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COMMANDER, DEFENSE LOGISTICS SUPPORT COMMAND
COMMANDER, TELEVISION-AUDIO SUPPORT ACTIVITY
DIRECTOR, DEFENSE AUTOMATED PRINTING AND SUPPORT CENTER

SUBJECT: JWOD Program Article

During the recent Committee for Purchase From People Who Are Blind or Severely Disabled (Committee) meeting, the attached article from the March 1999 edition of Contract Management was distributed. This article provides short scenarios of recent initiatives that illustrate the JWOD Program's efforts to find innovative solutions to the needs of its federal customers. Request you distribute this article to your subordinate commands.


E. R. CHAMBERLIN
Rear Admiral, SC, USN
Deputy Director

Attachment

Innovative Contracting Strategies... JWOD Program

BY RITA L. WELLS, PH.D.,
CPCM

Since its inception in 1990, the *Pathways to Excellence* series has profiled innovative programs and highly effective management efforts in government, industry, and nonprofit organizations charged with responsibility for using public funds to procure or produce services and products. The organizations have been diverse and have included defense contractors, federal government buying activities, and contract administration offices. The series has described innovative practices in large businesses, small businesses, major weapons systems acquisition programs, construction contracting, and staff headquarters.

In his Public Broadcasting Service broadcast "Excellence in the Public Sector," Tom Peters commented, "The public sector is filled with people who, among other things, are turning the task of serving the public good into a real adventure in management transformation—men, women, [and] organizations providing models of excellence that benefit each and every one of us." The joy in doing this series has come from sharing information on real-life models of excellence within our community. In *Leadership Is an Art*, Max DePree wrote of "tribal storytelling," through which organizations' values and "shared ideals, shared ideas, shared goals, shared respect, a sense of integrity, a sense of quality, a sense of advocacy, a sense of caring" are communicated and revitalized. As such, *Pathways to Excellence* continues as a forum for shar-

ing our contracting community's ideas and values.

The *Pathways to Excellence* article featured in this issue describes a remarkable program that has continued for many years to leverage the power of federal government procurement to help create jobs for people who are blind or severely disabled. *Total purchases through the Javits-Wagner-O'Day (JWOD) program account for less than one-half of one percent of federal procurement dollars. However, those purchases have changed people's lives by providing jobs and vocational training for thousands of people who are blind or have severe disabilities.*

The article that follows describes the JWOD program and provides short vignettes of three recent initiatives that illustrate the JWOD program's efforts to find innovative solutions to the needs of its federal customers. The JWOD program is still a mandatory source program and is covered by Federal Acquisition Regulation Part 8. Because of its obvious social value, the JWOD program has never been waived for purchases at any dollar threshold. It is, for example, still mandatory under the micropurchase threshold.

The JWOD program marries the private and public sectors and is truly an example of government at its best. The JWOD program is a "hand up," not a "handout." The only federal funds that go to nonprofit agencies under the JWOD program are payments for high quality, reasonably priced supplies and services bought for use by federal employees. Sales under the JWOD program provide the revenue stream necessary to help keep community-based nonprofit organizations operating and to provide jobs for people with severe disabilities.

ABOUT THE AUTHOR

Dr. Rita L. Wells is the deputy director (Policy and Program Coordination) of the Committee for Purchase from People Who Are Blind or Severely Disabled, an independent federal agency. She is an NCMA Fellow, a CPCM, and a member of the Washington, D.C., Chapter.

Innovative Contracting Strategies Generate Employment for an Underutilized Population through the JWOD Program

BY BETTY JOAN SMITH

You work that you may keep pace with the earth and the soul of the earth. For to be idle is to become a stranger unto the seasons, and to step out of life's procession.

—Kahlil Gibran, 1923

There are times when life feels like an obstacle course, with roadblocks set up at every turn. For example, most of us have experienced the frustration and fears associated with being out of work—the insecurities and loss of financial independence. We never forget pounding the pavement day in and day out only to have one door after another slam behind us. "If only someone would give me a break, a chance to prove my abilities," we think. "If only I could get my foot in the door and get the experience; I know I can perform." Eventually, we convince an employer that we have what it takes and move forward with our lives.

Now, if you will, review this scenario. This time, try to imagine what the job hunt experience is like if you are blind or in a wheelchair. What if you have to explain that you experience epileptic seizures several times a day or that you have multiple personality disorder? Let's say you are deaf or have mental retardation. You still want to work—to be productive and earn

your keep. You still want the freedom that a paycheck can deliver. For individuals who are blind or have other severe disabilities, securing employment is like a trip to Las Vegas—you already know the odds are stacked against you, yet you still want to play the game.

Despite the advent of workplace accommodations since the 1990 passage of the Americans with Disabilities Act (ADA), people with disabilities face enormous challenges in trying to find employment. "According to the 1998 Harris Survey of Americans with Disabilities, fewer than three out of 10 (29 percent) working-age adults with disabilities are full- or part-time employees, although 75 percent of adults with disabilities indicate they would prefer to work."¹ For a person who is blind or severely disabled, a job means independence, self-esteem, and keeping "pace with the earth and the soul of the earth."

One creative federal government procurement program, authorized by the JWOD Act, has harnessed the purchasing power of the U.S. government to help address the employment needs of people with disabilities. Through the JWOD program, federal government organizations buy needed supplies and services from community-based nonprofit organizations that employ people who are blind or severely disabled.

THE JWOD PROGRAM HAS BEEN HELPING AMERICANS WITH DISABILITIES GET TO WORK FOR MORE THAN 60 YEARS

Today, the JWOD Program employs over 30,000 individuals who are blind or severely disabled through the provisions of hundreds of services and products to the federal government. . . people with severe disabilities are working in data entry, recycling, patient escort, switchboard, and other positions. They are working at presidential libraries, NASA space centers, West Point, and the Air Force Academy. They are performing subcontract work for Nissan, General Motors, 3M, Toyota, Mattel, and Boeing. They are working in every state of the union, including Alaska and Hawaii.²

The JWOD program was established to help Americans who are blind or have other severe disabilities clear employment hurdles and break through attitudinal barriers that prevent access to job opportunities. JWOD is a cornerstone job-training program that generates employment via the federal government's massive purchasing power. Congress passed the Wagner-O'Day Act in 1938. Its passage permitted nonprofit agencies serving the blind community to sell mops and brooms to the government. Senator Jacob Javits spearheaded the drive to amend the act in 1971 to include nonprofit agencies representing Americans with other severe disabilities and to allow the performance of services under the program. For the 60 years since its inception, a unique aspect of the JWOD program involves relationships formed with local, community-based organizations. Through this public-private partnership, people who are blind or have other severe disabilities have a chance to work—to display their abilities—in the work force. They secure jobs whereby they produce a wide range of high-quality goods and services delivered on time and at reasonable prices for the government.

The JWOD program is administered by a small, independent federal agency. The Committee for Purchase from People Who Are Blind or Severely Disabled (Committee), composed of senior federal agency procurement officials and representatives of the population served, is responsible for carrying out the JWOD mission. Members of the Committee represent such federal agencies as the Department of Defense, General Services Administration (GSA), Department of Agriculture, Department of Veterans Affairs, and Department of Labor. In addition, there are representatives of the army, navy, and air force and the Departments of Commerce, Education, Justice, and Labor. Four private citizens who are advocates for the employment concerns of persons with disabilities round out the Committee membership. All are appointed by the president.

HOW COMMUNITY REHABILITATION PROGRAMS ASSOCIATED WITH TWO CENTRAL NONPROFIT ORGANIZATIONS CREATE JOBS FOR PEOPLE WITH DISABILITIES

Two other key players in this private-public partnership are National Industries for the Blind (NIB) and NISH (a nonprofit agency representing individuals with a range of severe disabilities). The Committee designated these organizations to act as "central nonprofit agencies." NIB and NISH provide comprehensive technical assistance to qualified state and private nonprofit agencies (also known as community rehabilitation programs) that employ people with disabilities on JWOD contracts. Currently, NIB works with 81 such agencies that employ individuals who are blind, while NISH is associated with 542 producing nonprofit agencies. Services provided by NIB and NISH are invaluable to the organizations they serve. Areas of technical assistance available include start-up capital, federal procurement regulatory assistance, training, business management, and contract administration, among others. The central nonprofit agencies are designed to ensure the success of local nonprofits employing people who are blind or have other severe disabilities.

WIN/WIN FOR ALL PLAYERS!

The beauty of this program is that it is a win/win situation for all players. Individuals with disabilities receive job training, learn valuable marketable skills, and gain employment. These workers receive good wages and, in most cases, fringe benefits under federal contract provisions. The quality of life improves for these JWOD program participants as they gain financial independence and enhanced self-esteem. Individuals who are blind or severely disabled and who work participate more fully in their communities and the skills they learn often enable them to transition into positions outside the JWOD program.

The federal government also benefits under JWOD initiatives. First, the government receives high-quality supplies and services in a timely manner and at fair market prices. Second, federal agencies save on contract rebidding and related administration costs. And third, the JWOD/NIB/NISH partnership allows the government to execute job training in the private sector.

Taxpayers also hit the job training program jackpot. People who are blind and individuals who have other severe disabilities have the highest unemployment rate of any group of Americans. Even with passage of the ADA, polls show that members of this population suffer a deplorable 71 percent unemployment rate. This figure represents a tragic waste of human potential. When individuals gain access to job training that leads to employment, they often become less dependent on public assistance. JWOD employment allows persons with severe disabilities to go from being tax users to taxpayers. Among JWOD employees today, two-thirds paid no income tax before landing a JWOD job. In addition, taxpayers save on administrative overhead costs due to JWOD leveraging existing procurement and rehabilitation systems.

Commercial businesses and industry win by gaining a ready, willing, and able pool of employees. These potential workers have been trained at no cost to the commercial enterprise. Contractors, particularly small businesses, benefit by supplying and subcontracting with JWOD contractors.

MORE THAN 4,000 ITEMS AVAILABLE UNDER THE JWOD PROGRAM AND THE LIST KEEPS GROWING

The list of products that JWOD participants furnish is exhaustive: more than 4,000 items, many bearing the familiar SKILCRAFT brand name. The products range from military-specific items such as uniforms, tents, and canteens to office supplies such as pens, pencils, paperclips, and recycled paper products. They produce medical supplies such as prescription bottles, ban-

dages, and first aid kits; environmental-friendly cleaning solutions; and much more.

The services available under the JWOD program continue to grow. Traditionally, JWOD has offered groundskeeping, janitorial/custodial, laundry, and food services to federal customers. The demand for additional services has grown due to federal downsizing, reductions in force, and overall restructuring. Agencies burdened with increased work must now accomplish their missions with a shrinking staff. The JWOD program has stepped in to provide temporary administrative services, microfilming, medical transcription, machining, mail processing, recycling, order processing, and assembly. Growth in the service sector is expected to continue as federal reorganization continues.

The combined sales for all JWOD services and products in Fiscal Year 1997 was \$793.2 million; for FY 1998, \$805 million. Those sales represented 26 million direct labor hours for individuals who are blind or have other severe disabilities.

ILLUSTRATIONS OF JWOD ACQUISITION INNOVATIONS

The following are descriptions of recent acquisition innovations that illustrate the elements of the JWOD program's success: identifying a problem facing the federal government; developing a fresh, innovative solution; and building a synergistic team to address the challenge. These stories represent procurement in its finest hour—stretching beyond red-tape boundaries to meet the needs of Americans who have severe disabilities.

DEFENSE WAREHOUSING PROBLEMS RESOLVED

Imagine for a moment that you are a federal warehousing supervisor. You are facing tremendous purchasing, storage, and distribution problems with a small, frequently ordered product. Now imagine that a joint private enterprise/government/nonprofit effort can resolve

your problems. The result of this union is a new distribution system whereby the entire process generates a single paper document—a shipping label. This scenario is no dream.

Defense Supply Center Richmond (DSCR) experienced just such difficulties with "tier one" (less than a pallet load) batteries. Battery manufacturers did not want to handle first-tier requirements due to low profit margins. Each order shipped out of the Richmond Depot cost DSCR \$29.00 plus freight charges. They were also having problems with "first in, first out" rotation of battery inventory. The result was that battery shelf-life expired, wasting product and revenues. In addition, the depot experienced difficulties getting orders to customers on time.

To solve the dilemma, DSCR teamed up with NISH and Eastern Carolina Vocational Center (ECVC) of Greenville, North Carolina, under the JWOD program. Original plans were for ECVC to provide warehousing services for batteries purchased by the government. However, the government requires higher security and inventory accountability measures for government-owned property stored at a service contractor's facility—measures not necessarily warranted by the nature of these items. ECVC then proposed to purchase the batteries, becoming the owner of the product rather than the government. ECVC secured an agreement to purchase batteries at bulk prices by the pallet load from a major manufacturer. Inventory is held at ECVC's expense until orders are received and items are shipped.

Innovative Electronic Data Interchange (EDI) system streamlines distribution process and cuts down on paperwork

Orders are processed and shipped the same day received, thanks to an innovative Paperless Order Procurement System—an EDI system. ECVC developed internal electronic administrative procedures that generate no paperwork. ECVC also partnered with United Parcel Service (UPS), which allowed DSCR to

track orders from the initial day of shipment. The entire process, including ordering, shipping, and billing, produces a single document—the package shipping label. All of the information about the shipment is recorded on this label. The entire system is innovative and reduces cycle time.

DSCR received a surprise benefit when ECVC presented them with a manufacturer's rebate check of approximately \$12,500. DSCR had never before received a rebate of any kind and managers had to research how to accept the windfall. Other indicators of the program's success: ECVC received a standing ovation at a 1998 award ceremony when it was announced that the nonprofit agency had shipped more than 25,000 orders, 100 percent on time, with no quality problems. In the last calendar year, ECVC sent more than 1.5 million batteries resulting in about \$1 million in sales.

National Industries for the Blind helps resolve defense lighting distribution problems

DSCR also pioneered a new business practice by partnering with NIB and two associated agencies, Arizona Industries for the Blind and Industries of the Blind of Greensboro, North Carolina, to warehouse and distribute seven million light bulbs for the military. The service provides timely receipt, storage, and shipment of government-owned light bulbs via a direct hookup to the government's Standard Automated Materiel Management System. With the direct hookup, a number of problems relating to lighting distribution were resolved. The government no longer absorbs expensive depot storage costs; product turnaround is faster due to streamlining.

In addition, this innovative plan resolves complications involving shipping such a fragile product to 67 storage sites throughout the country. Previously, bulbs would be delivered to depots and would sit for days—even weeks—before being processed into inventory. Due to the fragile nature of light bulbs, items were often broken before they left the depot. The result was increased cus-

tomers dissatisfaction and a 28 percent product return rate. Teamwork involving the government and nonprofit agencies—a hallmark of the JWOD program—along with technological enhancements solved these problems. The innovative process was developed at DSCR and management responsibility is now handled out of the Defense Industrial Supply Center in Philadelphia.

Both the Battery Distribution Program and the Lighting Distribution Service are now templates for organizations with similar asset control and distribution problems. These two projects, the result of teamwork and creative thinking, helped create 56 jobs for individuals who are blind or have other severe disabilities. The lighting distribution service has already been replicated three times since the program's inception in 1995. In addition, ECVC is working to expand the battery program to take on the responsibilities of 17 different battery sizes through a partnership with Ray-O-Vac, DSCR, and UPS.

Funding

The only federal funds that go to nonprofit agencies under the JWOD program are payments for supplies and services purchased for use by federal employees. Sales under the JWOD program provide the revenue stream to help keep community-based nonprofit organizations operating and to provide jobs for people with severe disabilities.

For example, initial funding sources of the battery storage program were primarily provided by ECVC. The nonprofit group purchased the batteries and funded upgrades to the computer information system. UPS provided hardware and software free of charge for integration of the tracking systems. A local software vendor provided a free label printer.

THE ROAD AHEAD— TEMPORARY ADMINISTRATIVE SERVICES

The Road Ahead is another example of an innovative JWOD acquisition program that works through a public-private partnership to remove many of the barriers to office employment faced by

persons who are blind or who have other severe disabilities. In the process, the program helps fill critical federal government short-term staffing voids. By placing fully trained employees with severe disabilities in temporary administrative and support service positions in federal agencies, the Road Ahead enables such individuals to obtain much-needed employment and on-the-job experience, with the goal of transitioning many of these workers into permanent competitive positions. At the same time, the program is entirely self-supporting, through payments by customer federal agencies. These customers have been hit hard by federal restructuring and hiring freezes, but through the Road Ahead, they can obtain the temporary administrative support necessary to carry out their missions in a convenient and timely fashion and at fair market prices.

The Road Ahead is a partnership between JWOD and GSA. Through this relationship, a basic ordering agreement was created to allow federal customers to streamline the acquisition process and obtain temporary administrative services in a matter of days. The Road Ahead incorporates excellent job training before placement. If the temporary employees need adaptive equipment, it is provided for their use through the Road Ahead at no cost to the federal agency.

There are thousands of individuals with severe disabilities who have the educational background, experience, and desire to work in an office environment. The Road Ahead enables them to try such placements and build their skills, experience, and confidence levels to a point where they are much more likely to obtain and maintain employment outside the JWOD program's supports. At the same time, the Road Ahead is a flexible, convenient alternative, providing federal managers with ready access to a trained and motivated pool of workers. Agencies can negotiate the length of the temporary services and are ensured competitive pricing.

The Road Ahead was launched nationwide nearly two years ago. Since then, 276 temporary positions have

been created, totaling 287,000 hours of work for persons who are blind or who have other severe disabilities. Several participants were hired into permanent, competitive employment through their experience and exposure to the Road Ahead program. At the same time, 25 federal agencies have been able to obtain quality, temporary administrative services through this initiative, with significant savings in terms of both the cost of that service and time conserved through the simplified acquisition process.

Breaking through barriers.

Perhaps of equal importance, this program has helped break down physical and attitudinal barriers to office employment for persons who are blind or who have other severe disabilities.

Such individuals prove themselves capable of performing tasks that nondisabled persons perform—they have the opportunity to showcase their abilities and talents in an office setting.

JWOD-OPERATED BASE SUPPLY CENTERS PROGRAM

Another benchmark JWOD innovation is the Base Supply Centers (BSC) initiative, a public-private partnership that both preserves existing work and generates new jobs for persons who have disabilities. The BSC program also fulfills a significant need of the federal government. Under the initiative, nonprofit agencies that employ people with severe disabilities operate supply centers located primarily on military installations. Each BSC sells a wide range of office supplies and other products used by base personnel, with an emphasis on items furnished by nonprofit agencies under the JWOD program.

The JWOD BSC initiative began because military installations hard hit by budget reductions and hiring freezes could no longer afford on-site supply centers. Through the BSC initiative, such installations obtain needed supplies in a convenient setting without using their own staffs or paying unreasonable prices. Taking advantage of the flexibility offered by the JWOD program, military installations have entered into no-cost contracts and other agreements with nonprofit agencies approved by the Committee. The nonprofit agencies equip new or refurbish existing buildings, replacing the government warehouse look with a retail store environment. The nonprofit agencies assume responsibility for all aspects of running a retail sales operation, including purchasing, pricing sales, delivery, and marketing. Administrative costs are built into product prices, which are negotiated with the government.

These BSCs sell products and supplies made by people who are blind or have other severe disabilities employed by nonprofit agencies throughout the country. Furthermore, BSC operators employ people who are blind or have other severe disabilities in a demanding

commercial-like environment. BSC employees treat government personnel as valued customers, going the extra mile to provide the products and services they need. The initiative is expected to help BSC employees obtain competitive employment and financial independence. In addition, installation personnel benefit from the continued existence of a convenient place to purchase the high quality, fairly priced supplies they require to do their jobs.

JWOD—HALLMARK OF AMERICAN INNOVATION

JWOD is the epitome of social entrepreneurialism...

It takes less than one half of one percent of the federal procurement dollar and invests it in buying services and products from organizations employing people who are blind and severely disabled. In doing so, JWOD delivers the best value that government can buy—a service or product at a fair market price, delivered on-time and at high quality.³

Warehouse distribution, office administration, manufacturing, service sectors, and retail sales—these are just a few of the economic arenas where the impact of the JWOD program can be seen. The JWOD program represents a hallmark of American ingenuity and success by pulling together the elements of creativity, innovation, and teamwork in the drive to meet the needs of the federal government and all Americans. ●

ENDNOTES

1. December 14, 1998, "Vice-President Gore Embraces Report from Task Force and Takes Steps to Increase Employment of People with Disabilities," White House Press Release.
2. Schulte, Linda Sullivan. *America Working*. 1998. Washington, D.C.: NISH, at xiv.
3. *Id.*

ABOUT THE AUTHOR

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