencies should not conduct special surveys to obtain information on which to base hour burden estimates. Consultation with a sample (fewer than 10) of potential respondents is desirable. If the hour burden on respondents is expected to vary widely because of differences in activity, size, or complexity, show the range of estimated hour burden, and explain the reasons for the variance. Generally, estimates should not include burden hours for customary and usual business practices.**
- * **If this request for approval covers more than one form, provide separate hour burden estimates for each form and aggregate the hour burdens in Item 13 of OMB Form 83-I.**
- * **Provide estimates of annualized cost to respondents for the hour burdens for collections of information, identifying and using appropriate wage rate categories. The cost of contracting out or paying outside parties for information collection activities should not be included here. Instead, this cost should be included in Item 14.**

All 275,000 suppliers in the VA supply base are potential respondents.

We expect that completing this electronic form would require minimal time for respondents because the questions do not exceed the knowledge and information normally possessed by a prudent person in the ordinary course of business dealings. The majority of the data requested on the form is routinely maintained by any business and should be readily available from existing records.

The burden estimate of the Supplier Relationship Transformation Forum is based on the 9 hours to attend the one day forum and 3 hours travel time for each leg of the flight to the forum, totaling 15 hours.

The burden estimate of the electronic survey is based on MSU and Ambit's estimate of the time it would take to complete the survey. We estimate that it would take an average of 30 minutes for a respondent to complete the electronic form, including referring to internal records to determine financial and minority status demographic questions. In FY 2010 VA will conduct this survey quarterly and subsequent years annually.

The total number of respondents completing this form (15,000 suppliers per quarter for a total of 60,000 in FY 2010), the new information collection requirements would result in a total annual burden of 30,000 hours. At a rate of \$50.00 per hour, the dollar value of the total annual burden hours would be \$1,500,000. The total annual dollar value of the burden hours to respondents of the annual survey during following years is \$375,000.

Year	Total Annual Number of Respondents	Total Annual Number of Responses	Estimated Burden Hours Per Response	Total Annual Burden Hours	Dollar Value of Total Annual Burden Hours
2010	60,000	60,000	30 minutes	30,000 hours	\$1,500,000
2011	15,000	15,000	30 minutes	7,500 hours	\$375,000
2012	15,000	15,000	30 minutes	7,500 hours	\$375,000

120 VA suppliers will be invited to the semi-annual Supplier Relationship Transformation Forums. VA assumes that each participant will average 3 hours of travel to and from the Forum and will attend the full 9 hour conference. 15 total hours for 120 suppliers twice a year is 3600 total annual burden hours. At an average rate of \$80 per hour for a Vice-President of Business Development to attend the forums would result in a total dollar value of the burden hours at \$288,000 per annum.

Total Annual Number of Respondents	Total Annual Number of Responses	Estimated Burden Hours Per Response	Total Annual Burden Hours	Dollar Value of Total Annual Burden Hours
240	240	15 hours	3,600 hours	\$288,000

13. Provide an estimate of the total annual [non-hour] cost burden to respondents or record keepers resulting from the collection of information. (Do not include the cost of any hour burden shown in Items 12 and 14).

- * The cost estimate should be split into two components: (a) a total capital and start-up cost component (annualized over its expected useful life) and (b) a total operation and maintenance and purchase of services component. The estimates should take into account costs associated with generating, maintaining, and disclosing or providing the information [including filing fees paid]. Include descriptions of methods used to estimate major cost factors including system and technology acquisition, expected useful life of capital equipment, the discount rate(s), and the time period over which costs will be incurred. Capital and start-up costs include, among other items, preparations for collecting information such as purchasing computers and software; monitoring, sampling, drilling and testing equipment; and record storage facilities.**
- * If cost estimates are expected to vary widely, agencies should present ranges of cost burdens and explain the reasons for the variance. The cost of purchasing or contracting out information collection services should be a part of this cost burden estimate. In developing cost burden estimates, agencies may consult with a sample of respondents (fewer than 10), utilize the 60-day pre-OMB submission public comment process and use existing economic or regulatory impact analysis associated with the rulemaking containing the information collection, as appropriate.**
- * Generally, estimates should not include purchases of equipment or services, or portions thereof, made: (1) prior to October 1, 1995, (2) to achieve regulatory compliance with requirements not associated with the information collection, (3) for reasons other than to provide information or keep records for the government, or (4) as part of customary and usual business or private practices.**

The burden estimate of the Supplier Relationship Transformation Forum is based on the 2010 GSA per diem costs of one night of food and lodging in the Washington DC area and the average cost of roundtrip airfare from the top 10 US cities as determined by the US Census Bureau and the 2010 GSA City Pairs Program contract prices of flights to Washington Dulles Airport. The one day per diem, including a ½ day of travel is \$336. The average round-trip airfare for 2010 is \$659, for a total individual cost of \$995 per trip. 240 travelers (2 Forums@120 suppliers each) will spend \$238,800 per annum.

Total Annual Number of Respondents	Total Annual Number of Responses	Estimated Travel Cost per trip	Dollar Value of Total Annual Cost burden
240	240	\$995	\$288,000

- 14. Provide estimates of annualized cost to the Federal government. Also, provide a description of the method used to estimate cost, which should include quantification of hours, operational expenses (such as equipment, overhead, printing, and support staff), and any other expense that would not have been incurred without this collection of information. Agencies also may aggregate cost estimates from Items 12, 13, and 14 in a single table.**

The estimated annual cost to the Government is \$260,000. This figure includes approximately \$30,000 per Supplier Relationship Transformation Forum and the consulting support of 1,800 hours at a weighted average hourly price of \$146 per hour for a total annualized cost to the government of \$260,000. There are no requirements for additional equipment or overhead.

- 15. Explain the reasons for any program changes or adjustments reported in Items 13 or 14 of the OMB Form 83-I.**

This is a new data collection. .

- 16. For collections of information whose results will be published, outline plans for tabulation and publication. Address any complex analytical techniques that will be used. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates, and other actions.**

VA intends to publish the summarized results of the Supplier Relationship Transformation Forums and the Supplier Perception Survey on a VA website that is in development. The timeline below illustrates the time it will take to conduct the first survey and publish the data. Subsequent efforts will be much quicker, taking about 60 days from the end of the survey to posting the results on the VA website.

Dec 2009	Complete identification of initial suppliers for first MSU SPS survey
Jan 2010	Complete data collection plan and reporting requirements for use of the MSU SPS survey
Mar 2010	Anticipated OMB approval of ICR request
Mar 2010	Administer MSU SPS survey to first group of suppliers
Jul 2010	Administer MSU SPS survey to second group of suppliers
Aug 2010	Analyze MSU SPS survey data
Aug 2010	Publish SPS data to VA website

17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.

We do not request exemption.

18. Explain each exception to the certification statement identified in Item 19, "Certification for Paperwork Reduction Act Submissions," of OMB Form 83-I.

There are no exceptions to the certification statement identified in Item 19 of the OMB Form 83-I.